

Financial Results

Summary for the six months ended 30 June 2006

Summary

	Half Year to June '06 A\$ '000	Half Year to June '05 A\$ '000
Gross Sales Revenue	685,204	88,123
EBITDA	400,460	43,142
Net finance costs	(17,177)	(8,945)
Depreciation and amortisation	(46,562)	(16,439)
Income tax (expense) / benefit	(76,637)	537
Profit from discontinued operations	3,148	(86)
Net profit attributable to Oxiana Limited	263,232	18,209

Highlights

- EBITDA of \$400m
- Net Profit of \$263m
- Interim dividend of 3 cents per share

Oxiana today announced operating earnings from ordinary activities of \$400.5 million for the half year. The net profit after tax, interest, depreciation and other charges was \$263.2 million.

The record earnings are a result of sound performance at Oxiana's operations and strong prices for the Company's main metals – copper, zinc and gold.

Directors have declared an unfranked interim dividend of 3 cents per share.

- The average LME cash copper price for the period was US\$2.78/lb with copper revenue at Sepon of \$266.5 million for the half, compared to \$22.6 million for the previous corresponding half.
- The average zinc cash price for the period was US\$1.26/lb. Golden Grove gross revenue was \$243.7 million for the half. Golden Grove was acquired by Oxiana effective from 1 July 2005.

- Gold bullion sales from Sepon were \$64.0 million for the period, compared to \$60.6 million for the previous corresponding half. The average gold price received for the period was US\$596/oz compared with US\$428/oz in the corresponding prior period.
- At 30 June 2006 Oxiana had a group cash balance of \$394.9 million and a low net debt to net debt plus equity ratio of 10%. The Company has no forward sales of any commodity or currency.
- An interim dividend of 3 cents per Oxiana share is to be paid to shareholders on 6th of October 2006 to shareholders registered on 25th September 2006.
- The Company expects the second half year after tax net profit to be similar to the first half assuming operating performance according to guidance and metal prices similar to the first half.

Owen L. Hegarty
Managing Director
25 August 2006

"Oxiana's Managing Director, Owen Hegarty in presenting the financial results commented, "This is an excellent first half result for Oxiana reflecting sound operating performance and strong market conditions for our main metals – copper, zinc and gold. Our strong cash flow and cash position enable us to further reward our shareholders with an interim dividend, as well as capital growth.

"Oxiana's strong balance sheet also enables us to continue to grow the Company and invest in our pipeline of projects. We are looking to expand copper and gold production at Sepon, increase our base metals production at Golden Grove and bring on Australia's next major copper gold mine at Prominent Hill in South Australia. This growth will add substantially to Oxiana's earnings and value.

"We also have an outstanding exploration portfolio in Asia and Australia looking to discover further copper, gold and other base and precious metals to ensure our growth pipeline continues to be added to," he said.

Consolidated Income Statement

	June '06 A\$'000	Jun '05 A\$'000
Gross sales revenue	685,204	88,123
Other income	(8)	142
Refining & distribution costs	(85,601)	(1,367)
Royalties	(23,477)	(3,017)
Changes in finished goods	12,898	21,159
Cost of production	(117,462)	(38,911)
Employee benefits expense	(55,133)	(14,379)
Exploration expenditure	(10,167)	(4,264)
Realised FX gains (losses)	1,557	(279)
Other Expenses	(14,124)	(4,065)
Profit on sale of investment	6,773	—
EBITDA	400,460	43,142
Depreciation & amortisation	(46,562)	(16,439)
EBIT	353,898	26,703
Finance costs	(21,783)	(13,852)
Interest Income	5,111	656
Unrealised FX gains	1,379	4,781
Option premium expense	(1,886)	(530)
Equity accounted profit	2	—
Profit before income tax	336,721	17,758
Tax (expense) /benefit	(76,637)	537
Profit from continuing operations	260,084	18,295
Profit / (loss) from discontinued operations	3,148	(86)
Net profit attributable to Oxiana Limited	263,232	18,209
Basic earnings per share (cents per share)	19.16	1.45
Weighted average number of shares (millions)	1,374	1,259

Revenue

Sales revenue increased substantially over the previous corresponding half year with the Sepon Copper operation producing at name-plate capacity, the inclusion of revenue from the Golden Grove operation acquired in July 2005 and higher commodity prices.

Cost of Sales

Operating costs including employee expenses and other expenses are substantially higher in line with the increased production activity at Sepon, and the inclusion of Golden Grove in comparison with the previous half year. As seen across the industry the cost of energy and consumables has risen since this time last year, however this has been more than offset by higher commodity prices.

Exploration Expenditure

Exploration expenditure of \$10.2 million expensed for the half year reflects the company's strong commitment to an aggressive exploration and development effort. The Group is currently exploring for base and precious metals in Australia, Laos, China, Thailand and Cambodia, as well as maintaining extensive near mine programs around existing resources at Sepon, Golden Grove and Prominent Hill.

Other Expenses

Other expenses consist of head office and regional administration expenses. These expenses have increased in line with the expanded operations of the Oxiana Group.

Profit on Sale of Investment

This is the profit attributable to Oxiana on the Initial Public Offering ('IPO') of Toro Energy Limited. This is after the 24.75% that Oxiana retains as a direct investment in Toro Energy Limited.

Depreciation and Amortisation

Depreciation and amortisation increased in line with increased copper production at Sepon and the inclusion of Golden Grove. Depreciation and amortisation changes for the Sepon Gold operations have increased as a result of the new Reserve estimates announced in March 2006.

Finance Costs

The increased interest charges represents the inclusion of a full six months of the US\$105m Convertible Bond which was issued in mid April 2005, and also the US\$133 million acquisition financing facility for Golden Grove which was drawn in July 2005.

Tax Expense

Tax expense has increased with profitability and is made up of the 16.67% tax on Laos operations, as well as Australian tax on the Golden Grove operation. This will be the last year of half tax in Laos, with the corporate rate of 33% applying from 2007 onwards.

Profit from Discounted Operations

This profit arises from the sale of Oxiana's Philippines assets into the IPO of Royalco Limited, and represents the float price of 50 cents on the 17.7% of Royalco Oxiana now holds as an investment.

Functional Currency

During the period Oxiana Limited reassessed its functional currency to US\$. This has resulted in an unrealised foreign exchange gain in the half year of \$2.9 million. Further details of this change are contained in the half year Financial statements. The Oxiana Group will continue presenting its accounts in A\$.

Consolidated Cashflow Statement

	June '06 A\$'000	June '05 A\$'000
Cash flows from operating activities		
Receipts	544,049	68,905
Payments	(220,474)	(61,062)
Net interest	(12,890)	(9,751)
Income tax paid	(9,431)	—
Total	301,254	(1,908)
Cash flow from investing activities		
Exploration/evaluation	(11,068)	(15,439)
Property, plant & equipment and Development	(55,515)	(82,320)
Purchase of investments	(1,870)	(4,592)
Purchase of subsidiaries	—	(4,500)
Total	(68,453)	(106,851)
Cash flow from financing activities		
Share issues	3,429	1,695
Borrowings/convertible notes	—	335,831
Loan repayments	—	(154,337)
Dividends paid	(9,712)	—
Total	(6,283)	183,189
Net increase in cash	226,518	74,430
Cash brought forward	167,849	10,265
Effects of FX rate changes on cash cash equivalent	541	—
Cash at 30 June 06	394,908	84,695

Cash Flows

Oxiana has generated significantly increased cash flows during the period due to the strong operational performance at Sepon and Golden Grove, and the higher metal prices achieved throughout the period. The funds generated from operations have been used to sustain the operations, and to develop the Prominent Hill project. In addition, Oxiana paid its first dividend during the period.

Consolidated Balance Sheet

	June '06 A\$'000	Dec '05 A\$'000
Current assets		
Cash assets	394,908	167,849
Receivables	73,974	25,187
Inventories	90,356	73,785
Derivative financial instruments	844	776
Other	9,545	12,217
Total current assets	569,627	281,645
Non current assets		
Other financial assets	11,996	5,309
Investments accounted for using the equity method	6,775	—
Property plant and equipment	756,917	752,081
Intangible assets	91,511	92,559
Deferred tax assets	3,706	30,389
Derivative financial instruments	3,935	2,186
Other	9,201	9,201
Total non current assets	884,041	891,693
Total assets	1,453,668	1,173,338
Current liabilities		
Payables	52,473	77,974
Interest bearing liabilities	192,782	191,826
Current tax liabilities	36,538	10,526
Provisions	7,854	6,537
Total current liabilities	289,647	286,863
Non current liabilities		
Interest bearing liabilities	292,685	294,640
Provisions	27,588	26,528
Deferred tax liabilities	49,178	34,848
Total non current liabilities	369,451	356,016
Total liabilities	659,098	642,879
Net assets	794,570	530,459
Equity		
Contributed equity	595,125	587,375
Reserves	20,100	13,248
Accumulated profit	179,345	(70,164)
Total equity	794,570	530,459

Put Options

As a 30 June 2006, Oxiana's subsidiary Lane Xang Minerals Limited held gold put options totalling 199,986oz at an average strike price of US\$370/oz expiring between 2006 and June 2009. Oxiana's full exposure to any upward movements in the gold price remains.

Bankers Completion Test

During the half year, the Sepon copper project passed the Bankers Completion Test under the terms of the US\$140 million project finance facility. This is a significant achievement and allows that project finance facility to go non recourse to Oxiana Limited, as well as allow the commencement of distributions from Lane Xang Minerals Limited to Oxiana Limited. A US\$100million shareholder loan repayment was made during August.

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