

22 February 2018

Strong 2017 financial result driven by disciplined operating performance

- Net Profit After Tax of \$231 million (up 114 per cent) on revenue of \$1,023 million (up 24 per cent)
- Underlying EBITDA of \$539 millionⁱ (up 44 per cent) at a margin of 53 per cent
- Earnings Per Share of 77 cps (up 117 per cent)
- Cash balance of \$729 million at 31 December with no debt
- Net cash generation (pre-dividend) of \$133 million after investment into Carrapateena (\$119 million) and ore inventory (\$67 million)
- Fully franked final dividend of 14 cps (20 cps total dividend for 2017)
- Well positioned to execute growth strategy

OZ Minerals today released its Annual and Sustainability Report for the year ended 31 December 2017.

OZ Minerals Chief Executive Andrew Cole said: “A strong operational performance over the past 12 months has enabled us to take advantage of improved copper prices to deliver a net profit after tax of \$231 million, a 114 per cent increase over the prior corresponding period, on revenue of \$1,023 million.”

“With net cash generation of \$133 million after investment in the Carrapateena project, a cash balance of \$729 million and no debt, the Board has declared a final fully franked dividend of 14 cents per share. Total dividends for 2017 are 20 cents per share, in line with 2016.

“The strong financial position and expected robust future cash generation allows us to progress our growth aspirations and reward shareholders with a consistent dividend.

“2017 was a year of significant achievement as we progressed our growth strategy. Prominent Hill achieved copper production guidance for the third consecutive year and exceeded gold guidance with bottom quartile operating costs. Mine life was extended by a further year to 2029 on 18 per cent growth in underground Ore Reserve. The Board approved development of the Carrapateena project with the first phase of work progressing on schedule and budget. The West Musgrave copper-nickel project advanced to pre-feasibility and the exploration pipeline saw the addition of new partnerships in Portugal, Mexico and Punt Hill (near Carrapateena).

"In 2018 our focus will be on maintaining our disciplined operating approach at Prominent Hill and further extending mine life, constructing Carrapateena safely, on time and within budget, advancing West Musgrave through pre-feasibility and exploiting the wider provinces at Carrapateena, Prominent Hill and the Musgraves. We will also progress and turn over our exploration and current opportunity pipeline, moving swiftly to determine the viability of new and existing opportunities.

"Our performance is driven by the efforts and support of our employees and other stakeholders, including the communities in which we operate, governments, suppliers and investors. We appreciate and value our stakeholders' support."

Financial result overview:

The continued strong operational performance at Prominent Hill and buoyant copper prices through 2017 saw underlying net profit after tax increase by 72 per cent to \$231 million.

Underlying EBITDA of \$539 million was a 44 per cent improvement on the prior year, with an 18 per cent improvement in margins, despite comparable volumes of copper sold and a lower allocation of costs to deferred stripping as the strip ratio in the open pit reduced. OZ Minerals continues to be a bottom quartile C1 cash cost producer.

Ore stockpiles, recognised at the lower of cost or net realisable value, grew to \$676 million as we worked to complete campaign mining of the open pit. These stockpiles will be processed from 2018 and will generate significant cash margins, with open pit-related costs already incurred.

The growth in cash balance to \$729 million following investment of \$119 million into Carrapateena, \$67 million into ore inventory and \$79 million tax payment, provides the company with significant flexibility in executing its growth strategy and the ability to reward shareholders with a fully franked final dividend of 14 cents per share.

Income Statement Summary (\$M)	December 2017	December 2016	Variance
Net revenue	1,023.1	822.9	200.2
Underlying EBITDA	539.4	373.8	165.6
Net depreciation	(218.7)	(208.7)	(10.0)
Underlying EBIT	320.7	165.1	155.6
Net finance income	8.7	9.0	(0.3)
Income tax (expense) / benefit	(98.3)	(39.8)	(58.5)
Underlying NPAT	231.1	134.3	96.8
Non underlying items net of tax	-	(26.5) ⁱⁱ	26.5
NPAT	231.1	107.8	123.3
Earnings per share (cents)	77.4	35.7	41.7

Balance Sheet Summary (\$M)	December 2017	December 2016
Assets		
Cash	729.4	655.7
Receivables	121.9	69.4
Inventories	746.9	557.1
Property plant & equipment	1,175.8	1,275.5
Other assets	52.3	72.9
Total Assets	2,826.3	2,630.6
Liabilities		
Creditors	97.6	77.4
Net tax liability	148.5	132.5
Provisions	47.6	55.3
Other liabilities	16.3	11.1
Total Liabilities	310.0	276.3
Net Assets	2,516.3	2,354.3

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ⁱ 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, which form part of the Consolidated Financial Statements.

ⁱⁱ The non-underlying item net of tax in 2016 is the settlement and legal cost associated with the class action.