



# **OZ MINERALS**

## **2011 HALF YEAR**

### **FINANCIAL RESULTS**

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**[WWW.OZMINERALS.COM](http://WWW.OZMINERALS.COM)**

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All figures are expressed in Australian dollars unless stated otherwise.

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- Consistent production leveraging higher prices generating strong underlying profits.
- Record cash flow from operations of \$388.3 million.
- First half distributions to shareholders of \$1.60 per share (post consolidation) consisting of capital return and dividend.
- Interim unfranked dividend of 30 cents per share.
- US\$250 million Carrapateena acquisition completed.
- Retention of significant cash balance for growth opportunities.
- Ankata underground mine on schedule for first production in Q1 2012.

# PROMINENT HILL PRODUCTION SUMMARY



'000 tonnes	H1'11	H1'10	Var
<b>Waste mined</b>	29,197	25,559	3,638
<b>Ore Mined</b>	6,314	4,131	2,183
<b>Total movement</b>	<b>35,511</b>	<b>29,690</b>	<b>5,821</b>
<b>Ore milled</b>	4,964	4,568	396
<b>Milled grade Cu (%)</b>	1.19	1.48	(0.29)
<b>Recovery Cu (%)</b>	90.7	88.7	2.0
<b>Cu in conc (tonnes)</b>	53,725	60,145	(6,420)
<b>Au in conc (ounces)</b>	86,129	90,821	(4,692)

- Increase in mining rates due to increased waste movement under current mine plan.
- Increase in plant throughput and increase in recoveries, partially offsetting reduction in grade.

- Prominent Hill record revenue of **\$632.7 million**.
- Prominent Hill EBITDA of **\$384.2 million**.
- OZ Minerals' underlying NPAT of **\$189.1 million** (**excluding** impairment & litigation settlement).
- OZ Minerals' NPAT of **\$113.9 million**, a reduction on 2010 due to
  - Foreign Exchange
  - Litigation settlement expense
  - Toro impairment
  - Impairment reversal in 2010
- Record cash flow from operations **\$388.3 million**.
- Cash balance of **\$905.6 million** at 30 June 2011.

- Dividend (unfranked) of 30 cents per share (\$97 million).
- Record date 29 August 2011, payment date 16 September 2011.
- Dividend policy – 30-60% of annual profits from normal operations, taking into account other financial capital and growth requirements.

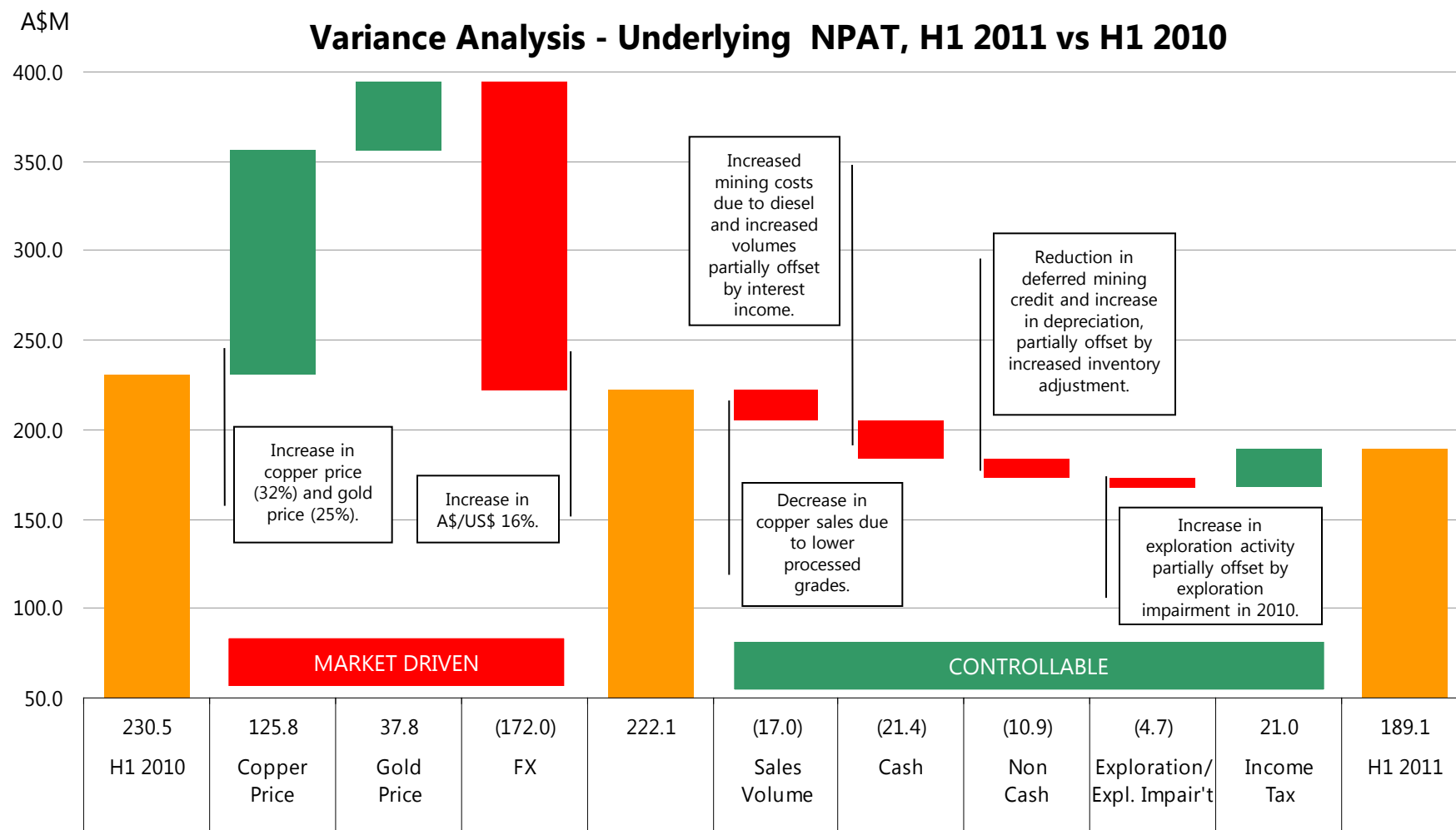
# INCOME STATEMENT – CONTINUING OPERATIONS



A\$M	H1 2011	H1 2010	
Revenue	632.7	589.9	Includes raw materials, consumables, direct employee costs, movements in inventory, freight and royalties
Cost of goods sold	(210.8)	(190.7)	
Net foreign exchange (loss)/gain	(32.7)	40.8	
Exploration expense	(33.6)	(18.2)	Regional and near mine exploration, excludes capitalised resource development
Other expenses	(24.5)	(23.6)	
<b>Underlying EBITDA</b>	331.1	398.2	
Litigation settlement expense	(60.0)	-	Corporate and site G&A
Impairment	(15.2)	190.4	
<b>EBITDA</b>	255.9	588.6	Impairment of investment in Toro
Depreciation and amortisation	(83.3)	(66.8)	
<b>EBIT</b>	172.6	521.8	Statutory tax charge, utilisation of losses results in no cash tax payable in relation to the first half result
Net financing income	20.7	10.2	
Income tax expense	(79.4)	(160.4)	
<b>NPAT from continuing operations</b>	113.9	371.6	
<b>Underlying NPAT from continuing operations</b>	189.1	230.5	

- Consistent good production and cost performance from Prominent Hill.
- Appreciation of the A\$/US\$ negatively impacted US\$ denominated cash balances.
- Increase in exploration spend in line with strategy to increase life of Prominent Hill operations.

# UNDERLYING NPAT

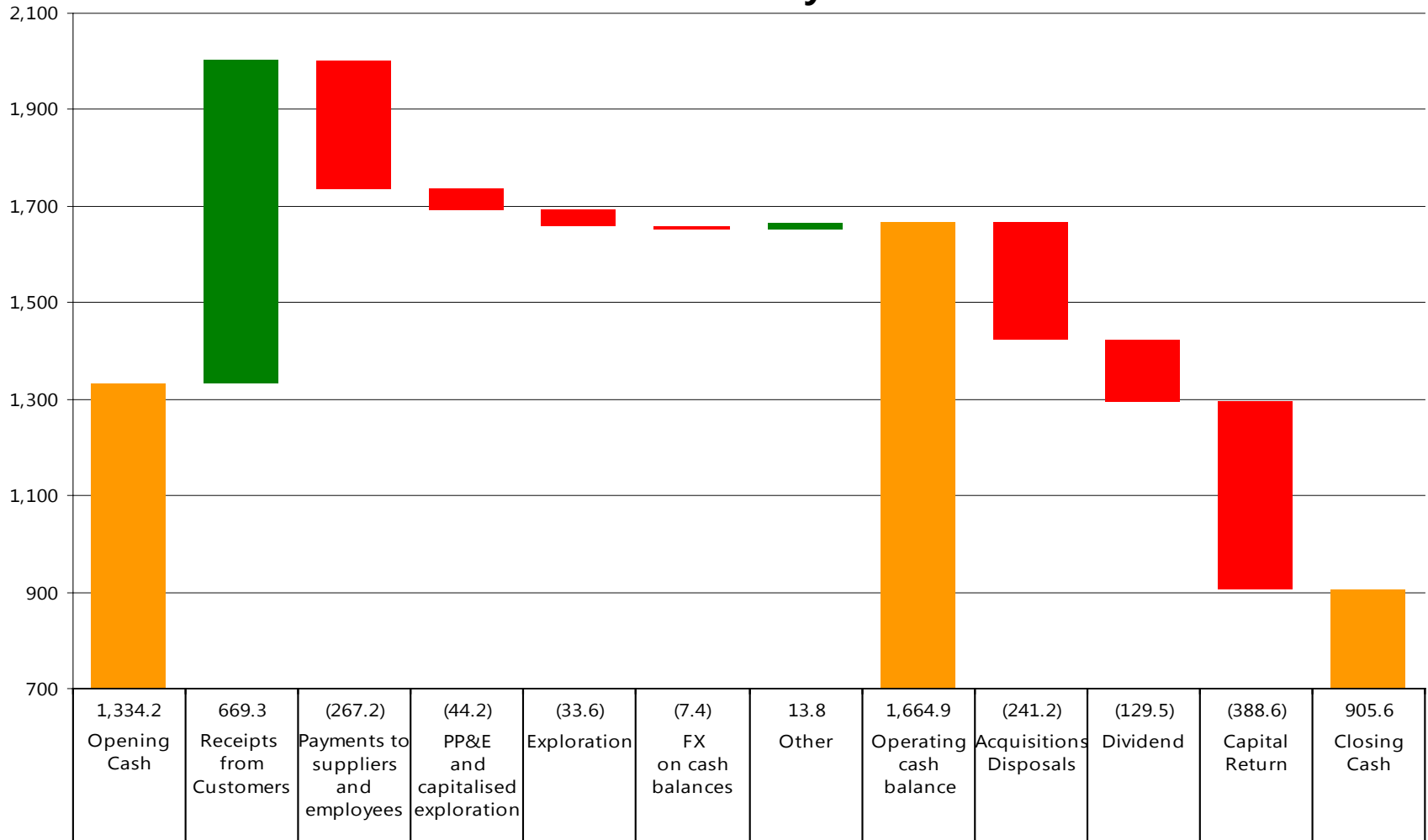


# CASH FLOW 2011



(A\$M)

## Cash flow for the half year - June 2011



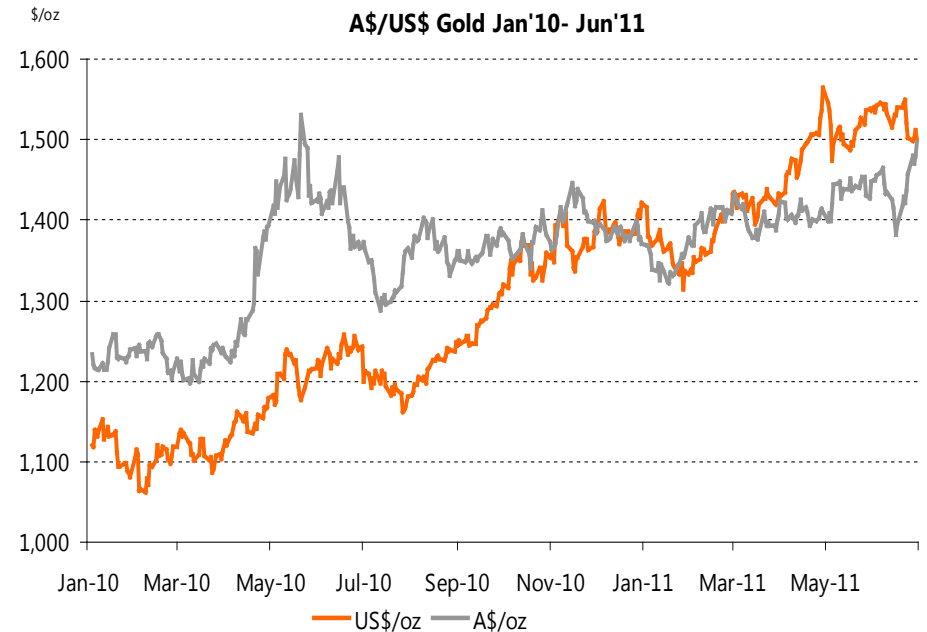
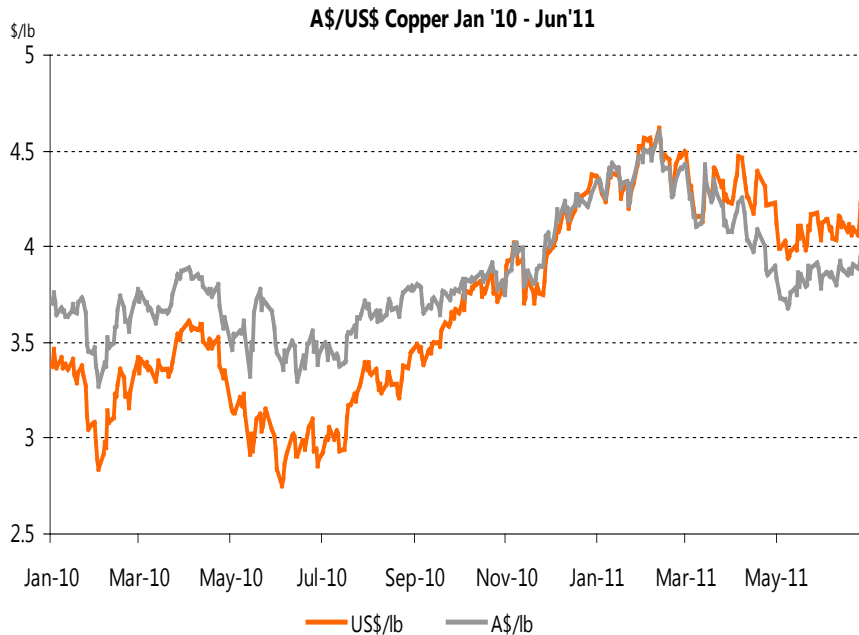
# BALANCE SHEET



A\$M	Consolidated Jun'11	Consolidated Dec '10	
<b>Assets</b>			
Cash	905.6	1,334.2	Decrease in cash balance from December due to payments for Carrapateena and distributions to shareholders
Receivables	172.7	180.9	
Inventories	259.7	259.5	Includes investment in Carrapateena and Sandfire shareholding
Other	14.4	8.0	
Investments & exploration assets	513.3	316.2	Includes class action settlement and GST on Carrapateena
Property plant & equipment	1,245.1	1,288.1	
<b>Total Assets</b>	<b>3,110.8</b>	<b>3,386.9</b>	Increase due to utilisation of losses.
<b>Liabilities</b>			
Creditors	147.4	64.6	
Net deferred tax liability	94.2	14.8	
Provisions	18.6	16.5	
<b>Total Liabilities</b>	<b>260.2</b>	<b>95.9</b>	
<b>Net Assets</b>	<b>2,850.6</b>	<b>3,291.0</b>	

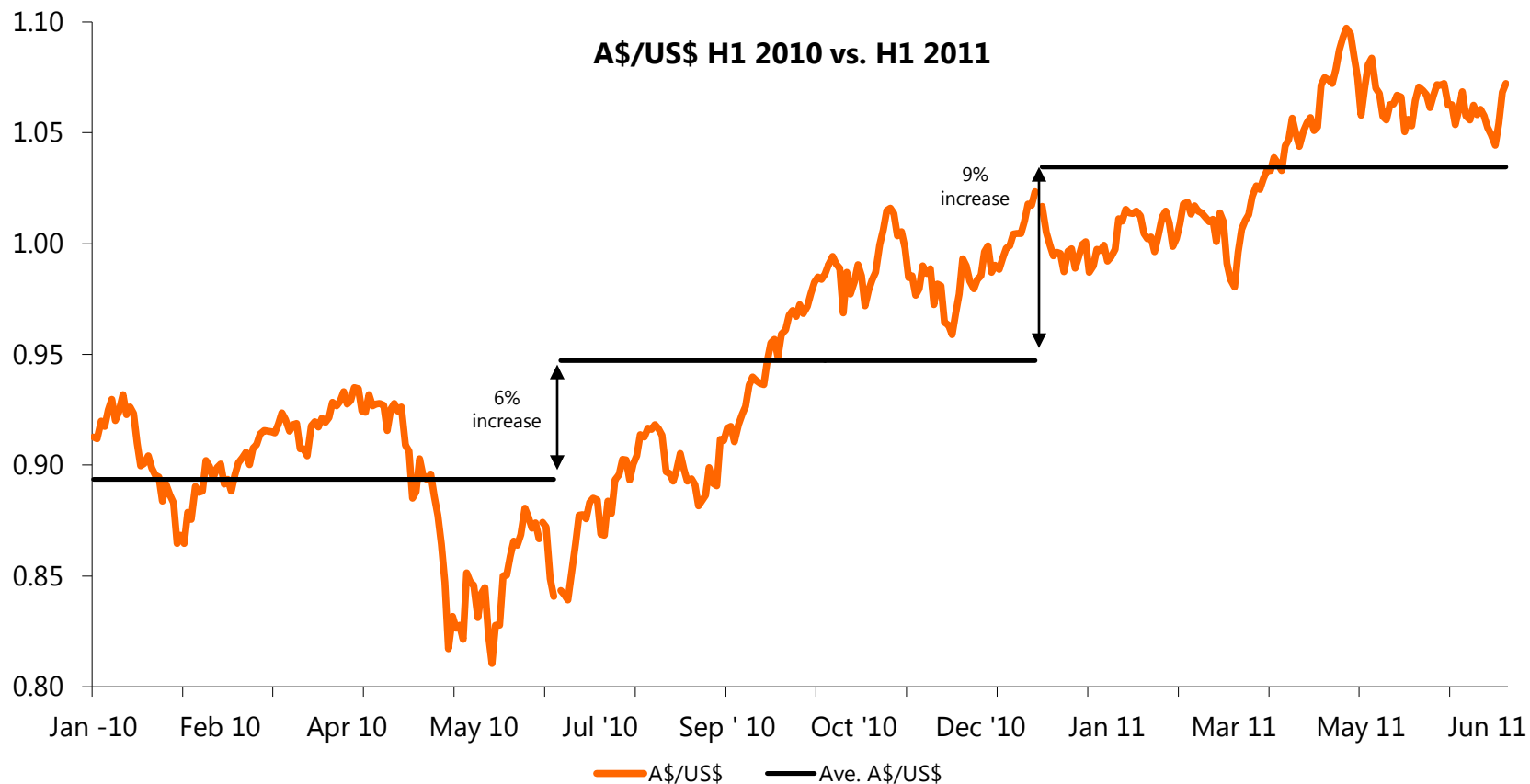
- Balance sheet remains strong with significant cash holdings and no debt.
- Post balance date OZ Minerals entered into US\$200 million debt facility with four relationship banks, facility provides prudent financing flexibility in short to medium term.

# COPPER & GOLD PRICES



- Average LME copper price of US\$4.26/lb and gold price of US\$1,445/oz for H1 2011.
- In H1 2011 the increase in the A\$/US\$ rate has outpaced commodity price increases.
- Outlook for copper and gold remains strong in FY11.

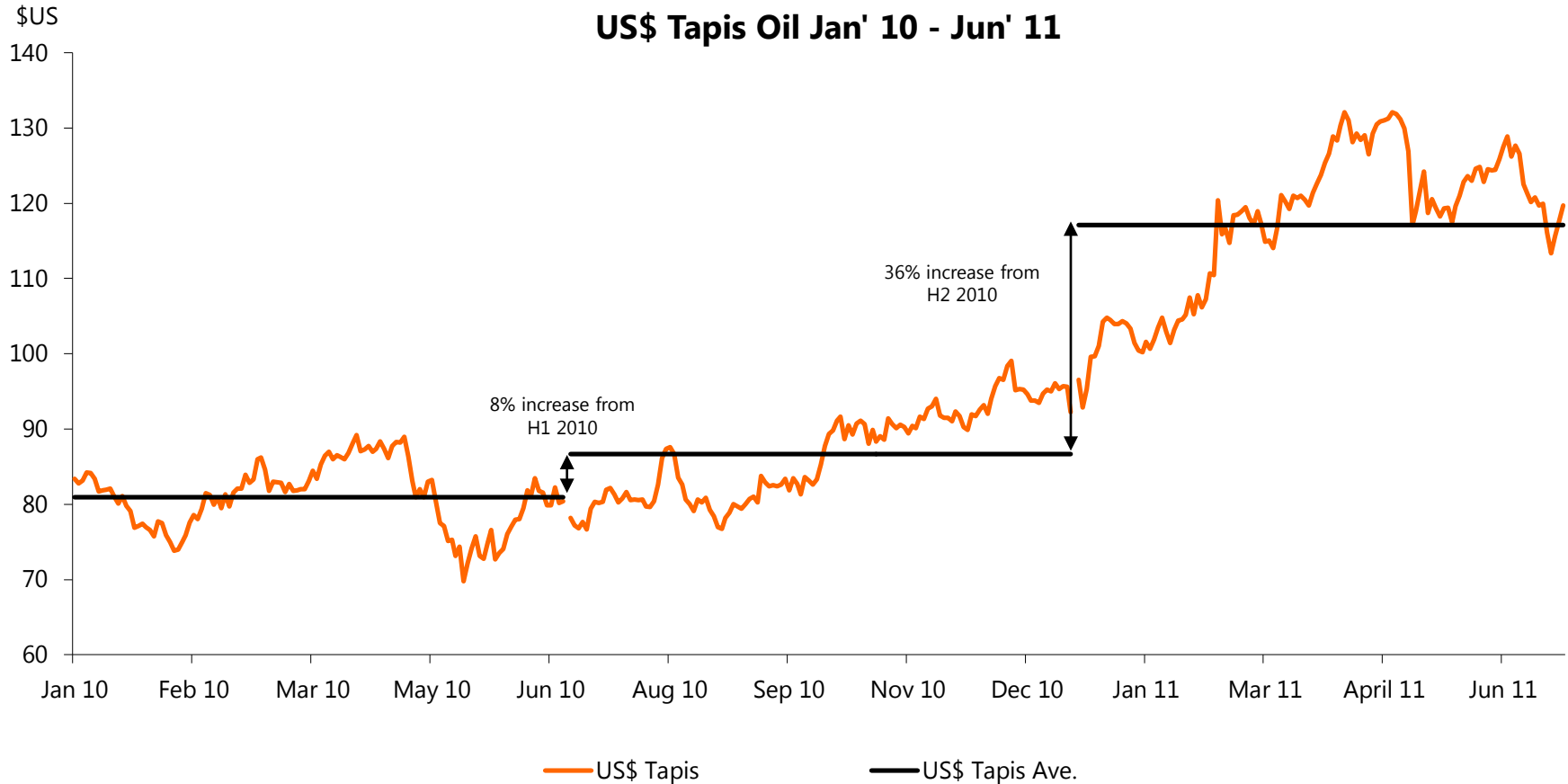
# FOREIGN EXCHANGE



- Significant (+15%) increase in A\$:US\$ rate from H1 2010 to H1 2011.
- Net foreign exchange losses of \$32.7 million on US\$ denominated cash and trade receivable balances.

Source: Bloomberg

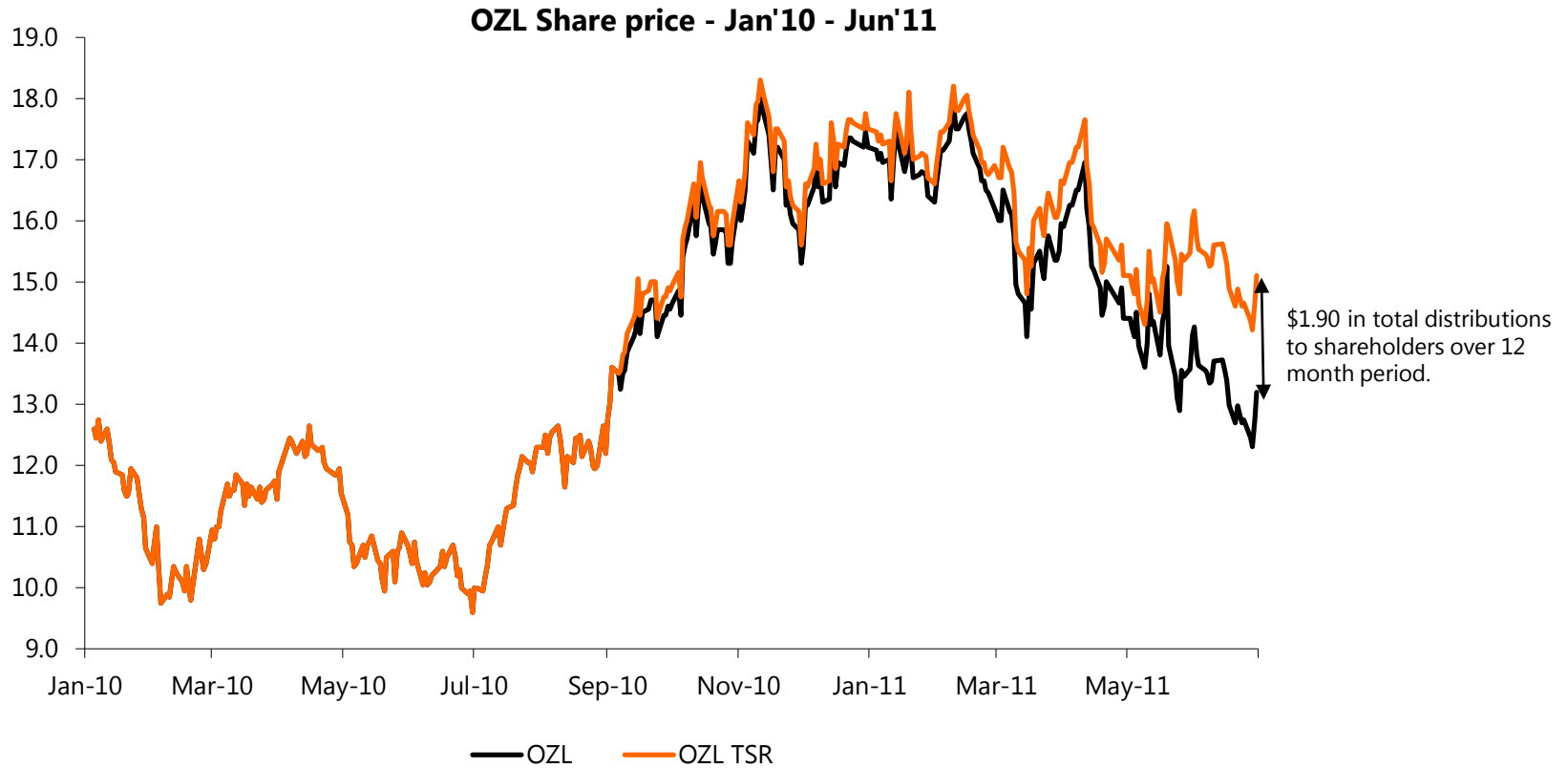
## US\$ Tapis Oil Jan' 10 - Jun' 11



- Increase in diesel expense of \$10.9 million from prior period.

Source: Bloomberg

# OZL SHARE PRICE & TSR



- Eighteen months ended 30 June 2011 saw a 4.7% increase in share price and 19.8% TSR.
- \$611.6 million returned to shareholders over the previous twelve months\*

\* Includes: dividends paid in respect of 2010 earnings and capital return paid in 2011

Source: Bloomberg

- Tax losses fully sheltered first half earnings – no tax payable for the half.
  - Utilisation of losses in the first half partially offset by upfront deductions on Carrapateena purchase.
- Unrestricted tax losses of \$14.8 million (tax effected) remain as at 30 June 2011
  - Unrestricted losses expected to be exhausted in the second half, resulting in a provision for tax in 2011 and associated tax payment in June 2012.
  - Tax payments in 2012 would allow franking of dividends.

## Sensitivities of EBIT in 2011\*

A\$/US\$ +/- 1c	Copper +/- 5%	Gold +/- 5%
\$5.3 million	\$23.3 million	\$5.5 million

### Prices as at 30 June 2011

Copper	US\$4.22/lb
Gold	US\$1,507/oz
A\$/US\$	1.0683

\* Sensitivities are for remaining 6 months of 2011.

# SUMMARY



- Strong production at Prominent Hill.
- Ankata underground mine development on track.
- Increased exploration program continuing.
- Acquisition of Carrapateena.
- Significant cash to support growth strategy.
- Interim dividend of 30 cents per share (unfranked).
- Capital management program continuing.

# APPENDIX

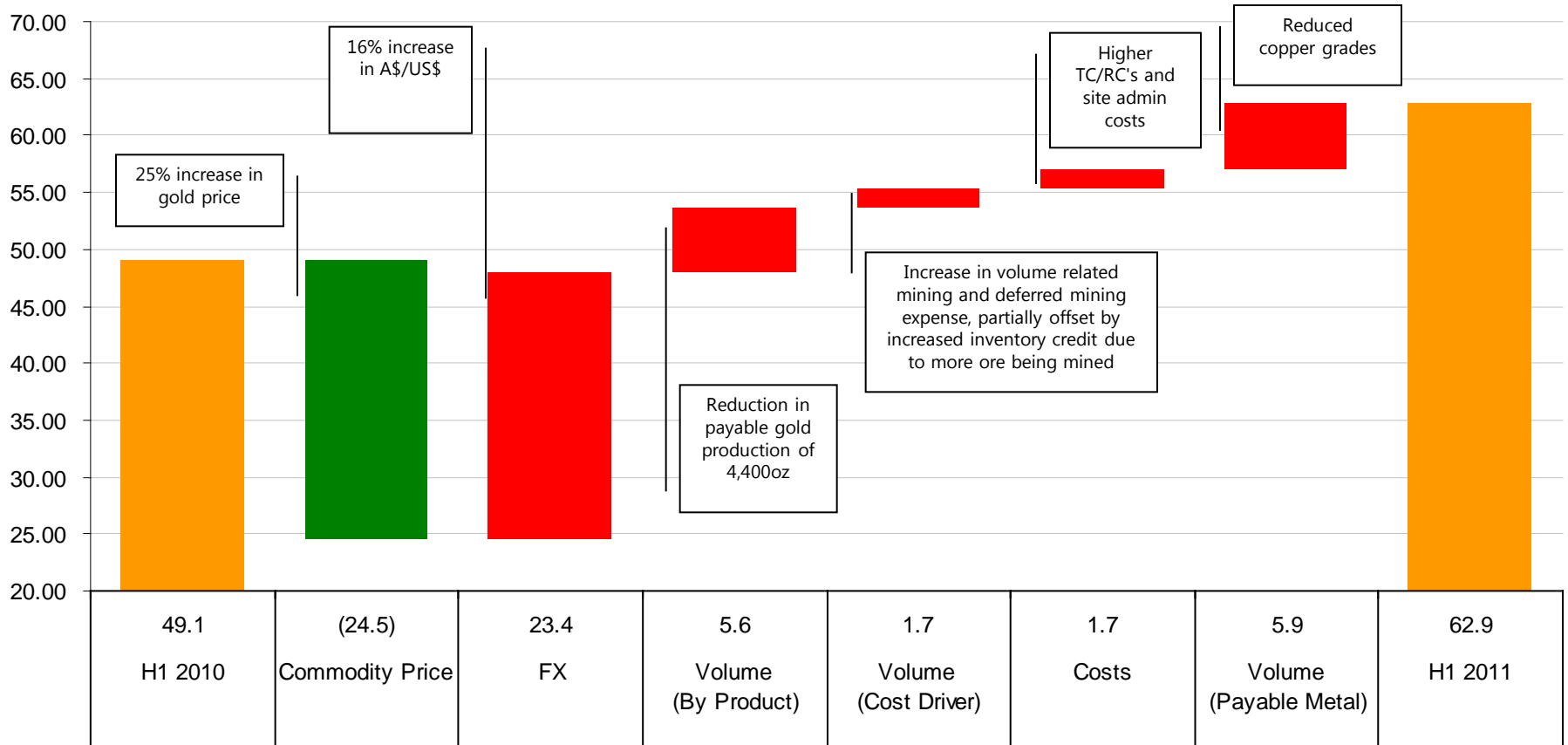


# C1 COSTS 2011

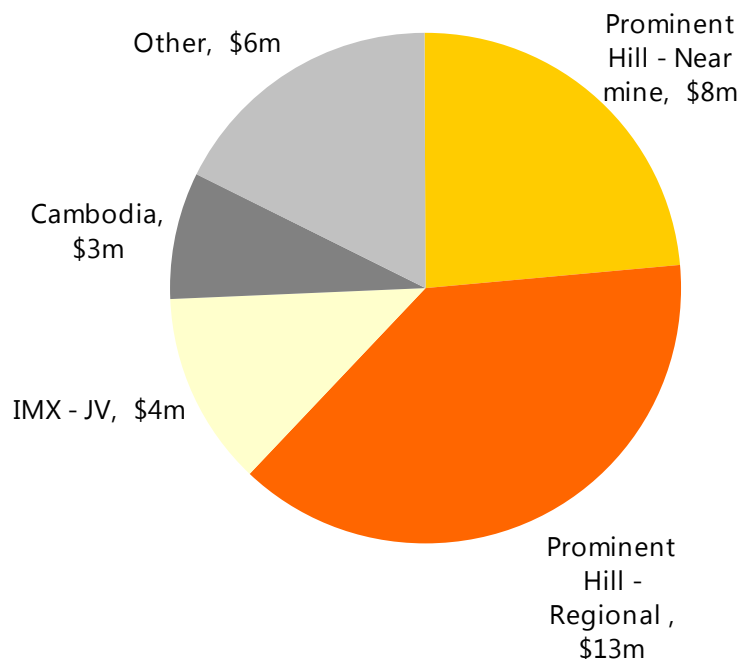


(US c/lb)

Unit Cost C1 - H1 2011 vs. H1 2010



**2011 H1 Exploration expense**



- Exploration program primarily focused on Prominent Hill near mine and regional targets.
- Carrapateena exploration program to commence in H2 2011.
- Approval of underground exploration decline, funding to come from existing 2011-2012 budget.
- Cambodia in fill drilling in progress.