

A modern mining company



24 August 2017

The Manager, Companies
Australian Securities Exchange
Companies Announcement Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

OZ Minerals 2017 Half Year Financial Results Announcement and Report

Please find attached the OZ Minerals 2017 Half Year Financial Results announcement and report for the six months ended 30 June 2017.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Robert Mancini', with a long horizontal flourish extending to the right.

Robert Mancini
Company Secretary and Head of Legal

24 August 2017

Strong Financial Performance Supports Growth

- Net Profit After Tax of \$80.6 million on net revenue of \$445.9 million
- Underlying EBITDA of \$217.4 million with a strong margin of 49 per centⁱ
- Cash balance of \$624.5 million and no debt
- On track to deliver all guidance metrics
- Board declare fully franked interim dividend of 6 cents per share to be paid in September 2017
- Robust cash generation supports investment in Carrapateena, West Musgrave and expanding growth pipeline

"OZ Minerals has delivered a strong set of financial results for the first half of 2017. A continued focus on cost savings and a better pricing environment drove a net profit after tax of \$80.6 million," said OZ Minerals' Chief Executive Officer, Andrew Cole.

"Prominent Hill is tracking consistently with the planned production profile. With the second permanent access decline completed as scheduled this week, we are on track to achieve all guidance metrics for 2017.

"The Board's confidence in the economics, constructability and operability of Carrapateena has seen development approval granted for the project. The dual declines are progressing as planned and the construction contracts in relation to the Early Contractor Involvement model are approaching finalisation, which will secure approximately 50 per cent of pre-production capital in lump sum contracts.

"This high quality project with significant expansion potential is proceeding at pace and first concentrate production is expected in Q4 2019.

"Strong operating cash flow of \$93.5 million in the first half of 2017 continues to support a significant cash balance of \$624.5 million with no debt, allowing for shareholder returns, continued investment in the Carrapateena and West Musgrave projects, and advancement of our growth pipeline.

"Our continued focus on a lean, agile and innovative culture change program sets us on a path to becoming a modern mining company, and it underpins the positive half year result we are reporting today," said Mr Cole.

Result overview

OZ Minerals maintained its strong financial performance in the first half 2017 while executing its growth strategy. Compared to the comparative period, increased gold sales largely offset the impact of lower copper sales from the Prominent Hill operation.

Underlying EBITDA for the half-year is up 22 per cent over the comparative period, supported by a 21 per cent increase in the average copper price and lower production costs, despite a reduction in deferred waste from a lower stripping ratio.

Net profit after tax, was \$80.6 million compared to \$29.5 million for the comparative period including significant items. Excluding the non-underlying class action settlement cost, the Underlying NPAT for the comparative period was \$55.0 million.

Underlying NPAT H1 2017 vs H1 2016



Dividend

The Board has declared a fully franked interim dividend of 6 cents per share, equating to \$17.9 million, in line with OZ Minerals' dividend policy. The dividend reflects the current cash balance, expected cash generation in the second half of the year and future capital requirements to deliver on the company's growth strategy.

"Shareholders can look forward to a fully franked dividend, with continued strong cash flows from Prominent Hill allowing us to invest in our expanding pipeline of growth projects," said OZ Minerals' Chief Financial Officer, Luke Anderson.

Financial Summary

Income Statement Summary (\$M)	June 2017	June 2016	Variance
Net revenue	445.9	398.3	47.6
Underlying EBITDA	217.4	178.4	39.0
Net depreciation	(104.9)	(102.1)	(2.8)
Underlying EBIT	112.5	76.3	36.2
Net finance income	2.9	3.4	(0.5)
Income tax (expense) / benefit	(34.8)	(24.7)	(10.1)
Underlying NPAT	80.6	55.0	25.6
Non underlying items net of tax	-	(25.5)	25.5
NPAT	80.6	29.5	51.1
Earnings per share (cents)	27.0	9.7	17.3
Underlying earnings per share (cents)	27.0	18.1	8.9

Balance Sheet Summary (\$M)	Jun-17	Dec-16
Assets		
Cash	625	656
Receivables	83	77
Inventories	667	557
Carrapateena	331	285
Property plant & equipment	874	1,018
Other assets	28	37
Total Assets	2,608	2,630
Liabilities		
Creditors	65	77
Net tax liability	99	133
Provisions	54	55
Other liabilities	6	11
Total Liabilities	224	276
Net Assets	2,384	2,354

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ⁱ OZ Minerals' financial results are reported under International Financial Reporting Standards ('IFRS'). This Half-Year Report and Results for Announcement to the Market include certain non-IFRS measures including Underlying EBITDA, Underlying EBIT and Underlying NPAT. These measures are presented to enable understanding of the underlying performance of the Consolidated Entity without the impact of non-trading items. Non-IFRS measures have not been subject to audit or review.

Forward-Looking Statements

Some statements in this document are forward-looking statements. Such statements include, but are not limited to, statements with regard to capacity, future production and grades, projections for sales growth, estimated revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside OZ Minerals' control.

Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements which speak only as at the date of the presentation. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, OZ Minerals does not undertake any obligation to publicly release any updates or revisions to any forward looking statements contained in this presentation, whether as a result of any change in OZ Mineral's expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

No representation or warranty, express or implied, is made as to the fairness, accuracy, or completeness of the information, contained in the document or of the views, opinions and conclusions contained in this material. To the maximum extent permitted by law, OZ Minerals and its related bodies corporate and affiliates, and its respective directors, officers, employees, agents and advisers disclaim any liability (including, without limitation any liability arising from fault or negligence) for any loss or damage arising from any use of this material or its contents, including any error or omission there from, or otherwise arising in connection with it.



OZ Minerals
Half-year Financial Report
For the half-year ended
30 June 2017

OZ MINERALS LIMITED
ABN 40 005 482 824

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Results for Announcement to the Market

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange ('ASX') Listing Rule 4.2A.3 and Appendix 4D for the Consolidated Entity ('OZ Minerals' or the 'Consolidated Entity') comprising OZ Minerals Limited ('OZ Minerals Limited' or the 'Company') and its controlled entities for the half-year ended 30 June 2017 (the 'financial period') compared with the half-year ended 30 June 2016 ('comparative period').

This report should be read in conjunction with the Annual Report for the year ended 31 December 2016, and public announcements made by the Company during the half year ended 30 June 2017 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

Consolidated results, commentary on results and outlook

Revenue

Profit after tax attributable to equity holders of OZ Minerals Limited

The commentary on the consolidated results and outlook, including changes in state of affairs and likely developments of the Consolidated Entity, are set out in the Review of Results and Operations section of the Directors' Report.

Net tangible assets per share

	30 June 2017 \$ per share	30 June 2016 \$ per share
Net tangible assets per share	7.14	6.77

In accordance with Chapter 19 of the ASX listing rules, net tangible assets per share represent total assets less intangible assets less liabilities ranking ahead of, or equally with, ordinary share capital, divided by the number of ordinary shares on issue at the end of the half-year.

Dividends

Since the end of the half-year, the Board of Directors has resolved to pay a fully franked dividend of 6.0 cents per share, to be paid on 21 September 2017. The record date for entitlement to this dividend is 7 September 2017. The financial impact of the dividend amounting to \$17.9 million has not been recognised in the Consolidated Half-year Financial Statements for the half-year ended 30 June 2017, and will be recognised in subsequent Consolidated Financial Statements.

The details in relation to dividends announced or paid since 1 January 2016 are set out below:

Record date	Date of payment	Unfranked cents per share ^(a)	Fully franked cents per share	Total dividends \$m
7 September 2017	21 September 2017	–	6	17.9
10 March 2017	24 March 2017	–	14	41.8
9 September 2016	23 September 2016	6	–	18.1
24 February 2016	10 March 2016	14	–	42.5

(a) For Australian income tax purposes, the unfranked dividends were declared to be conduit foreign income.

Independent auditor's review report

The Consolidated Half-year Financial Statements upon which this Appendix 4D is based have been reviewed and the Independent Auditor's Review Report to the members of OZ Minerals Limited is included in the attached Consolidated Half-year Financial Statements.

Directors' Report

The directors present their report for OZ Minerals for the financial period from 1 January 2017 to 30 June 2017 ('half-year') together with the Consolidated Half-year Financial Statements. OZ Minerals Limited is a company limited by shares that is incorporated and domiciled in Australia.

Directors

The directors of the Company during the half-year ended 30 June 2017 and up to the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Rebecca McGrath (Non-executive Director and appointed as Chairman on 24 May 2017)

Andrew Cole (Managing Director and Chief Executive Officer)

Julie Beeby

Tonianne Dwyer (appointed as a Non-executive Director on 22 March 2017)

Charles Lenegan

Peter Tomsett (appointed as a Non-executive Director on 22 March 2017)

Paul Dowd (retired as a Non-executive Director on 24 May 2017)

Neil Hamilton (retired as a Non-executive Director and Chairman on 24 May 2017)

Principal activities

The principal activities of the Consolidated Entity during the half-year were the mining and processing of ore containing copper, gold and silver, sales of concentrate, undertaking exploration activities, and development of mining projects, mainly in Australia. For additional information on the activities of the Consolidated Entity refer to the Review of Results and Operations section in the Director's Report.

Dividends

Since the end of the half-year, the Board of Directors has resolved to pay a fully franked dividend of 6.0 cents per share, to be paid on 21 September 2017. The record date for entitlement to this dividend is 7 September 2017. The financial impact of the dividend amounting to \$17.9 million has not been recognised in the Consolidated Half-year Financial Statements for the half-year ended 30 June 2017, and will be recognised in subsequent Consolidated Financial Statements.

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(a) For Australian income tax purposes, the unfranked dividends were declared to be conduit foreign income.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports). Amounts in the Financial Statements and Directors' Report have been rounded off in accordance with the Instrument to the nearest million dollars to one decimal place, or in certain cases, to the nearest dollar. All amounts are in Australian dollars, unless otherwise stated.

Review of Results and Operations

The Review of Results and Operations is set out on pages 6 to 12, and forms part of the Directors' Report.

Directors' Report

Matters subsequent to the end of the half-year

Since the end of the half-year, the Board of Directors has resolved to pay a fully franked dividend of 6.0 cents per share, to be paid on 21 September 2017. The record date for entitlement to this dividend is 7 September 2017. The financial impact of the dividend amounting to \$17.9 million has not been recognised in the Consolidated Half-year Financial Statements for the half-year ended 30 June 2017, and will be recognised in subsequent Consolidated Financial Statements.

On 24 August, the Board approved the development of the Carrapateena project which has an NPV of \$910 million and an IRR of 20 per cent, with pre-production capital expenditure of \$916 million. The Feasibility Studies confirmed the financial robustness of the long life, low cost mine. In line with the agile approach to project development, construction will progress in two phases. The first phase commences in September 2017 with construction of ongoing mining development, enabling infrastructure such as camp and airfield, followed by the more intensive second phase in Q2 2018 subject to Mining Lease approvals.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

Lead auditor's independence declaration

The auditor's independence declaration is set out on page 13, and forms part of the Directors' Report for the half-year ended 30 June 2017.

Signed in accordance with a resolution of the Directors.



Rebecca McGrath
Chairman
Adelaide
24 August 2017



Andrew Cole
Managing Director and Chief Executive Officer
Adelaide
24 August 2017

Directors' Report

Review of Results and Operations

Overview

OZ Minerals is a modern mining company listed on the Australian Securities Exchange with a growth strategy centred on creating value for all its stakeholders. As one of Australia's largest copper producers with quality assets, a strong cash balance of \$624.5 million and no debt, OZ Minerals is ideally positioned for growth.

OZ Minerals owns and operates the Prominent Hill copper-gold-silver mine and progressed the Feasibility Study (FS) for Australia's largest undeveloped copper deposit at Carrapateena.

Prominent Hill

Prominent Hill is located in South Australia, 130 kilometres southeast of Coober Pedy, and comprises an open pit and underground mine. Prominent Hill produces one of the highest-grade copper concentrates in the world at bottom quartile cash costs. In the first half of 2017, Prominent Hill delivered strong financial results driven by a commitment to operating discipline.

Highlights for Prominent Hill:

- On track to deliver all annual guidance metrics.
- Copper production of 53,242 tonnes and gold production of 58,271 ounces.
- Second permanent decline completed as scheduled in late August.
- AISC of US 124.7c/lb within guidance.
- C1 costs of US 90.1c/lb within guidance and in the lowest quartile of global copper producers.

Carrapateena

Carrapateena is an iron-oxide, copper-gold ('IOCG') project located in South Australia's highly prospective Gawler Craton region. Carrapateena is a key part of OZ Minerals' growth pipeline. Since the end of the Half Year, the Feasibility Studies confirmed the financial robustness of the long life, low cost mine with potential for a 20 plus year mine life and operating cash flow by Q4 2019.

The FS for the project progressed during the half year, with a number of milestones achieved:

- Dual declines progressing as planned, with total development at 2,049 metres (1,142 metres to the face of the Tjati decline) and a vertical depth of 180 metres.
- Approval of the Early Contractor Involvement (ECI) model by OZ Minerals' Board, appointing contractors to undertake design, engineering and building of the project.

Concentrate Treatment Plant

OZ Minerals continues to work on the Concentrate Treatment Plant (CTP) Pre-Feasibility Study. CTP is now being managed as a separate project, independent of the Carrapateena timeline. CTP offers the opportunity to be a strategic differentiator for OZ Minerals with the capacity to upgrade concentrates to 50-60 per cent copper with negligible impurities making them an attractive feedstock for customers throughout the world.

Exploration

OZ Minerals withdrew from the Yandal One project with Toro Energy during the half-year, as the project failed to meet the required technical hurdles. OZ Minerals is continuing the scoping study at West Musgrave and has six other exploration Earn In agreements in place with experienced exploration companies who provide exploration expertise in specific geologies and locations.

The West Musgrave project with Cassini Resources continues to be the most advanced of OZ Minerals' Earn In agreements. Significant progress was made on the scoping study during the half-year. The project is targeting the Nebo-Babel copper-nickel and Succoth copper deposits located in the Musgrave Province of Western Australia, near the South Australian and Northern Territory borders.

Completion of the West Musgrave scoping study and a decision on progression to Pre-Feasibility Study is expected in the fourth quarter of 2017.

Directors' Report

Review of Results and Operations

Review of Results

- Net profit after tax of \$80.6 million.
- Underlying EBITDA of \$217.4 million, with a strong margin of 49 per cent.
- Cost of goods sold of \$205.2 million.
- Net assets of \$2,384.4 million, with cash of \$624.5 million and no debt.
- TRIFR of 6.53 at half-year.
- Copper production of 53,242 tonnes and gold production of 58,271 ounces, both in line with annual guidance.
- Lowest quartile C1 costs of US90.1c/lb, on track for annual guidance.

Outlook

OZ Minerals expects 2017 to be another strong year at Prominent Hill, and has accordingly set guidance for contained copper production at 105,000 to 115,000 tonnes¹.

All financial metrics are positively tracking towards annual guidance as OZ Minerals continues to prioritise higher margin copper production over gold. Copper and gold production in the first half of the year are in line with annual guidance.

The C1 cost for the half-year was US90.1c/lb, in line with guidance for the 2017 calendar year of US85 cents to US95 cents per payable pound of copper. This cost is expected to remain in the lowest cost quartile of global copper producers.

All In Sustaining Cost ('AISC') for the half-year was US124.7c/lb, in line with guidance for the 2017 calendar year of between US120 cents to US130 cents per payable pound of copper.

There was a 32 per cent reduction in total open pit movement due to a 53 per cent reduction in waste movement, as the strip ratio declined to 0.5:1, in line with life of mine planning, Thiess demobilised another excavator and its associated fleet in Q2 2017. This re-sized the fleet to match the reduction in work required in the open pit, as it heads towards completion in mid-2018. With less material movement, open pit unit mining costs were \$6.63 per tonne.

Underground ore movement increased by seven per cent in the first half and is expected to increase with the completion of the second decline as scheduled in late August. This is in line with full year guidance of between 2.3Mt and 2.6Mt as the underground continues to expand.

As previously disclosed in the Prominent Hill Mineral Resource and Ore Reserve Statement released on 15 November 2016, power to Prominent Hill is currently supplied via a 132kV distribution line owned by OZ Minerals which draws grid power via BHP's Olympic Dam infrastructure and long term access is subject to negotiations. OZ Minerals' 2016 Annual Report confirmed that Prominent Hill supply contracts would be re-negotiated in mid-2017. Prominent Hill power supply and infrastructure contracts continue to be negotiated.

On 24 August, the Board approved the development of the Carrapateena project which has an NPV of \$910 million and an IRR of 20 per cent with pre-production capital expenditure of \$916 million. The Feasibility Studies confirmed the financial robustness of the long life low cost mine. In line with the agile approach to project development, construction will progress in two phases. The first phase commences in September 2017 with construction of ongoing mining development, enabling infrastructure such as camp and airfield followed by the more intensive second phase in Q2 2018 subject to Mining Lease approvals.

OZ Minerals expects that the West Musgrave Scoping Study will be completed in the fourth quarter of 2017 when a decision on whether the project moves to the Pre-Feasibility Study (PFS) phase will be made.

Exploration activities will focus on progressing the other six exploration Earn In agreements and growing the pipeline with further opportunities. Exploration expenditure for the half year was \$7.4 million and is expected to be between \$10 million to \$15 million as guided for 2017.

¹ This information is extracted from the report entitled 'Annual production targets achieved, cash up, copper guidance lifted' released to the ASX on 30 January 2017 and is available at <http://www.ozminerals.com/media/asx/>. OZ Minerals confirms that all material assumptions underpinning the production target in that report continue to apply and have not materially changed.

Directors' Report

Review of Results and Operations

Review of consolidated financial results and operations²

	Prominent Hill HY 17 \$m	Carrapateena HY 17 \$m	Exploration & Development HY 17 \$m	Corporate HY 17 \$m	Total HY 17 \$m	Total HY 16 \$m
Revenue - Copper	377.9	–	–	–	377.9	338.4
Revenue - Gold and Silver	111.1	–	–	–	111.1	105.9
Treatment and refining charges ³	(43.1)	–	–	–	(43.1)	(46.0)
Net Revenue	445.9	–	–	–	445.9	398.3
Mining	(143.7)	–	–	–	(143.7)	(160.1)
Processing	(46.6)	–	–	–	(46.6)	(46.4)
Transport	(30.5)	–	–	–	(30.5)	(26.0)
Site general and administration	(11.0)	–	–	–	(11.0)	(9.6)
Royalties	(22.3)	–	–	–	(22.3)	(19.1)
Deferred waste adjustment	4.0	–	–	–	4.0	22.1
Inventory adjustment	44.9	–	–	–	44.9	53.0
Cost of goods sold	(205.2)	–	–	–	(205.2)	(186.1)
Corporate general and administration	(5.3)	–	(0.2)	(10.5)	(16.0)	(17.9)
Exploration and other income/(expenses)	(0.5)	–	(10.0)	3.1	(7.4)	(14.0)
Net realisable value adjustments	5.0	–	–	–	5.0	(2.4)
Foreign exchange (loss)/gain	(4.2)	–	–	(0.7)	(4.9)	0.5
Underlying EBITDA	235.7	–	(10.2)	(8.1)	217.4	178.4
Depreciation of PPE	(163.9)	–	–	(1.3)	(165.2)	(187.5)
Capitalised depreciation into inventory	60.3	–	–	–	60.3	85.4
Net Depreciation	(103.6)	–	–	(1.3)	(104.9)	(102.1)
Underlying EBIT	132.1	–	(10.2)	(9.4)	112.5	76.3
Net finance income					2.9	3.4
Income tax expense					(34.8)	(24.7)
Underlying Net Profit after tax					80.6	55.0
Non underlying items net of tax ⁴					–	(25.5)
Net Profit for the half-year attributable to equity holders of OZ Minerals Limited					80.6	29.5
Earnings per share (cents per share)					27.0	9.7

² OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This Half-year Financial Report and Results for Announcement to the Market include certain non-IFRS measures including Underlying EBITDA, Underlying EBIT and Underlying NPAT. These measures are presented to enable understanding of the underlying performance of the Consolidated Entity without the impact of non-trading items such as class action costs. Non-IFRS measures have not been subject to audit or review. Underlying EBITDA, Underlying EBIT and Underlying NPAT are included in Note 1 Operating Segments, which form part of the Consolidated Half-year Financial Statements. Refer Note 1 Operating Segments to the Consolidated Half-year Financial Statements for further details.

³ Treatment and refining includes other commercial costs.

⁴ Non underlying items net of tax include the legal costs associated with the Class Action.

Directors' Report

Review of Results and Operations

OZ Minerals maintained its strong financial performance in 2017 while executing its growth strategy. Compared to the comparative period, increased gold sales largely offset the impact of lower copper sales from the Prominent Hill operation. The production of copper in 2017 was lower than the comparative period, consistent with the planned production profile of the Prominent Hill mine. Increased commodity prices contributed to the strong NPAT of \$80.6 million for the half year, up from \$29.5 million in the comparative period. The cash balance of \$655.7 million at December 2016 year end decreased by \$31.2 million during the half year following shareholder payments of \$49.1 million, investment in the Carrapateena project of \$45.8 million and income tax payments of \$69 million, offset by strong cash inflows from operations.

Revenue

Compared to the comparative period:

- reported revenue for the half year of \$445.9 million was 12 per cent higher
- contained copper sales of 51,584 tonnes was 3 per cent lower, consistent with the planned production profile of the Prominent Hill mine
- contained gold sales of 62,661 ounces was 11 per cent higher.

During the half year the A\$ copper price was 21 per cent higher than the comparative period while the average gold price was in line with the comparative period. To reduce the volatility from contractual quotation period terms, OZ Minerals adopted a copper price risk management approach in the second half of 2016 to lock in the forward price at the time that the concentrate is sold to customers.

Realisation costs

Treatment charges and refining costs ('TCRC') were lower by \$2.9 million, reflecting lower benchmark rates.

The increase of \$4.5 million in transportation and freight costs during the year was due to higher tonnages of concentrate sold.

Royalties also increased by \$3.2 million due to higher net revenue during the half year compared to the comparative period.

Prominent Hill costs

Cost of goods sold was 10 per cent higher than the comparative period, mainly reflecting higher volumes of concentrate sold.

Net mining costs attributable to concentrate sold was \$9.8 million higher compared to the comparative period, which resulted from more underground ore processed during the half year and a reduction in open pit waste mined.

The cash cost of \$10.40 per tonne of ore from the open pit compared to the comparative period of \$12.80 was due to the significantly lower waste-to-ore strip ratio of 0.5:1 (comparative period was 1:1). Open pit mining unit costs of \$6.63 per tonne for the half-year were higher compared to \$6.15 per tonne in the comparative period, as a result of fixed costs being spread over less material mined. As a result of the declining strip ratio, the deferral of mining costs to the balance sheet was lower by \$18.1 million.

1.1 million tonnes were mined from the underground, 7 per cent higher than the comparative period, with second half volumes expected to increase following the completion of the second decline in late August. Underground operating costs for the half year were \$62 per tonne mined.

Ore milled of 4.8 million tonnes was in line with the comparative period.

Ore continues to be stockpiled for processing in later periods after the open pit ceases operation in mid-2018. The concentrate and ore inventory movement of \$44.9 million in the half year was lower by \$8.1 million compared to the comparative period due to 16 per cent less tonnes of ore stockpiled.

Depreciation of \$165.2 million was lower than the comparative period due to 10 per cent less ore mined as a result of the demobilisation of mining equipment. Net depreciation was in line with the comparative period, reflecting the capitalisation of depreciation associated with stockpiled open pit ore.

Other Costs

Development of the Carrapateena declines are progressing to plan, with total development at 2,049 metres and a vertical depth of 180 metres. Project-related exploration and evaluation costs of \$45.8 million incurred during the half year were capitalised, as evaluation and development of the Carrapateena project continues.

Exploration and Development expenditure of \$7.4 million incurred during the half year relate to Yandal One, West Musgrave and six other exploration Earn In arrangements and \$3 million relating to corporate development including due diligence costs. During the year, OZ Minerals also received a government grant of \$3 million.

OZ Minerals holds its cash in A\$ with US\$ maintained only to meet US\$ commitments, which has resulted in a foreign exchange loss on the cash balance due to the appreciating A\$.

Corporate general and administration costs of \$16.0 million comprise costs incurred in direct support of operating activities of \$10.7 million and those related to largely corporate activities of \$5.3 million. An allocation of the costs relating to support of operating activities cover a range of services and costs provided at the Corporate office to Prominent Hill, Carrapateena, and the Exploration and Development operating segments. These costs include sales and marketing, strategic sourcing, business services, information technology and insurance.

Directors' Report

Review of Results and Operations

The income tax expense for the half year ended 30 June 2017 was \$34.8 million and approximates the Australian corporate tax rate of 30 per cent. A current tax provision of \$50.8 million was recognised, which was 44 per cent of the EBT, reflecting the unwinding of the deferred tax liabilities that were recognised predominantly in relation to the open pit deferred waste. As the deferred tax liabilities relate to the open pit unwind over 2016 to 2018, the tax cash flows are expected to exceed the income-tax expense recognised in the Income Statement during this period.

Directors' Report

Review of Results and Operations

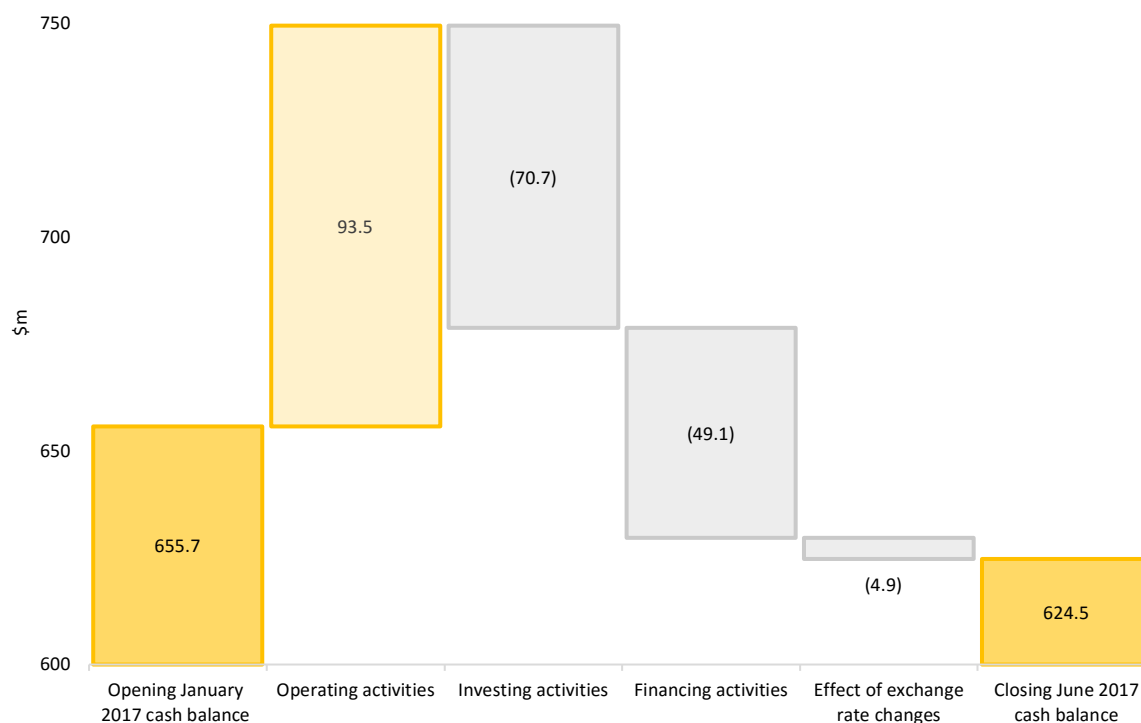
Variance analysis – Underlying net profit after tax 30 June 2017 vs. 30 June 2016

	\$m	\$m
Underlying net profit after tax for the half-year ended 30 June 2016		55.0
<i>Changes in revenues:</i>		
Volume – sales		
Copper	(11.6)	
Gold	11.2	
Silver	0.5	0.1
A\$ price		
Copper	51.1	
Gold	(6.2)	
Silver	(0.3)	44.6
Treatment and refining charges	2.9	
Royalties	(3.2)	(0.3)
<i>Changes in mine costs:</i>		
Production costs	10.3	
Deferred waste and inventory adjustment	(26.2)	
Depreciation	4.6	(11.3)
<i>Other costs:</i>		
Corporate	1.6	
Exploration	6.7	
Foreign exchange impact on cash and debtor balances	(5.5)	
Other	0.3	3.1
Tax and net interest		(10.6)
Underlying net profit after tax for the half-year ended 30 June 2017		80.6

Directors' Report

Review of Results and Operations

Cash flow analysis



Operating cash flows

Operating cash flows for the half year ended 30 June 2017 was \$93.5 million, a reduction of \$22.5 million compared to the comparative period. This reduction was a result of income tax payments of \$69.0 million relating to the year ended 31 December 2016, and was partially offset by increased receipts from customers. The increase in receipts from customers by \$42.2 million, and an increase in payment to suppliers and employees by \$9.1 million was offset by a decrease in exploration expenditure by \$10.8 million as expenditure relating to Carrapateena and the CTP were expensed in the comparative period.

Investing cash flows

Net investing cash flows of \$70.7 million were a combination of payments for property plant and equipment at Prominent Hill and capitalisation of exploration and development costs at Carrapateena.

The payments incurred related to:

- capitalised Carrapateena costs of \$45.8 million
- mine development costs of the underground operation of \$16.5 million
- deferred waste stripping costs of \$4.0 million
- other sustaining capital expenditure of \$4.4 million.

Financing activities

Cash flows relating to financing activities were an outflow of \$49.1 million, of which \$41.8 million were dividends and \$7.3 million related to the purchase of shares to meet equity-based remuneration obligations.

Since the end of the half year, the Board of Directors has resolved to pay a fully franked dividend of 6.0 cents per share in respect of the 2017 half-year amounting to \$17.9 million and will be recognised in subsequent Consolidated Financial Statements.

Auditor's Independence Declaration



Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To: the Directors of OZ Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of OZ Minerals Limited for the half-year ended 30 June 2017 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Paul Cenko', written in a cursive style.

Paul Cenko

Partner

Adelaide

24 August 2017

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Half-year Statement of Comprehensive Income

For the half-year ended 30 June 2017	Notes	30 June 2017 \$m	30 June 2016 \$m
Revenue	1	445.9	398.3
Net foreign exchange gain/(loss)		(4.9)	0.5
Other income		4.1	6.5
Changes in inventories of ore and concentrate		110.3	136.0
Consumables and other direct costs		(167.9)	(165.4)
Employee benefit expenses		(28.3)	(29.3)
Exploration and evaluation expenses		(10.5)	(19.9)
Freight expenses		(30.5)	(26.0)
Royalties expense		(22.3)	(19.1)
Depreciation expense	7	(165.2)	(187.5)
Legal costs associated with Class Action		-	(36.4)
Other expenses		(18.2)	(17.8)
Profit before net financing income and income tax		112.5	39.9
Financing income		4.8	6.3
Financing expenses		(1.9)	(2.9)
Net financing income		2.9	3.4
Profit before income tax		115.4	43.3
Income tax expense	3	(34.8)	(13.8)
Profit for the half-year attributable to equity holders of OZ Minerals Limited		80.6	29.5
Other comprehensive gain/(loss)			
<i>Items that will not be reclassified subsequently to Income Statement</i>			
Change in fair value of investments in equity securities, net of tax		(5.2)	(8.4)
<i>Items that may be reclassified to income statement</i>			
Net gain/(loss) on cash flow hedges, net of tax	10	0.1	(20.3)
Other comprehensive loss for the half-year, net of tax		(5.1)	(28.7)
Total comprehensive income for the half-year attributable to equity holders of OZ Minerals Limited		75.5	0.8
		Cents	Cents
Basic and diluted earnings per share	2	27.0	9.7

The above Consolidated Half-year Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Half-year Statement of Changes in Equity

For the half-year ended 30 June 2017	Notes	Issued capital \$m	Retained earnings \$m	Cash flow hedge reserve \$m	Treasury shares \$m	Total equity \$m
Balance as at 1 January 2017		2,029.0	323.8	3.6	(2.1)	2,354.3
Total comprehensive income for the half-year						
Profit for the half-year		–	80.6	–	–	80.6
Other comprehensive loss		–	(5.2)	0.1	–	(5.1)
Total comprehensive income/(loss) for the half-year		–	75.4	0.1	–	75.5
Transactions with owners, recorded directly in equity						
Dividends	4	–	(41.8)	–	–	(41.8)
Share-based payments, net of income tax		–	3.7	–	–	3.7
Purchase of treasury shares		–	–	–	(7.3)	(7.3)
Exercise of performance rights		–	(2.1)	–	2.1	–
Total transactions with owners		–	(40.2)	–	(5.2)	(45.4)
Balance as at 30 June 2017		2,029.0	359.0	3.7	(7.3)	2,384.4
For the half-year ended 30 June 2016						
Balance as at 1 January 2016		2,058.9	285.6	–	(0.6)	2,343.9
Total comprehensive income for the half-year						
Profit for the half-year		–	29.5	–	–	29.5
Other comprehensive loss		–	(8.4)	(20.3)	–	(28.7)
Total comprehensive income/(loss) for the half-year		–	21.1	(20.3)	–	0.8
Transactions with owners, recorded directly in equity						
Dividends		–	(42.5)	–	–	(42.5)
Share-based payments, net of income tax		–	2.8	–	–	2.8
Share buy-back		(7.1)	–	–	–	(7.1)
Purchase of treasury shares		–	–	–	(1.1)	(1.1)
Exercise of performance rights		–	(1.6)	–	1.6	–
Total transactions with owners		(7.1)	(41.3)	–	0.5	(47.9)
Balance as at 30 June 2016		2,051.8	265.4	(20.3)	(0.1)	2,296.8

The above Consolidated Half-year Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Consolidated Half-year Balance Sheet

As at 30 June 2017	Notes	30 June 2017 \$m	31 December 2016 \$m
Current assets			
Cash and cash equivalents		624.5	655.7
Trade receivables		74.4	69.4
Other receivables		9.0	7.8
Inventories	5	235.3	197.1
Prepayments		0.8	4.9
Assets held for sale	9	9.4	9.4
Total current assets		953.4	944.3
Non-current assets			
Inventories	5	431.4	360.0
Investments in equity securities		13.0	18.2
Derivative financial instruments	10	5.6	5.1
Exploration assets – Carrapateena	6	330.7	284.9
Lease receivable		23.5	27.5
Property, plant and equipment	7	850.3	990.6
Total non-current assets		1,654.5	1,686.3
Total assets		2,607.9	2,630.6
Current liabilities			
Trade payables and accruals		61.4	74.4
Other payables		3.6	3.0
Current tax provision		50.8	69.0
Employee benefits		9.2	9.0
Provisions		7.9	8.3
Derivative financial instruments		5.9	11.1
Total current liabilities		138.8	174.8
Non-current liabilities			
Deferred tax liabilities	3	47.7	63.5
Employee benefits		1.8	2.0
Provisions		35.2	36.0
Total non-current liabilities		84.7	101.5
Total liabilities		223.5	276.3
Net assets		2,384.4	2,354.3
Equity			
Issued capital		2,029.0	2,029.0
Cash flow hedge reserve		3.7	3.6
Retained earnings		359.0	323.8
Treasury shares		(7.3)	(2.1)
Total equity attributable to equity holders of OZ Minerals Limited		2,384.4	2,354.3

The above Consolidated Half-year Balance Sheet should be read in conjunction with the accompanying Notes.

Consolidated Half-year Statement of Cash Flows

For the half-year ended 30 June 2017	Notes	30 June 2017 \$m	30 June 2016 \$m
Cash flows from operating activities			
Receipts from customers		446.2	404.0
Payments to suppliers and employees		(278.3)	(269.2)
Payments for exploration and evaluation		(11.5)	(22.3)
Income tax paid		(69.0)	-
Financing costs		(0.4)	(1.5)
Interest received		6.5	5.0
Net cash inflows from operating activities		93.5	116.0
Cash flows from investing activities			
Payment for property, plant and equipment		(24.9)	(56.8)
Payment for Carrapateena evaluation expenditure		(45.8)	-
Proceeds from disposal of investments		-	3.3
Net cash outflows from investing activities		(70.7)	(53.5)
Cash flows from financing activities			
Dividends paid to shareholders	4	(41.8)	(42.5)
Payments for share buy-back		-	(7.1)
Payments for acquisition of treasury shares		(7.3)	(1.1)
Net cash outflows from financing activities		(49.1)	(50.7)
Net (decrease)/increase in cash held		(26.3)	11.8
Cash and cash equivalents as at 1 January		655.7	552.5
Effects of exchange rate changes on foreign currency denominated cash balances		(4.9)	-
Cash and cash equivalents at the end of the half-year		624.5	564.3

The above Consolidated Half-year Statement of Cash Flows should be read in conjunction with the accompanying Notes.

Notes to the Consolidated Half-year Financial Statements

Introduction

The principal business activities of OZ Minerals Limited (OZ Minerals or the Company) and its controlled entities (collectively the 'Consolidated Entity') were the mining and processing of ore containing copper, gold and silver, undertaking exploration activities and development of mining projects.

The Company is incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. OZ Minerals' registered office is Level 1, 162 Greenhill Road, Parkside, 5063, South Australia, Australia.

The Consolidated Half-year Financial Statements of OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2017:

- are prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 also ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*
- are presented in Australian dollars which is also the functional currency of the Company and all its controlled entities
- has amounts rounded off to within the nearest million dollars to one decimal place, or in certain cases, to the nearest dollar, in accordance with Instrument 2016/191, issued by the Australian Securities and Investments Commission. All amounts are in Australian dollars, unless otherwise stated

The consolidated half-year financial statements do not include all of the information required for a full annual financial report and should be read in conjunction with the Annual Report of the Consolidated Entity for the year ended 31 December 2016 and any public announcements made by OZ Minerals Limited during the half-year financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Consolidated Half-year Financial Statements were authorised for issue by the Directors on 24 August 2017.

The Annual Report of OZ Minerals for the year ended 31 December 2016 is available upon request from the Company's registered office at Level 1, 162 Greenhill Road, Parkside 5063, South Australia, Australia or at the Company's website at <http://www.ozminerals.com>.

The Consolidated Half-year Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the following items which are measured at fair value, or otherwise, in accordance with the provisions of applicable accounting standards:

- financial instruments, including trade receivables
- investments in equity securities
- derivative financial instruments
- items of inventory and property, plant and equipment which have been written down in accordance with applicable accounting standards.

Other than the dividend for the half-year ended 30 June 2017, discussed in Note 4, and the announcement on Carrapateena mine development, no events have occurred subsequent to reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

On 24 August, the Board approved the development of the Carrapateena project with the Feasibility Studies confirming the financial robustness of the long life, low cost mine. In line with the agile approach to project development, construction will progress in two phases. The first phase commences in September 2017 with construction of ongoing mining development, enabling infrastructure such as camp and airfield, followed by the more intensive second phase in Q2 2018 subject to Mining Lease approvals.

The critical estimates and judgements are consistent with those applied by the Consolidated Entity in its Annual Report for the year ended 31 December 2016.

Notes to the Consolidated Half-year Financial Statements

Group Performance

1 Operating Segments

Segment	Principal activities
Prominent Hill	Mining and processing ore containing copper, gold and silver from the Prominent Hill Mine, a combined open pit and underground mine located in the Gawler Craton of South Australia. The Prominent Hill Mine generates revenue from the sale of concentrate containing copper, gold and silver to customers in Asia, Europe and Australia.
Carrapateena	Exploration, evaluation and long lead item development associated with the Carrapateena project located in South Australia.
Exploration & Development	Exploration and evaluation activities associated with other projects and include exploration arrangements with Minotaur Exploration Ltd, Cassini Resources Limited, Toro Energy Limited, Mithril Resources, Acapulco Gold, Red Tiger Resources, Avrupa Minerals and Corporate Development activities.
Corporate (corporate activities)	Other corporate activities include the Consolidated Entity's group office (which includes all corporate expenses that cannot be directly attributed to the operation of the Consolidated Entity's operating segments), other investments in equity securities and cash balances.

For the half-year ended 30 June 2017	Prominent Hill \$m	Carrapateena \$m	Exploration & Development \$m	Corporate \$m	Consolidated \$m
Revenue – Copper	377.9	–	–	–	377.9
Revenue – Gold and Silver	111.1	–	–	–	111.1
Treatment and refining charges ¹	(43.1)	–	–	–	(43.1)
Net Revenue	445.9	–	–	–	445.9
Mining	(143.7)	–	–	–	(143.7)
Processing	(46.6)	–	–	–	(46.6)
Transport	(30.5)	–	–	–	(30.5)
Site general and administration	(11.0)	–	–	–	(11.0)
Royalties	(22.3)	–	–	–	(22.3)
Deferred waste adjustment	4.0	–	–	–	4.0
Inventory adjustment	44.9	–	–	–	44.9
Cost of goods sold	(205.2)	–	–	–	(205.2)
Corporate general and administration	(5.3)	–	(0.2)	(10.5)	(16.0)
Exploration and other income/(expenses)	(0.5)	–	(10.0)	3.1	(7.4)
Net realisable value adjustments	5.0	–	–	–	5.0
Foreign exchange gain/(loss)	(4.2)	–	–	(0.7)	(4.9)
Underlying EBITDA	235.7	–	(10.2)	(8.1)	217.4
Depreciation of PPE	(163.9)	–	–	(1.3)	(165.2)
Capitalised depreciation into inventory	60.3	–	–	–	60.3
Net Depreciation	(103.6)	–	–	(1.3)	(104.9)
Underlying EBIT	132.1	–	(10.2)	(9.4)	112.5
Net finance income					2.9
Income tax expense					(34.8)
Net Profit for the half-year attributable to equity holders of OZ Minerals Limited					80.6

¹ Treatment and refining includes other commercial costs.

Notes to the Consolidated Half-year Financial Statements

Group Performance

For the half-year ended 30 June 2016	Prominent Hill \$m	Carrapateena \$m	Exploration & Development \$m	Corporate \$m	Consolidated \$m
Revenue – Copper	338.4	–	–	–	338.4
Revenue – Gold and Silver	105.9	–	–	–	105.9
Treatment and refining charges ¹	(46.0)	–	–	–	(46.0)
Net Revenue	398.3	–	–	–	398.3
Mining	(160.1)	–	–	–	(160.1)
Processing	(46.4)	–	–	–	(46.4)
Transport	(26.0)	–	–	–	(26.0)
Site general and administration	(9.6)	–	–	–	(9.6)
Royalties	(19.1)	–	–	–	(19.1)
Deferred waste adjustment	22.1	–	–	–	22.1
Inventory adjustment	53.0	–	–	–	53.0
Cost of goods sold	(186.1)	–	–	–	(186.1)
Corporate general and administration	(5.4)	–	(0.3)	(12.2)	(17.9)
Exploration and other income/(expenses)	1.5	(12.9)	(6.8)	4.2	(14.0)
Net realisable value adjustments	(2.4)	–	–	–	(2.4)
Foreign exchange gain/(loss)	(5.0)	–	–	5.5	0.5
Underlying EBITDA	200.9	(12.9)	(7.1)	(2.5)	178.4
Depreciation of PPE	(184.4)	(3.1)	–	–	(187.5)
Capitalised depreciation into inventory	85.4	–	–	–	85.4
Net Depreciation	(99.0)	(3.1)	–	–	(102.1)
Underlying EBIT	101.9	(16.0)	(7.1)	(2.5)	76.3
Net finance income					3.4
Income tax expense					(24.7)
Underlying Net Profit after tax					55.0
Non underlying items net of tax ²					(25.5)
Net Profit for the half-year attributable to equity holders of OZ Minerals Limited					29.5

¹ Treatment and refining includes other commercial costs.

² Non underlying items net of tax include the legal costs associated with the Class Action incurred in the prior period.

Notes to the Consolidated Half-year Financial Statements

Group Performance

2 Earnings per share

Basic and diluted earnings per share - cents	Half-year to 30 June 2017	Half-year to 30 June 2016
Basic and diluted earnings per share	27.0	9.7
Reconciliation of earnings used in calculating basic and diluted earnings per share - \$ millions		
Profit after tax	80.6	29.5
Weighted average number of ordinary shares on issue used in the calculation of basic per share	298,664,750	303,403,216

Basic earnings per share is calculated by dividing the profit attributable to equity holders of OZ Minerals Limited, by the weighted average number of ordinary shares outstanding during the financial year. The weighted average is determined by the total number of shares on issue less treasury shares held by the Company throughout the period.

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share to take into account dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3 Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax expense attributable to amounts recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity, respectively.

	Half-year to 30 June 2017 \$m	Half-year to 30 June 2016 \$m
Reconciliation of income tax expense to pre-tax profit		
Profit before income tax	115.4	43.3
Income tax expense at the Australian tax rate of 30 percent	(34.6)	(13.0)
Adjustments:		
Non-deductible expenditure	(0.2)	(0.8)
Income tax expense	(34.8)	(13.8)

Notes to the Consolidated Half-year Financial Statements

Group Performance

Deferred tax assets and liabilities

	31 December 2016 \$m	Recognised in Income Statement \$m	Recognised in Equity \$m	30 June 2017 \$m
Restricted tax losses	49.5	(7.6)	-	41.9
Property plant and equipment	(135.6)	24.0	-	(111.6)
Inventories	(4.8)	0.2	-	(4.6)
Provisions and accruals	11.2	(1.4)	-	9.8
Derivative financial instruments	1.8	(1.7)	(0.1)	-
Other	14.4	2.4	-	16.8
Net deferred tax liabilities	(63.5)	15.9	(0.1)	(47.7)

4 Dividends

Dividends

Since the end of the half-year, the Board of Directors has resolved to pay a fully franked dividend of 6.0 cents per share, to be paid on 21 September 2017. The record date for entitlement to this dividend is 7 September 2017. The financial impact of the dividend amounting to \$17.9 million has not been recognised in the Consolidated Half-year Financial Statements for the half-year ended 30 June 2017, and will be recognised in subsequent Consolidated Financial Statements.

The details in relation to dividends announced or paid since 1 January 2016 are set out below:

Record date	Date of payment	Unfranked cents per share ^(a)	Fully franked cents per share	Total dividends \$m
7 September 2017	21 September 2017	-	6	17.9
10 March 2017	24 March 2017	-	14	41.8
9 September 2016	23 September 2016	6	-	18.1
24 February 2016	10 March 2016	14	-	42.5

(a) For Australian income tax purposes, the unfranked dividends were declared to be conduit foreign income.

Notes to the Consolidated Half-year Financial Statements

Capital Employed

5 Inventories

	30 June 2017 \$m	31 December 2016 \$m
Concentrates – at cost	54.2	48.2
Ore Stockpile – at cost	160.6	127.7
Stores and consumables – at cost	20.5	21.2
Inventories – current	235.3	197.1
Ore Stockpile – non-current at cost	285.8	228.6
Ore Stockpile – non-current at net realisable value	145.6	131.4
Inventories – non-current	431.4	360.0
Total Inventories	666.7	557.1

A net realisable value inventory adjustment to increase the value of inventory by \$5.0 million in respect of low grade gold ore stockpiles was recognised in the half-year (30 June 2016: \$2.4 million reduction to inventory value).

6 Exploration assets – Carrapateena

	30 June 2017 \$m	31 December 2016 \$m
Exploration assets - intangibles	252.2	252.2
Exploration assets - tangibles	78.5	32.7
Exploration assets - Carrapateena	330.7	284.9

Intangible exploration assets represent acquisition costs of the Carrapateena copper-gold project in South Australia.

Tangible exploration assets represent the capitalised carrying value of exploration expenditure since 1 July 2016. Following the Pre-Feasibility Study ('PFS') results, OZ Minerals had made the determination to capitalise expenditure related to exploration and evaluation activities in relation to Carrapateena.

Notes to the Consolidated Half-year Financial Statements

Capital Employed

7 Property, Plant and Equipment

	Plant and equipment \$m	Mine property and development \$m	Freehold land and buildings \$m	Capital work in progress \$m	30 June 2017 Total \$m	31 December 2016 Total \$m
At cost	1,150.2	1,642.4	187.5	13.6	2,993.7	2,969.3
Accumulated depreciation and impairment losses	(814.4)	(1,205.9)	(123.1)	-	(2,143.4)	(1,978.7)
Closing carrying amount	335.8	436.5	64.4	13.6	850.3	990.6
Reconciliation of carrying amounts						
Opening carrying amount	345.0	557.6	66.8	21.2	990.6	1,261.8
Additions and transfers including deferred mining	11.1	21.2	0.2	(7.6)	24.9	99.7
Transfer of Tunnel Boring Machine to Assets held for sale	-	-	-	-	-	(9.4)
Depreciation expense	(20.3)	(142.3)	(2.6)	-	(165.2)	(361.5)
Closing carrying amount	335.8	436.5	64.4	13.6	850.3	990.6

Depreciation expense was \$165.2 million during the half-year compared to \$187.5 million in the first half of 2016. Depreciation expense decreased primarily due to decreased tonnage of ore mined from the open pit than the comparative period.

8 Impairment assessment

During the period the Consolidated Entity performed an impairment assessment of the Prominent Hill Cash Generating Unit ('CGU'). Pursuant to the assessment, no adjustment was required to the carrying value of the Prominent Hill CGU. The impairment assessment was performed on the basis of similar methodology and assumptions as used by the Consolidated Entity in the assessment conducted at 31 December 2016.

The recoverable amount of the Prominent Hill mine is highly sensitive to changes in commodity prices, foreign exchange rates, metal contained in the ore body, and operating and capital cost assumptions.

For a full discussion of the methodology and assumptions used for the purposes of the impairment assessment, refer to the Consolidated Entity's Annual Report for the year ended 31 December 2016.

9 Assets held for sale

	30 June 2017 \$m	31 December 2016 \$m
Property, Plant and Equipment held for sale	9.4	9.4

Following a decision to dispose of the Tunnel Boring Machine the carrying value was reclassified in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* from Capital Work in Progress to Assets held for sale.

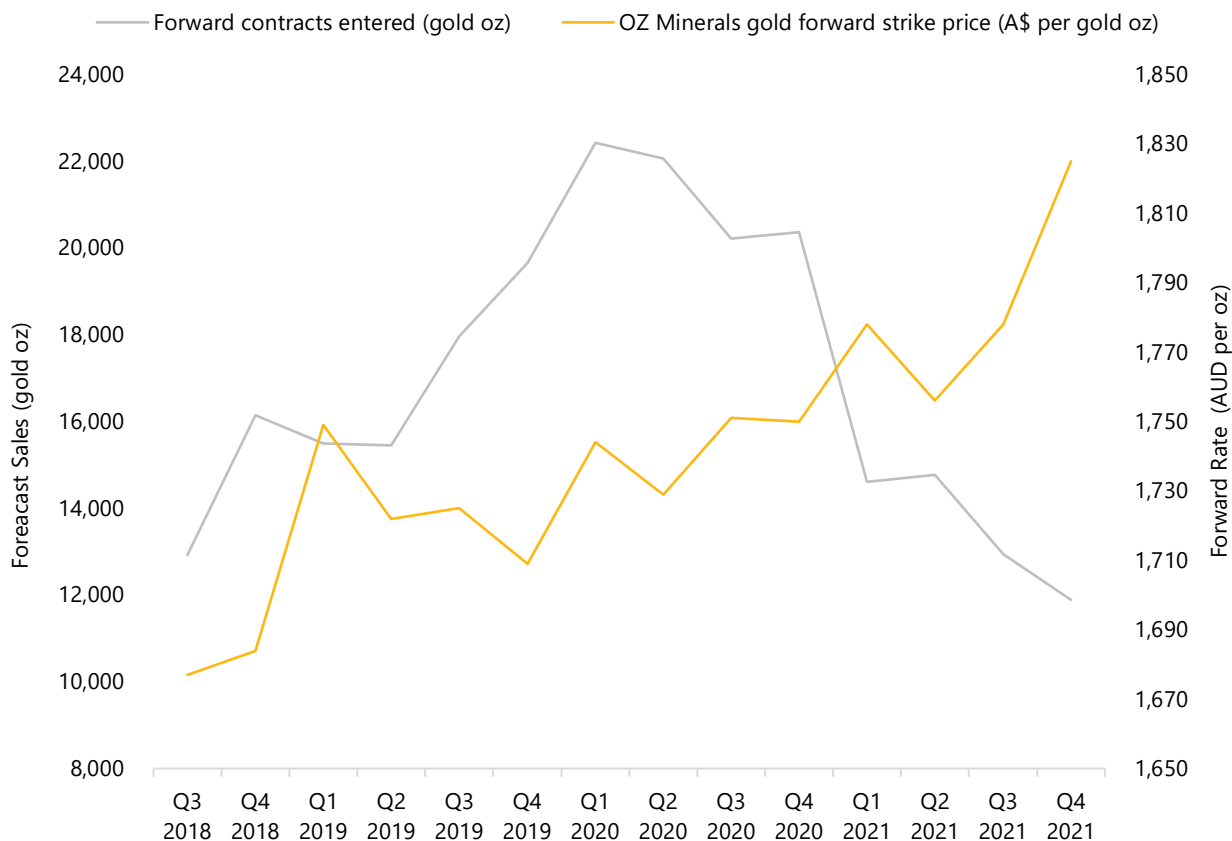
Notes to the Consolidated Half-year Financial Statements

Risk Management

10 Financial assets and liabilities

Gold forward contracts

The gold forward contracts have been designated as cash flow hedges under AASB 9 and were assessed to be fully effective in managing the underlying risk. Accordingly, a tax-effected fair value adjustment of \$0.1 million was recognised in other comprehensive income. At 30 June 2017, contracts for 236,933 ounces of gold were outstanding, representing a non-current derivative financial asset of \$5.6m, with an average strike price per quarter ranging from A\$1,677 to A\$1,825 per ounce, provided in the chart below.



Notes to the Consolidated Half-year Financial Statements

Risk Management

11 Financial risk management

OZ Minerals' Group Treasury Function ('Group Treasury') manages the financial risks of the Consolidated Entity. Group Treasury identifies, evaluates and manages financial risks in close co-operation with OZ Minerals' operating units. The Board approves principles for overall risk management, as well as policies covering specific risk areas, such as market, credit and liquidity risk.

The risk management policies applied by the Consolidated Entity are consistent with those disclosed in its Annual Report for the year ended 31 December 2016.

The Consolidated Entity holds the following financial instruments as presented on the face of the Balance Sheet:

Carried at fair value using level 1 valuation technique (based on share prices quoted on the relevant stock exchanges)

Investments in equity securities

The carrying value of each of these items approximates fair value.

12 Contingencies

The Consolidated Entity had a number of contingent liabilities at 30 June 2017 and there were no substantive changes in the nature and assessment of the Consolidated Entity's contingent liabilities during the half-year. Full details of the consolidated entity's contingent liabilities are included in OZ Minerals' Annual report for the year ended 31 December 2016.

Notes to the Consolidated Half-year Financial Statements

Group Structure & Other Information

13 Parent entity disclosures

The entities which were incorporated during the period are set out below:

Name of entity	Date incorporated
CTP Operations Pty Ltd	3 May 2017
Carrapateena Pty Ltd	4 May 2017
CTP Assets Pty Ltd	29 May 2017

14 New accounting standards

(i) Changes in accounting policies and mandatory standards adopted during the half-year

The accounting policies applied by the Consolidated Entity in these Consolidated Half-year Financial Statements are consistent with those applied by the Consolidated Entity in its Annual Report for the year ended 31 December 2016. The Consolidated Entity has adopted all of the new, revised or amending standards that are mandatory. The adoption of these new and revised Australian Accounting Standards has not had a significant impact on the Consolidated Entity's accounting policies or the amounts reported during the year.

(ii) Issued Standards and pronouncements not early adopted

At the date of authorisation of the Financial Statements, the following AASB Standards had been issued but were not yet effective. The Consolidated Entity has not yet assessed the full impact of the below standards:

- AASB 15 *Revenue from Contracts with Customers* changes the timing (and in some case, the quantum) of revenue recognised from customers. The standard does not apply mandatorily before 1 January 2018. AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has been considered together with AASB 15. The Consolidated Entity is currently undertaking an analysis of transition options and on-going financial reporting impacts.
- AASB 16 *Leases* eliminates the distinction between operating and finance leases, and brings all leases (other than short term leases) onto the balance sheet. The standard does not apply mandatorily before 1 January 2019. The Consolidated Entity is currently undertaking an analysis of transition options and on-going financial reporting impacts.

The following standard, all consequential amendments and interpretations are mandatory from 1 January 2018, has not been adopted early by the group, and will be first adopted for the year ending 31 December 2018. The standard is not expected to have material impact on application:

- AASB 2016-5 *Classification and Measurement of Share-based Payment Transactions*

Directors' Declaration

1. In the opinion of the Directors of OZ Minerals Limited ('the Company'):
 - (a) the Financial Statements and notes set out on pages 14 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2017 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

Signed in accordance with a resolution of the directors.



Rebecca McGrath

Chairman
Adelaide
24 August 2017



Andrew Cole

Managing Director and Chief Executive Officer
Adelaide
24 August 2017

Independent Auditor's Review Report



To the shareholders of OZ Minerals Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of OZ Minerals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of OZ Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The half-year financial report comprises:

- Consolidated half-year balance sheet as at 30 June 2017
- Consolidated half-year statement of comprehensive income, consolidated half-year statement of changes in equity and consolidated half-year statement of cash flows for the half-year ended on that date.
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The Consolidated Entity comprises OZ Minerals Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the company are responsible for:

- the preparation of the half-year financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Independent Auditor's Review Report



Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of OZ Minerals Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Paul Cenko'.

Paul Cenko

Partner

Adelaide

24 August 2017