

Financial Results

Summary for the six months ended 30 June 2007

Summary

	Half Year to June '07 A\$ '000	Half Year to June '06 A\$ '000
Gross Sales Revenue	632,472	685,204
EBITDA	334,595	401,453
Net finance costs and other	(13,695)	(18,170)
Depreciation and amortisation	(56,968)	(46,562)
Income tax (expense) / benefit	(84,989)	(76,637)
(Loss) / Profit from discontinued operations	(6,209)	3,148
Profit for the period	172,734	263,232
Net Profit attributable to Minority Interest	(717)	-
Profit attributable to Members of Oxiana Limited	173,451	263,232
Profit for the period	172,734	263,232

Highlights

- Group production to forecast
- Commodity prices favourable
- Strong revenues and cash flow
- Significant increase in dividend to 4c/share fully franked

EBITDA of \$334.6 million and NPAT of \$173.5 million represent strong results for Oxiana. These are down on the previous corresponding period as a result of both mark to market adjustments and currency movements.

In total, mark to market pricing adjustments and the effect of the stronger Australian dollar reduced EBITDA by \$128.4 million and NPAT by \$101.4 million.

Normalising for these effects, Oxiana's underlying financial performance was ahead of the first half of 2006.

A further impact on NPAT was the Lao tax rate which has increased from a concessional rate in the previous corresponding period.

The Company's cash position increased 27% to \$502.3 million on the first half 2006 but has decreased from the position at the end of 2006, primarily due to accelerated capital expenditure at Prominent Hill.

The Company has no net forward sales of any commodity or currency.

The balance sheet is strong and cash positive.

Oxiana's Board has declared an interim dividend of 4 cents per share, fully franked – a 33% increase on the 3c unfranked dividend in the previous corresponding period. The dividend is to be paid on 4 October 2007 to shareholders registered on 20 September 2007.

Oxiana's Managing Director and CEO, Owen Hegarty, commented on the results, saying, "This is a very solid first half result for Oxiana.

"Cash-flow was particularly strong enabling a 4c fully franked interim dividend to be declared.

"Our strong balance sheet will allow our exciting organic growth to continue as we expand our operations at Sepon and Golden Grove and allows us to continue to grow the Prominent Hill operation. It also puts us in a strong position to take advantage of business development opportunities and continue to advance a highly prospective suite of exploration projects in Asia and Australia.

"Oxiana's prior guidance on production and costs remains unchanged across all commodities and we see a strong second half ahead."

Consolidated Income Statement

	June 07 A\$'000	June '06 A\$'000
Gross sales revenue plus discounts & pricing adjustment	632,472	685,204
Other income	-	(8)
Refining & distribution costs	(48,312)	(85,601)
Royalties	(23,501)	(23,477)
Changes in finished goods	6,242	12,898
Cost of production	(125,363)	(116,470)
Employee benefits expense	(62,876)	(55,133)
Exploration expenditure	(17,975)	(10,167)
Net Realised FX gains (losses)	(13,614)	1,557
Other Expenses	(12,545)	(14,123)
Profit on sale of investment	67	6,773
EBITDA	334,595	401,453
Depreciation & amortisation	(56,968)	(46,562)
EBIT	277,627	354,891
Finance costs	(22,321)	(22,776)
Interest Income	15,454	5,111
Net Unrealised FX gains (losses)	(6,533)	1,379
Option premium expense	(65)	(1,886)
Equity accounted profit	(230)	2
Profit before income tax	263,932	336,721
Tax (expense)	(84,989)	(76,637)
Profit from continuing operations	178,943	260,084
Profit / (loss) from discontinued operations	(6,209)	3,148
Net profit attributable to Oxiana Limited	172,734	263,232
Basic earnings per share (cents per share)	11.88	19.16
Weighted average number of shares (millions)	1,460	1,374

Sales Revenue

Revenue for the half was below the previous corresponding period, primarily due to a higher average AUD exchange rate, mark to market price adjustments* on zinc shipments and lower gold sales, partially offset by higher average zinc price and higher sales volumes of zinc and copper concentrates.

The average exchange rate for the first half of 2007 was 0.81 compared to 0.74 in 2006. This shift negatively impacts on translation of Golden Grove sales revenue and Sepon operating income.

* mark to market adjustments occur when the provisional price placed on concentrate sales is different to the final price invoiced.

In 2006, Golden Grove zinc concentrate shipments benefited strongly from positive mark to market adjustments over the first half, whereas in the first half of 2007 there was a small negative adjustment.

Copper revenue at Sepon of \$236.2 million for the half, compared to \$277.3 million for the previous corresponding half.

Golden Grove revenue was \$298.5 million for the half compared to \$253.6 million for the previous corresponding half.

Gold bullion revenues from Sepon were \$49.5 million for the period, compared to \$68.7 million for the previous corresponding half.

The average gold price received for the period was U\$657/oz compared with U\$596/oz in the corresponding prior period.

Cost of Sales

Refining and distribution costs were substantially less than the previous year primarily due to lower charges associated with zinc concentrate sales. Royalties remained similar to last year, despite lower sales, due to a planned 0.5% increase in the royalty rate at the Sepon operation to 4.5%. Under Oxiana's exploration and mining agreement with the Government of Laos, the MEPA, this rate now applies for the life of mining operations at Sepon. While other costs of production have increased in line with general industry inflation, Oxiana has a suite of margin improvement programs in place across its sites to contain these cost increases.

Exploration

Exploration expenditure expensed was higher, reflecting the increased commitment to the exploration and resource development program. The total 2007 exploration budget of approximately \$75 million is equally allocated

between programs to expand existing mineral resources near Oxiana's mines and programs to discover new mineral deposits. The portion expensed represents exploration expenditure which is yet to identify mineral resources.

Realised Foreign Exchange (Gains / Losses)

A realised foreign exchange loss has arisen during the half from the full repayment of the shareholder loan by Lane Xang Minerals Limited to Oxiana. This loan has now been repaid and as such foreign exchange fluctuations from this source will have no impact on Oxiana's income in the future.

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. This option was exercised on June 30 2007. All entitlements the Government of Laos had to accumulated profits in LXML as at the date of exercise of their option (in total \$20.3 million of which \$9.3 million relates to income earned in the first half of 2007) is shown in the Balance Sheet. Going forward, these entitlements will appear as minority interests in the Consolidated Income Statement.

Depreciation and Amortisation

According to standard accounting practices, life of mine assets have been expensed in line with production. This sees depreciation and amortisation charges fluctuate with production volumes. Depreciation and amortisation in this half has increased as the charge for the Sepon gold operation has been accelerated in line with the most current life of mine plan.

Consolidated Cashflow Statement

	June '07 A\$'000	June '06 A\$'000
Cash flows from operating activities		
Receipts	599,317	569,412
Payments*	(309,203)	(256,905)
Net interest	(2,516)	(12,890)
Income tax paid	(86,661)	(9,431)
Total	200,937	290,186
Cash flow from investing activities		
Exploration/evaluation	(12,159)	(3,500)
Property, plant & equipment and development	(294,675)	(52,015)
Purchase of subsidiaries	117	-
Purchase of investments	(2,016)	(1,870)
Total	(308,733)	(57,385)
Cash flow from financing activities		
Share issues	9,111	3,429
Borrowings/convertible notes	201,074	-
Loan repayments	(187,869)	-
Dividends paid	(54,422)	(9,712)
Total	(32,106)	(6,283)
Net increase (decrease) in cash	(139,902)	226,518
Cash brought forward	670,851	167,849
Effects of FX rate changes on cash and cash equivalent	(28,608)	541
Cash at 30 June 07	502,341	394,908

* Includes exploration and evaluation expensed of \$17.9 million

Net Interest

Net borrowings have not changed materially during the half year resulting in a similar level of interest expense between the two corresponding halves. Interest income has increased significantly due to higher average levels of cash on hand and rising interest rates. The Sepon project finance facility is now amortising with the balance falling at 30 June to US\$105 million. Offsetting this, a new US\$525 million syndicated facility to refinance the US\$133 million Golden Grove acquisition facility, and to finance the construction of Prominent Hill, was arranged in June 2007 with an outstanding balance at the end of the half year of US\$175 million.

Consolidated Balance Sheet

	June '07 A\$'000	June '06 A\$'000
Current assets		
Cash assets	502,341	394,908
Receivables	75,790	73,974
Inventories	86,629	90,356
Derivative financial instruments	859	844
Assets Classified as held for sale	35,632	-
Other	10,980	9,545
Total current assets	712,231	569,627
Non current assets		
Other financial assets	23,274	11,996
Investments accounted for using the equity method	6,544	6,775
Property plant and equipment	1,636,667	756,917
Intangible assets	120,059	91,511
Deferred tax assets	23,451	3,706
Derivative financial instruments	971	3,935
Other	1,029	9,201
Total non current assets	1,811,995	884,041
Total assets	2,524,226	1,453,668
Current liabilities		
Payables	112,155	52,473
Interest bearing liabilities	87,379	192,782
Derivative Financial Instruments	13,380	-
Current tax liabilities	42,328	36,538
Provisions	9,840	7,854
Liabilities classified or held for sale	8,993	-
Total current liabilities	274,075	289,647
Non current liabilities		
Interest bearing liabilities	336,016	292,685
Provisions	52,781	27,588
Deferred tax liabilities	231,500	49,178
Total non current liabilities	620,297	369,451
Total liabilities	894,372	659,098
Net assets	1,629,854	794,570
Equity		
Contributed equity	1,033,160	595,125
Reserves	(57,237)	20,100
Accumulated profit	495,872	179,345
Total equity attributable to members of Oxiana Ltd	1,471,795	794,570
Minority Interest	158,059	-
Total Equity	1,629,854	794,570

Tax Expense

The average tax rate increased this year due to the cessation of the concessional half tax rate in Laos for the Sepon operation. From the start of 2007 the corporate tax rate increased from 16.7% to 33.3%.

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.

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