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## Strong operating and financial performance supports 2020 production transition

- Net Profit After Tax of \$164 million on net revenue of \$1,107 million
- Underlying EBITDA<sup>i</sup> of \$462 million at a robust 42% margin
- Earnings Per Share of 51 cents
- Operating cash flows of \$511 million; cash balance at \$134 million
- Fully franked final dividend of 15 cps (23 cps total dividend for 2019)

OZ Minerals today released its Annual and Sustainability Report for the year ended 31 December 2019.

Chief Executive Andrew Cole said: “The reliable and consistent operation of Prominent Hill enabled another strong financial performance for OZ Minerals, creating a solid foundation to progress our growth strategy and bring on new assets in Carrapateena and the Carajás during 2020.

“Prominent Hill delivered a fifth consecutive year of meeting or exceeding copper production guidance. Its performance and cash flow have enabled us to build Carrapateena, which produced first saleable concentrate at the end of 2019, invest significantly in our growth pipeline and deliver a net profit after tax of \$164 million on net revenue of \$1,107 million.

“Operating cash flows were again strong at \$511 million and we ended 2019 with a net cash balance of \$134 million and our working capital facility of \$300 million in place. We are well positioned to advance our quality growth pipeline during 2020 while our new assets ramp up to full production.

“We continued to embed our Modern Mining culture which focuses on how we do things not just what we do; seeking to operate safely, ethically and in an environmentally responsible way towards our strategic objective of creating value for all our five stakeholder groups. Developments in these areas included:

- Articulating our Purpose which describes the essence of who we are: ‘*Going beyond what’s possible to make lives better*’.
- Revising our Strategy to focus more on *how* we do things with the addition of elements such as ‘Partnering’ and ‘Investing Responsibly’ while maintaining our copper core and our devolved organizational model
- Working towards net zero carbon emissions by 2050
- Embedding in our governance framework the five stakeholder pillars approach to value creation and
- Continuing to transform our work environment to be more inclusive and flexible

"Whilst 2020 will be a transition year for OZ Minerals as we ramp-up production at Carrapateena, our strong operating cash position and balance sheet, combined with the Board's confidence in our project pipeline, has enabled a final fully franked dividend of 15 cents per share to be declared in line with our policy of prioritising a sustainable ordinary dividend. Total fully franked dividends for 2019 are 23 cents per share, which is in line with 2018.

"Carrapateena has produced first saleable concentrate and the shorter 12-month ramp up through 2020 will see production rates of 4.25Mtpa achieved by year-end. The larger optimised mine footprint has significantly de-risked the cave ramp-up and is expected to enable the mine to reach higher annual throughput rates of 4.7-5.0Mtpa from 2023, bringing value forward.

"Prominent Hill achieved copper and gold production guidance with bottom quartile operating costs below their guided ranges. Mine life was extended by another year to 2031 with Proved underground Ore Reserves increasing to 77% of underground reserves. The underground expansion studies also gathered pace with shaft haulage considered the preferred method for handling production scenarios from current throughput levels ranging up to 8Mtpa. A confirmed view on the potential underground expansion is expected by the end of 2020.

"The Pre-Feasibility Study for the West Musgrave copper-nickel project has just been released, demonstrating a low carbon, long life, low-cost mine with a post-tax Net Present Value of ~A\$800 million and IRR of ~20%. Critical path activities are continuing whilst the project is being assessed under the OZ Minerals' capital allocation framework. The PFS now gives the partners a solid platform for engaging with potential lenders and advisors on how best to fund and structure the project prior to moving to the next phase.

"Our Carajás hub strategy advanced with decline development commencing on the Pedra Branca underground mine. We also reached a number of strategic agreements with Vale that simplify our activities in the Carajás and establish relations with a strong local partner.

"2020 will be a transitional year. Our focus will be on the Carrapateena ramp-up and maintaining our reliable production and cost performance at Prominent Hill as expansion studies in each of these provinces reach significant milestones. Pedra Branca is expected to produce first development ore mid-year, providing a further element of our strategy of creating a reliable and consistent hub-structured production base out of the Carajás, and we continue to work closely with regional authorities on the removal of the injunction at CentroGold to enable a resumption of regional exploration and commencement of the Feasibility Study to advance the Pre-Feasibility completed on the Mineral Resource and Ore Reserve in 2019.

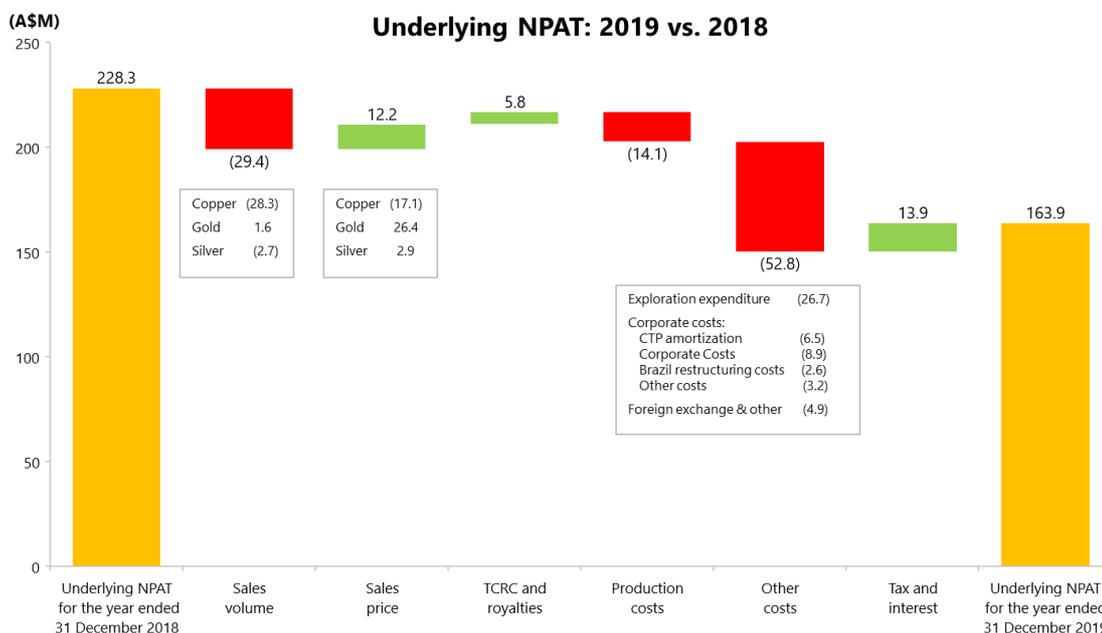
"With a number of quality growth options likely to progress through their stage-gates during 2020, we will apply our disciplined capital management strategy and allocation framework to ensure we prioritise and focus our efforts to create maximum value for shareholders and our other stakeholders whilst remaining within our conservative gearing limits" said Mr. Cole.

### **Financial result overview:**

Gross revenue of \$1,174 million, was lower than the previous year by \$17 million with lower copper sales largely offset by the higher Australian dollar realised copper and gold prices. The realised \$A copper price was two per cent lower than in the comparative period while the net \$A gold price was 12 per cent higher. Revenue includes \$24 million in realised losses on gold hedges associated with the prior establishment of stockpiles.

Underlying EBITDA of \$462 million at a robust margin of 42% resulted from consistent strong operating performance at Prominent Hill which delivered a segment EBITDA of \$587 million. Expensed investment of \$94 million into the wider growth pipeline and expansion evaluations, was an increase of \$27 million on the prior year.

Net profit after tax (NPAT) of \$164 million was lower than 2018, principally attributable to lower copper sales as Prominent Hill transitions from its higher copper grade open pit stockpiles. NPAT was also impacted by \$24 million of realised losses on gold hedges and increased corporate costs on higher insurance and restructuring costs and a full year amortisation charge relating to intellectual property technology (Concentrate Treatment Plant).



Ore stockpiles of \$449 million recognised at the lower of cost or net realisable value will continue to be processed through to 2023, generating strong cash margins, with open pit-related costs already incurred. As the lower grade ore stockpiles are processed, the operating margins of Prominent Hill will reduce to the extent the ore is recognised at NRV.

Operating cash flows improved by 14% to \$511 million primarily due to lower tax payments following the Company's transition to progressive instalments in 2018 and the reclassification of certain payments as financing cashflows under AASB 16 Leases. This was partially offset by lower customer receipts on the timing of concentrate sales and the higher exploration and evaluation expenditure.

The closing cash balance of \$134 million followed significant investment into Carrapateena and other growth activities during the year. Strong expected future cash generation and confidence in the business has enabled the Board to reward shareholders with a fully franked final dividend of 15 cents per share.

Income Statement Summary (\$M)	FY 2019	FY 2018	Variance
Net revenue	1,107.0	1,117.0	(10.0)
<b>Underlying EBITDA</b>	<b>462.4</b>	<b>540.4</b>	(78.0)
Net depreciation	(228.9)	(228.5)	(0.4)
<b>Underlying EBIT</b>	<b>233.5</b>	<b>311.9</b>	(78.4)
Net finance income	(4.9)	6.9	(11.8)
Income tax (expense) / benefit	(64.7)	(90.5)	25.8
<b>Underlying NPAT</b>	<b>163.9</b>	<b>228.3</b>	(64.4)
Non underlying items net of tax	-	(5.9)	5.9
<b>NPAT</b>	<b>163.9</b>	<b>222.4</b>	(58.5)
Earnings per share (cents)	50.7	71.5	(20.8)

<b>Balance Sheet Summary (\$M)</b>	<b>December 2019</b>	<b>December 2018</b>	<b>Variance</b>
<b>Assets</b>			
Cash	134.0	505.1	(371.1)
Receivables	83.1	70.9	12.2
Inventories	537.6	678.4	(140.8)
Property plant & equipment and Exploration assets	2,808.4	2,077.6	730.8
Other assets	250.9	110.9	140.0
<b>Total Assets</b>	<b>3814.0</b>	<b>3442.9</b>	<b>371.1</b>
<b>Liabilities</b>			
Creditors	176.8	152.2	24.6
Tax liabilities	275.7	264.6	11.1
Provisions	114.6	77.4	37.2
Other liabilities	267.0	33.5	233.5
<b>Total Liabilities</b>	<b>834.1</b>	<b>527.7</b>	<b>306.4</b>
<b>Net Assets</b>	<b>2,979.9</b>	<b>2,915.2</b>	<b>64.7</b>

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This announcement is authorised for market release by OZ Minerals' Managing Director and CEO, Andrew Cole.

<sup>i</sup> OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). The Annual 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. Non-IFRS measures have not been subject to audit. Underlying EBITDA, Underlying EBIT and Underlying NPAT are included in Note 1 Operating Segments of the 2019 Annual and Sustainability Report, which form part of the Consolidated Financial Statements.