

Financial Results

Summary for the year ended 31 December 2007

Highlights

	Full Year to Dec '07 A\$ '000	Full Year to Dec '06 A\$ '000
Gross Sales Revenue	1,196,281	1,484,655
EBITDA	595,064	827,176
Net finance costs and other	(27,512)	(9,731)
Depreciation and amortisation	(101,191)	(105,361)
Income tax (expense) / benefit	(151,258)	(145,327)
(Loss) / Profit from discontinued operations	(6,295)	3,148
Profit for the period	318,166	553,166
Net Profit attributable to Minority Interest	12,366	-
Profit attributable to Members of Oxiana Limited	305,800	553,166

- Solid operating and financial performance.
- NPAT of \$306 million impacted by lower commodity prices, and foreign exchange.
- Strong balance sheet.
- 4 cents per share final dividend; total dividends for 2007 to 8 cents per share.

Oxiana's earnings before interest, tax and depreciation were \$595.1 million for the year to 31 December 2007 and net profit after tax for the Company as a whole was \$318.2 million. After deducting minority interests, the net profit after tax attributable to Oxiana shareholders was \$305.8 million.

Continued strong production levels were offset by a stronger Australian dollar, a weaker zinc price, and a higher effective tax rate payable by the Company as it commenced paying tax in Laos at the full corporate rate.

Oxiana's balance sheet strengthened, reflecting net assets of \$1.5 billion at year-end. The Company maintained a low gearing ratio and has no commodity hedging.

In 2007 Oxiana invested almost \$700 million in new property plant and equipment, with the largest single item being construction of Prominent Hill. Funding for this substantial investment was provided from existing cash balances and operating cashflow. After meeting all funding requirements during the year, Oxiana retained a positive cash balance of \$246 million at year-end.

Looking to 2008, the Company's cash balances, the expected continuation of good operating cash flows and existing undrawn debt facilities mean that Oxiana is well placed to continue to fund its suite of development projects, which include completion of Prominent Hill, the Sepon copper expansion and the Martabe gold project.

A final dividend of 4 cents per share (unfranked) was declared, following the interim dividend of 4 cents per share (fully-franked) declared at the half-year. Total dividends for the year are 8 cents per share, in line with 2006.

Oxiana's Managing Director and CEO, Owen Hegarty, commented on the results, saying, "2007 for Oxiana saw a strong operating and financial performance. We are well positioned to continue to invest in organic and acquisitions growth."

Owen L Hegarty
Managing Director and CEO
20 February 2008

Consolidated Income Statement

	2007 \$'000	2006 \$'000
Revenues from continuing operations (net of TC/RC)	1,097,449	1,275,209
Other income	1,028	-
Change in inventories of finished goods and WIP	10,315	(457)
Raw materials, consumables and other direct costs	(253,101)	(245,918)
Employee expenses	(119,865)	(110,365)
Royalties	(48,061)	(54,520)
Exploration and evaluation expenditure	(37,749)	(20,822)
Unrealised FX gains / (losses)	(6,119)	19,560
Realised FX gains / (losses)	1,819	(7,165)
Financial instrument losses	(1,357)	(2,639)
Other expenses	(45,434)	(30,397)
Profit on sale of non-current assets	(1,979)	(1,901)
Profit on sale of investments in controlled entities	-	6,773
Share of net profit of associates and joint venture partnerships accounted for using the equity method	(1,882)	(182)
EBITDA	595,064	827,176
Depreciation and amortisation expenses	(101,191)	(105,361)
EBIT	493,873	721,815
Interest revenue	25,450	19,308
Finance costs	(43,604)	(45,778)
Profit from continuing operations before income tax	475,719	695,345
Income tax expense	(151,258)	(145,327)
Profit from continuing operations	324,461	550,018
Profit from discontinued operation	(6,295)	3,148
Profit for the year	318,166	553,166
Attributable to:		
Members of Oxiana Ltd	305,800	553,166
Minority interest	12,366	-

Sales Revenue

Sales revenue for the year was \$1,196.3 million which, while lower than last year's exceptional revenue result of \$1,484.7 million, reflected strong operating performance in 2007.

The Company's revenue and profitability in 2007 were adversely impacted by appreciation of the Australian dollar and weaker commodity prices. Measured in Australian dollar terms, the average zinc price in 2007 was 9% lower than in 2006, while the copper price in Australian dollars was down by approximately 3%. Zinc and copper sales contribute over 80% of Oxiana's revenues.

Revenues and profitability were further affected by provisional pricing or "mark-to-market" adjustments for sales of concentrate. In general terms, the provisional pricing adjustments will tend to be in Oxiana's favour when commodity prices rise between shipment and delivery, and negative to Oxiana when prices fall.

Zinc prices in particular fell throughout the year and, in 2007, the overall negative impact of provisional pricing adjustments on NPAT was \$53.3 million, compared to 2006.

The stronger Australian dollar has meant that the impact of converting US dollar sales revenue from Golden Grove and operating income from Sepon into Australian dollars for reporting purposes has negatively impacted reported net profit after tax by \$58.5 million (compared to 2006). The average exchange rate for 2007 was 0.84 compared to 0.75 in 2006.

Copper revenue at Sepon was \$522.0 million, down on 2006 notwithstanding record production, reflecting the fact that that copper prices were on average 3% lower (in A\$ terms) in 2007.

Golden Grove revenue was \$585.1 million for the year compared to \$761.1 million for 2006 due to slightly lower overall sales and a lower zinc price – especially in the second half of the year when sales volumes were higher.

Gold bullion revenues from Sepon were \$89.2 million. While the gold price was 15% higher over the year, revenues were lower than 2006 due to lower planned output.

Cost of Sales

The Company's cost of sales fell in 2007, largely due to higher by-product credits. Nonetheless, the result also benefited from operational improvement.

Total cash operating costs at Oxiana's Sepon Copper operation in Laos were up only marginally (by 4%, from US\$0.73/lb to US\$0.76/lb), notwithstanding substantial increases in cost of consumables such as fuel, grinding media and explosives. This result reflects the active management of 50 separate margin improvement projects at Sepon.

Total cash operating costs for the Sepon gold operation were US\$445/oz, 35% higher than the previous corresponding period due mainly to the effect of lower annual production.

At Golden Grove cash costs decreased from US\$43c/lb to US\$30c/lb. Higher operating costs were offset by lower treatment and refining charges for zinc concentrates and higher by-product credits,

due to greater volumes of copper produced and higher gold, lead and silver prices.

Royalties paid remained similar to last year.

With costs of production in general expected to remain under pressure, Oxiana will maintain its focus on continuing operational improvement, and has a suite of margin improvement programs in place across all sites.

Exploration

Exploration and evaluation expenditure charged to the Consolidated Income Statement was higher in 2007, reflecting the increasing scope and scale of the Group's exploration program. Exploration initiatives in 2008 will maintain a balance between extending and expanding existing resources and greenfields programs.

Government of Laos Minority Interest in LXML

Under the MEPA, the Government of Laos had an option to acquire 10% of Oxiana's Lao operating company Lane Xang Minerals Limited (LXML). This option was exercised on June 30 2007. Going forward, the interests of the Government of Laos in LXML will appear as minority interests in the Consolidated Income Statement and the Consolidated Balance Sheet.

Consolidated Cashflow Statement

	Dec 07 \$'000	Dec 06 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,132,714	1,268,611
Payments to suppliers and employees (inclusive of GST)*	(533,224)	(443,421)
Interest received	21,617	18,824
Interest paid	(33,864)	(36,605)
Income tax paid	(120,521)	(14,431)
Net cash inflow from operating activities	466,722	792,978
Cash flows from investing activities		
Payments for capitalised exploration and evaluation	(17,217)	(32,141)
Payments PP & E and development	(696,261)	(189,394)
Proceeds from fixed asset disposal	677	-
Payments for purchase of subsidiaries	(15,945)	-
Cash acquired on purchase of subsidiaries	7,383	-
Equity raising by subsidiary	6,131	-
Cash outflow on disposal of subsidiary	(13,451)	-
Proceeds from sale of subsidiary	16,500	-
Payments for purchase of investments	(3,299)	(3,216)
Proceeds from sale of investments	206	-
Loans from subsidiaries and associates	-	-
Dividend received from subsidiaries	-	-
Net cash inflow from investing activities	(715,276)	(224,751)
Cash flows from financing activities		
Gross proceeds from issues of shares	3,910	3,741
Proceeds from borrowings	228,102	-
Repayment of borrowings	(220,033)	(22,141)
Payments for capitalised finance costs	(10,683)	-
Finance lease payments	(733)	(576)
Payments for derivative financial instruments	(18,322)	-
Dividends paid	(96,520)	(38,609)
Net cash inflow from financing activities	(114,279)	(57,585)
Net increase in cash and cash equivalents	(362,833)	510,642
Cash and cash equivalents at 1 January	670,851	167,849
Effects of exchange rate changes on cash and cash equivalents	(61,910)	(7,640)
Cash and cash equivalents at 31 December	246,108	670,851

* Includes exploration and evaluation expensed of \$63.6 million.

Consolidated Balance Sheet

	Dec 07 \$'000	Dec 06 \$'000
Current Assets		
Cash and cash equivalents	246,108	670,851
Receivables	111,670	33,309
Inventories	88,126	71,393
Derivative financial instruments	416	1,017
Assets classified as held for sale	-	-
Other assets	5,651	2,769
Total current assets	451,971	779,339
Non-current assets		
Receivables	-	-
Available-for-sale financial assets	38,500	14,802
Other financial assets	-	-
Investments accounted for using the equity method	148,347	6,591
Property, plant and equipment	1,739,687	929,236
Intangible assets	46,788	2,702
Deferred tax assets	492	5,576
Derivative financial instruments	-	1,140
Other assets	1,610	-
Total non-current assets	1,975,424	960,046
Total assets	2,427,395	1,739,385
Current Liabilities		
Trade and other payables	141,216	106,055
Interest bearing liabilities	154,421	207,946
Current tax liabilities	101,659	87,053
Provisions	14,097	8,613
Liabilities classified as held for sale	-	-
Derivative financial instruments	1,582	-
Other liabilities	-	-
Total current liabilities	412,975	409,667
Non-current liabilities		
Interest bearing liabilities	266,409	219,674
Deferred tax liabilities	119,728	62,812
Provisions	58,480	42,652
Derivative financial instruments	4,527	-
Total non-current liabilities	449,144	325,138
Total liabilities	862,119	734,805
Net assets	1,565,276	1,004,580
EQUITY		
Contributed equity	1,056,681	608,475
Treasury Shares	(2,583)	-
Reserves	(97,177)	(31,766)
Accumulated profits	566,084	427,871
Total equity attributable to members of Oxiana Limited	1,523,005	1,004,580
Minority interest	42,271	-
Total equity	1,565,276	1,004,580

Cashflow

Cashflow was lower due to lower earnings and increased capital development and investment in future growth and production.

The largest use of cash during 2007 was in the construction of the Prominent Hill copper-gold project (\$474 million). Prominent Hill will commence operations in late-2008 and have a significant positive financial impact from 2009, with production of approximately 117,000t of copper and 86,000oz of gold planned for that year.

Funding for the continuing construction of Prominent Hill and other development projects including Martabe and the Sepon copper expansion and for the Golden Grove and Prominent Hill expansion programs will be met from current cash balances, strong expected operating cashflow and existing credit facilities.

Net Interest

Interest expense has increased due to rising interest rates and the drawdown of debt facilities.

Tax Expense

The tax expense figure for the year was impacted by the first year of at the full corporate tax rate of 33.3% in Laos compared to 16.67% in the prior year.

While overall income tax expense in 2007 was \$6.0 million greater than in 2006, that net increase reflects the effects of both the higher tax rate in Laos and lower revenues overall.

Profit / (Loss) from Discontinued Operations

The loss from discontinued operations this year represents the Wiluna gold operation acquired from Agincourt Resources Limited in March 2007. Oxiana reached agreement to sell the operation to Apex Minerals NL in June 2007, effective at 1 August 2007.

Oxiana Limited Annual General Meeting

Date: Thursday 17th April 2008
 Venue: Melbourne Exhibition Centre Auditorium
 Level 2, 2 Clarendon St, Southbank, Victoria
 Time: 10am AEST
 Registration: From 9am AEST
 Webcast: <http://www.oxiana.com.au/AGM2008.asp>

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