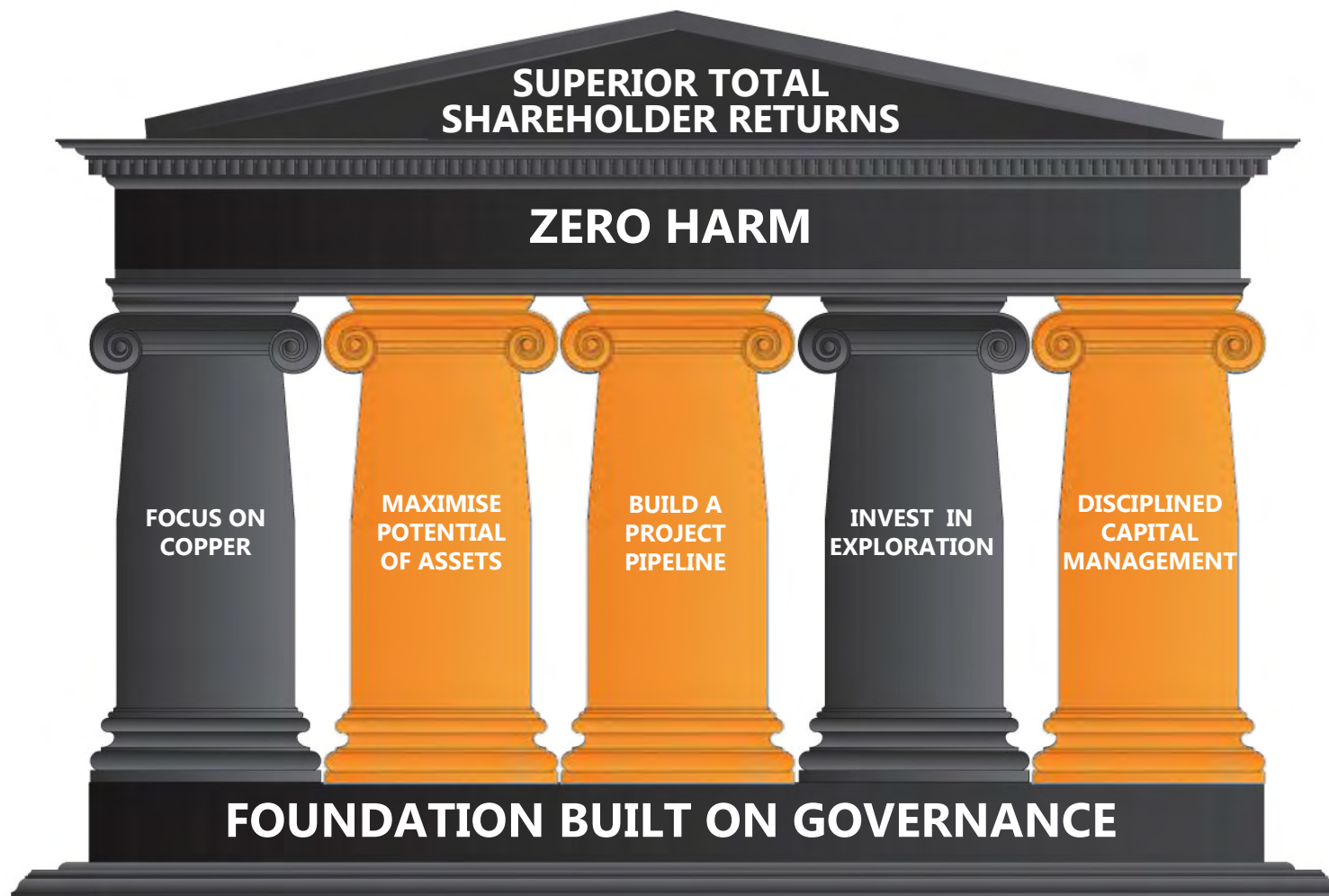




FINANCE

1.0	2.0	3.0		
4.0	5.0	6.0		
7.0	8.0 ANDREW COLES CFO	9.0		

STRATEGY



CFO TEAM



– CFO

- Sales & Marketing
- Investor & External Relations
- Financial Control
- Treasury
- Business Planning & Analysis
- Business Systems

Andrew Coles

Russell Griffin

Natalie Worley

Joseph Phillipos

Bronwyn Wellings

James Deo

Brad Winks

FOCUS AREAS



- Need to address focus areas to set foundation for future business strategy
 - Organisation, reporting and processes
 - Functional currency
 - Cash management
 - Revenue management
 - Depreciation
 - Taxation

FOCUS AREAS: ORGANISATION, REPORTING & PROCESSES



- Organisation structure adjusted to suit scale and scope of future business
- Reporting systems must be tailored to information requirements of management and Board
 - Former system inappropriate
 - Requires significant work to restructure processes
- IT and Communications
 - Complex exercise required to meet FIRB undertakings regarding Prominent Hill – now satisfied
 - Review, redesign and implement necessary changes to IT systems to meet reporting and productivity requirements



FOCUS AREAS: FUNCTIONAL CURRENCY

- At 30 June 2009
 - Functional currency of OZ Minerals & primary operating entities: US\$
 - Functional currency of some subsidiaries: A\$
 - Presentation currency: A\$
- AASB 121 defines functional currency as *"the currency of the primary economic environment in which the entity operates"*, this being *"normally the one in which it primarily generates and expends cash"*
- Material events in considering functional currency:
 - Sale of assets
 - Repayment of bank debt
 - Shift in capital structure & strategic direction
- **Based on these material events, Board & management conclude that functional currency of OZ Minerals & all subsidiaries is A\$ with effective date 1 July 2009**

FOCUS AREAS: FUNCTIONAL CURRENCY IMPACT



With appreciating A\$/US\$, **both** A\$ and US\$ functional currency (FC) result in foreign exchange loss.

Estimated foreign currency loss:	12 months ending 31/12/09 A\$ FC from 1/7/09	A\$ m 125
	<i>If US\$ FC had continued</i>	<i>160</i>
<small>Notes: Includes A\$59m realised loss on actual US\$ conversion to A\$ to date. Assumes A\$/US\$ is 0.915 for remainder of 2009. If A\$/US\$ varies +/- 0.02 at year-end then A\$ FC loss varies by +/- A\$ 15m</small>		

Counter-intuitive impact under both scenarios arises from combination of:

- Functional currency must be determined for each individual entity.
- At 30 June 2009, subsidiaries were mixture of A\$ FC and US\$ FC.
- Different monetary balances exposed to foreign exchange in A\$ FC and US\$ FC

A\$ Functional Currency

Translate net US\$ asset position comprising US\$ denominated:

- + cash
- + debtors
- convertible bond

US\$ Functional Currency

Translate net A\$ liability position comprising A\$ denominated:

- + cash
- + tax balances
- intra-group loans (FX loss not eliminated on consolidation)
- creditors
- provisions



FOCUS AREAS: CASH MANAGEMENT

- Cash invested with range of A-1+ banks across spread of maturities to mitigate risks
- Determination of currency mix for cash balance
 - Cash generated from:
 - Asset sales in June: US\$ proceeds
 - Operations: US\$ revenues less A\$ and US\$ costs
 - Possible uses for cash
 - Expansion & new developments – likely currencies: US\$ or A\$
 - Acquisitions - likely currencies: US\$ or A\$
 - Debt repayment: US\$ (Convertible bond)
 - Capital management: A\$
 - Currency mix of cash balance adjusted to align with possible uses
 - Aim is to have US\$/A\$ cash mix between 60/40 and 40/60 depending on company needs
 - As at 26/11/09, cash = US\$569m + A\$445m (58/42 split)
 - Conversion of US\$ to A\$ realised loss of A\$59m
 - = Realised portion to date of estimated foreign currency loss

FOCUS AREAS: REVENUE MANAGEMENT



- Copper sales contracts current terms & conditions
 - Base price for Cu sales (& Au by-product) set by LME benchmark in US\$
 - Quotational Period (QP) for majority of sales relatively short
 - Stable sales schedule, average 2 export shipments per month + regular local sales
- Result:
 - OZ Minerals' realised revenues should be reasonably closely aligned to LME average prices over time
 - Exposure to provisional pricing adjustments relatively limited
- Most investors appear to hold OZL for exposure to Cu price – current conditions produce this result without hedging
 - If sales contract terms & conditions significantly change then question of hedging will be revisited
 - Eg. If QPs become significantly longer then would consider hedging provisional pricing exposure



FOCUS AREAS: DEPRECIATION

- Carrying value of Prominent Hill A\$1.3 billion; Current life of mine 9 years
- Depreciation method
 - **Mine Property & Mine Development:** Units of Production - ore mined (*no change*)
Amortisation based on proven and probable reserves. Includes pre strip and capitalised exploration
 - **Fixed Processing Plant & Equipment:** Units of Production - ore milled
Changed from straight-line depreciation to more closely align depreciation to usage of plant. Estimated impact of change in 2009: A\$2m lower depreciation
 - **Other Long Term Assets:** Life of Mine (*no change*)
Straight-line depreciation over life of entire operation (9 years)
- Deferred Waste Expense (charged to income statement as operating cost) (*no change*)
 - **Stripping costs** while in production are deferred to “deferred mining assets” on balance sheet to extent that actual stripping ratios exceed average life of mine stripping ratio. This is then charged to income statement as an operating cost when ratio is below life of mine average



FOCUS AREAS: TAXATION

- Carry forward tax losses A\$771m as at 30 June 2009
- Tax losses will offset current and future tax cash payments due on taxable income until exhausted
 - Timing depends on future profitability
- Tax effective amount is A\$231m recorded on balance sheet as an asset
- Full corporate income tax liability at 30% rate continues to be recorded in income statement
 - Cash flow statement will reflect nil tax payment



RISK MANAGEMENT

- Risk management framework based on Australian & international standards
 - Applies to all risk aspects of OZ Minerals' business
- Common methodology used to identify, assess, evaluate, treat, monitor and communicate risks
 - Framework & risk register refreshed and renewed post-separation
- On-going review process

Board

- Approve appropriate risk appetite through review of risk register
- Ensure management process in place to mitigate risks
- Internal Audit assurance that mitigation enacted

Executive Committee

- Owner of risk register - Exco members are owners of each risk
- Quarterly update of risk register
- Biannual update of risk register mitigation actions
- Risk register linked to budget and annual performance contracts
- Biannual report to Board



CAPITAL STRUCTURE

- Current capital structure result of recent asset sales + debt repayment
 - Cash balance: A\$1 billion (held as mix of US\$ and A\$)
 - Debt: US\$105 million (convertible bond face value; 2012 maturity)
- Future capital structure
 - Align with business, strategy and consequent risk profile
 - Single mine + single commodity requires conservative gearing
 - Up to maximum debt / (debt + equity): 20%
 - If multiple operations + single commodity then reduced risk potentially allows for less conservative gearing
 - Dependent on risk mitigation derived from multiple operations
 - Debt facilities' terms & conditions must be closely aligned to OZ Minerals' business conditions & strategy
 - Exploring alternatives with possible debt providers



CAPITAL MANAGEMENT

Given no Group profits or retained earnings due to loss on asset sales, no capacity to pay dividends from 2009 NPAT

- Board will review in mid 2010 and consider interim dividend
 - Dependent on funding requirements of Company at the time
 - Due to tax credits any interim dividend would be unfranked for 2-3 years
- Other possible capital management
 - Surplus capital dependent on outcome of business development activity
 - Lack of franking credits in near future limits alternatives

07

