28 August 2019

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

Dear Sir/Madam,

OZ Minerals 2019 Half Year Financial Results

OZ Minerals today announced its results for the half year ended 30 June 2019. Attached is the 2019 Half Year Financial Results including:

- Appendix 4D
- Directors' Report
- Financial Statements

Sincerely,

Michelle Pole
Company Secretary and Senior Legal Counsel

RESULTS FOR ANNOUNCEMENT TO THE MARKET

We have provided the announcement to the market results in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4D for the Consolidated Entity (OZ Minerals) comprising OZ Minerals Limited (OZ Minerals Limited or the 'Company') and its controlled entities for the period ending 30 June 2019 (Half year) compared to the period ended 30 June 2018 (comparative period).

Consolidated results, commentary on results and outlook

	30 June 2019 $m	30 June 2018 $m	Movement $m	Movement %
Revenue	419.2	530.3	(111.1)	(21.0)
Profit after tax attributable to OZ Minerals Limited equity holders	43.9	127.8	(83.9)	(65.6)

The commentary on the consolidated results and outlook, including changes in state of affairs and likely developments of the Consolidated Entity, is set out within the Review of Results and Operations section of the Directors' Report (pp. 2-7).

Net tangible assets per share

	30 June 2019 $ per share	30 June 2018 $ per share
Net tangible assets per share	8.92	8.94

In accordance with Chapter 19 of the ASX Listing Rules, net tangible assets per share represents the total assets less intangible assets, less liabilities ranking ahead of, or equally with, ordinary share capital, and divided by the number of ordinary shares on issue at the end of the year.

Dividends

Since the end of the financial year, the Board of Directors has resolved to pay a fully-franked dividend of 8 cents per share on 17 September 2019. The record date for entitlement to this dividend is 3 September 2019. The financial impact of the dividend amounting to $25.9 million has not been recognised in the Consolidated Financial Statements for the half year ended 30 June 2019 and will be recognised in subsequent consolidated financial statements.

Dividends announced or paid since 1 January 2018

Record date	Payment date	Fully franked cents per share	Total dividends $m
3 September 2019	17 September 2019	8	25.9
12 March 2019	26 March 2019	15	48.4
3 September 2018	17 September 2018	8	25.8
12 March 2018	26 March 2018	14	41.8

Independent auditor's report

The above announcement of the results to the market is based upon the Consolidated Financial Statements and we have included the Independent Auditor's Report to OZ Minerals Limited members in OZ Minerals' 2019 Half Year Financial Report.

2019 Half Year Financial Report

CONTENTS

Directors' Report

The directors present their report for the Consolidated Entity (OZ Minerals) for the financial period from 1 January 2019 to 30 June 2019 ('half-year') together with the Consolidated Financial Statements for the half-year. 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 2019 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 Chairman)

/ Andrew Cole (Managing Director and CEO)

/ Tonianne Dwyer

/ Charlie Sartain

/ Peter Wasow

/ Marcelo Bastos (resigned as Non-executive Director on 5th April 2019)

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 the development of mining projects. 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

The details relating to dividends announced or paid since 1 January 2018 are set out below:

Record date	Date of payment	Fully franked cents per share	Total dividends $m
3 September 2019	17 September 2019	8	25.9
12 March 2019	26 March 2019	15	48.4
3 September 2018	17 September 2018	8	25.8
12 March 2018	26 March 2018	14	41.8

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 2–7 and forms part of the 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 interim dividend of 8 cents per share, to be paid on 17 September 2019. The record date for entitlement to this dividend is 3 September 2019. The financial impact of the dividend amounting to $25.9 million has not been recognised in the Consolidated Half-year Financial Statements for the half-year ended 30 June 2019, and will be recognised in subsequent Consolidated Financial Statements.

There have been no other events that have occurred subsequent to the reporting date that 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 8, and forms part of the Directors' Report for the half-year ended 30 June 2019.

Signed in accordance with a resolution of the Directors.

Rebecca McGrath
Chairman
Adelaide, 28 August 2019

Andrew Cole
Managing Director and CEO
Adelaide, 28 August 2019

Review of Results and Operations

Overview

OZ Minerals Limited is a copper-focused international mining company based in South Australia. We are listed on the Australian Securities Exchange and have a growth strategy centred on creating shared value for our five key stakeholder groups. We strive to be a Modern Mining Company adapting to the dynamic environment, harnessing the innovative ideas of our people, and collaborating to leverage the experience of those around us. We are the third largest copper producer in Australia and have quality assets, a strong balance sheet, and a positive cash balance.

We own and operate the Prominent Hill copper-gold-silver mine and are constructing the Carrapateena copper-gold mine in South Australia. We own and operate the Antas copper-gold mine in the Carajas Province in Brazil. Three development projects are in advanced study stage in Australia and Brazil. We also have significant exploration activity globally, including in Australia, Brazil, Sweden and Peru that provides us with a pipeline of additional potential growth opportunities.

Review of Results and Operations

Prominent Hill Province

Prominent Hill is a copper–gold–silver mine located in South Australia, 130 km south-east of Coober Pedy. Prominent Hill continues to deliver consistent and reliable results and has a current mine life to 2030. In the first half of 2019, Prominent Hill delivered strong copper and gold production at low cash costs, driven by its continued operating discipline.

Operational highlights for Prominent Hill in the half-year include:

/ Copper production of 52,534 tonnes and gold production of 58,757 ounces.

/ Completion of a primary gold ore processing trial, indicating the opportunity to improve recoveries and throughput rates when primary gold graded material is processed.

/ Ore haulage run rates of 3.7Mtpa achieved during May with a focus now on maintaining consistency through the second half.

/ All In Sustaining Costs (AISC) of US 99.3c/lb.

/ C1 costs of US 57.9c/lb remaining within the lowest quartile of global copper producers.

Prominent Hill's transition to an underground-only mining operation was completed in early 2018. Underground mining has been progressively ramping up, with the opening of additional stoping fronts and one-way trucking key to delivering up to 4.0 million tonnes of ore annually. The processing plant continues to operate at full capacity, supplemented by ore from the open pit stockpiles.

Carrapateena Province

The Carrapateena copper–gold project is on schedule to produce first concentrate in Quarter 4 2019, following significant construction activity during the year. After commissioning, the project will ramp up over a period of approximately 18 months to a steady state production of 4.25 Mtpa. Carrapateena is an iron-oxide-copper-gold (IOCG) deposit located in the highly prospective Gawler Craton in South Australia. The project is one of Australia's largest new mining developments and has an estimated mine life of circa 20 years. Several milestones were achieved during the half-year including:

/ Development ore of over 100,000 tonnes extracted and stockpiled.

/ Underground development of over 15,000 metres at a vertical depth of 630 metres.

/ Processing plant, non-process infrastructure construction and procurement 90% completed.

/ Tailings storage facility works completed and the electricity transmission line energised

Positive outcomes from preliminary studies into a future Carrapateena expansion identified block cave mining as a pathway to unlocking the value of the larger Carrapateena resource. The Carrapateena Block Cave Expansion Pre-Feasibility Study and the Carrapateena Life of Province Plan Scoping Study progressed during the half-year.

Carajás Province

Antas is a small open-pit copper–gold mine located in the state of Pará, in northern Brazil. Mining of the open-pit is expected to be completed in 2021 following which the processing facility, associated non-process infrastructure, and workforce are expected to transition into a Carajás province hub for processing ore from nearby deposits, including Pedra Branca which is currently in feasibility study stage.

Operating highlights during the first half of 2019 included:

/ Resource infill and extensional drilling, enabling the completion of a final mine plan.

/ Average Cu recoveries of 95.5%

/ Strategy developed for transitioning to a Carajás province hub.

The Pedra Branca Feasibility study has confirmed 1.0 – 1.2 Mtpa of underground ore as an optimal mining case for processing at the Antas Carajás province hub. Further studies on the revised base case, including transport options, are underway and will inform a final investment decision. The Antas North and Pedra Branca Mineral Resource estimates were released in July 2019.

Gurupi Province

CentroGold is a gold project within the highly prospective Gurupi greenstone belt in the state of Maranhão in northern Brazil, between the cities of Belém and São Luis. It is close to existing infrastructure including power and water, as well as the supply of labour.

The CentroGold Pre-Feasibility Study was released in July, confirming the robustness of a minimum 10-year open pit mining operation producing a life of mine average of 100koz – 120koz of gold per annum. Current work continues to focus on permitting and relocation activities.

CentroGold is expected to become a Gurupi processing hub as part of a low risk, modest capital, provincial hub strategy. Significant exploration potential, beyond the extensive footprint held in the province from current tenements, was also added in the half-year with the acquisition of the Jiboia tenement.

Musgrave Province

The West Musgrave copper-nickel project is currently in pre-feasibility study stage.

During the first half of 2019, work on the open-pit mine project was focussed on establishing an optimised project configuration. A Hill of Value study subsequently confirmed 10Mtpa as the preferred processing throughput rate. Metallurgical testing also established a 'Bulk Separation' flotation flow sheet, floating nickel and copper together into a single cleaned concentrate before separating it into two products. Infill resource drilling and exploration drilling also progressed during the half-year and multiple high-grade copper intersections were identified at the nearby One Tree Hill deposit.

Review of consolidated financial results and operations

Financial review

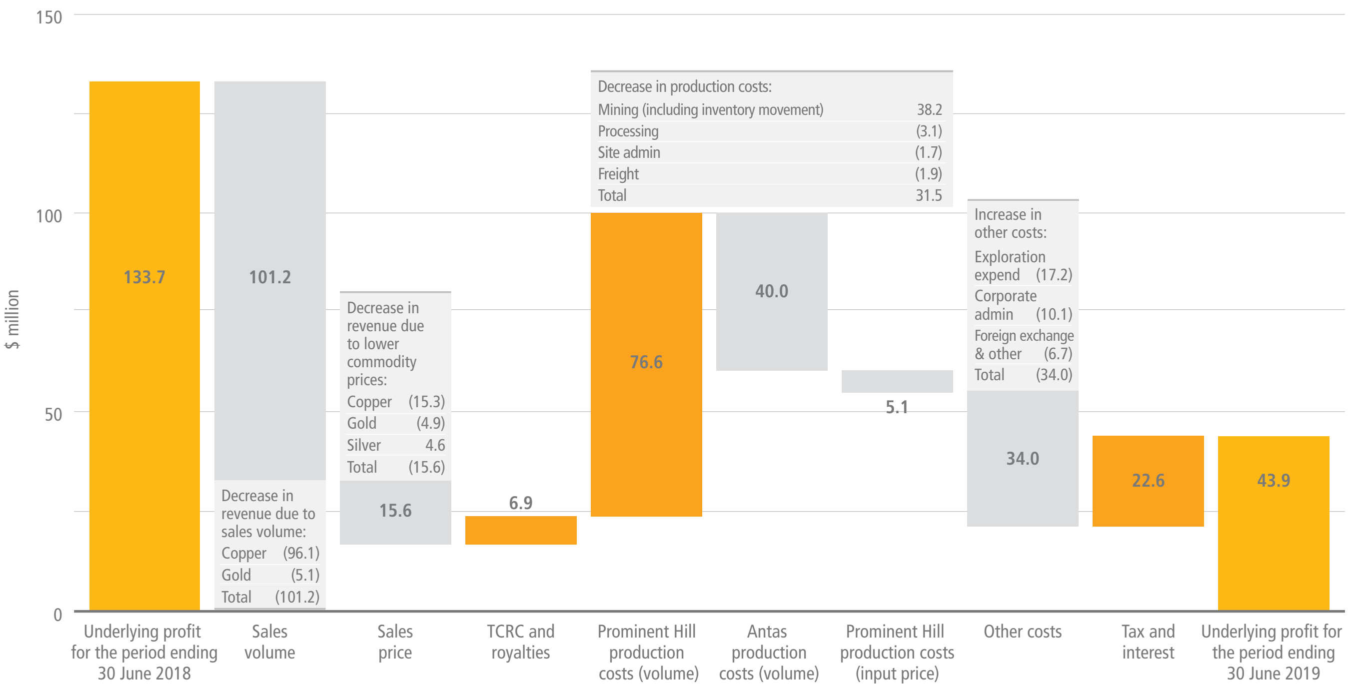
OZ Minerals' net profit after tax (NPAT) for the half-year was $43.9 million compared to $127.8 million for the same period in 2018 after a number of customers preferenced the delivery of concentrate into the second half of 2019. Despite robust fundamentals, base metal markets continue to suffer from trade war and political uncertainty between the US and China. Higher scrap importation, maintenance, new smelter start-up issues, and tighter credit for smelters generally drove buyer behaviour through to June, although an improvement in purchasing sentiment has been experienced subsequently with a number of customers now bringing shipments forward to secure supplies.

Higher exploration and evaluation expenditure was incurred as the Company's growth pipeline continued to be developed. Transaction costs related to the Avanco Resources acquisition in 2018 were classified as non-underlying and, as a result, the Underlying NPAT for the comparative period was $133.7 million compared to $43.9 million during the half-year.

Prominent Hill continued its reliable production and cash cost performance, benefitting from an improved underground mining performance and the processing of open pit ore stockpiles. Exploration and evaluation expenditure during the half-year increased in line with the focus on the expanded growth pipeline, with concurrent expansion studies and exploratory drilling in the Prominent Hill, Carrapateena, Carajas, Gurupi and Musgrave provinces. Despite the substantial expenditure on exploration and evaluation activities, the company's margin for earnings before interest, tax, depreciation and amortisation (EBITDA) remained robust at 39 per cent.

OZ Minerals' cash balance of $185.5 million decreased by $319.6 million during the half-year after substantial investment at Carrapateena, expenditure on exploration and evaluation activities, tax payments, and dividend payments to shareholders; partly offset by operating cash flows.

Variance analysis – underlying net profit after tax, 30 June 2018 compared to 30 June 2019



Revenue

Revenue for the half-year was $419.2 million, $111.1 million lower than the comparative period mainly due to certain customers preferencing concentrate sales to the second half of 2019 to align with smelter requirements. Contained copper and gold sold during the half-year was subsequently lower than the comparative period by circa 11,400 tonnes and 4,300 ounces respectively. The average $A copper price was three per cent lower than in the comparative period while the net $A gold price was inline with the comparative period.

Realisation costs

Treatment charges and refining costs (TCRCs) were $5.7 million lower as a result of improved trading terms and the lower sold volumes. Royalty expense also decreased by $1.2 million from the lower revenue in this period when compared to the previous comparative half-year.

Production costs

Production cost of concentrate sold was $31.5 million lower than the comparative period mainly due to lower volumes sold during the half-year.

Production costs for Prominent Hill were $71.5 million lower than the comparative period mainly due to the lower volumes of concentrate sold during the half year. The cost variance due to lower volumes was $76.6 million. The impact on costs due to higher input costs was minor and amounted to a comparative $5.1 million.

Open pit mining at Prominent Hill ceased at the end of Q1 in 2018, which contributed to a reduction in cash production costs for the mine, however the cost of ore inventories processed from stockpiles during the half year was included within production costs.

During the half-year, a net realisable value ('NRV') write down of $1.9 million was recognised in relation to low grade inventory compared to a NRV uplift of $14.3 million in the comparative period.

The inclusion of Antas, which was acquired at the end of June 2018, has resulted in the addition of production costs amounting to $40.0 million.

Exploration and development expenditure

Exploration and evaluation expenditure of $36.9 million was incurred during the half-year to progress the Carrapateena expansion study, drilling and development studies in the Gurupi and Carajás provinces and other exploration earn-in arrangements in the growth pipeline, comprising:

/ Carrapateena expansion $4.9 million

/ Brazil study costs and exploration $13.4 million

/ Other exploration and development expenditure $18.6 million.

Other expenditure

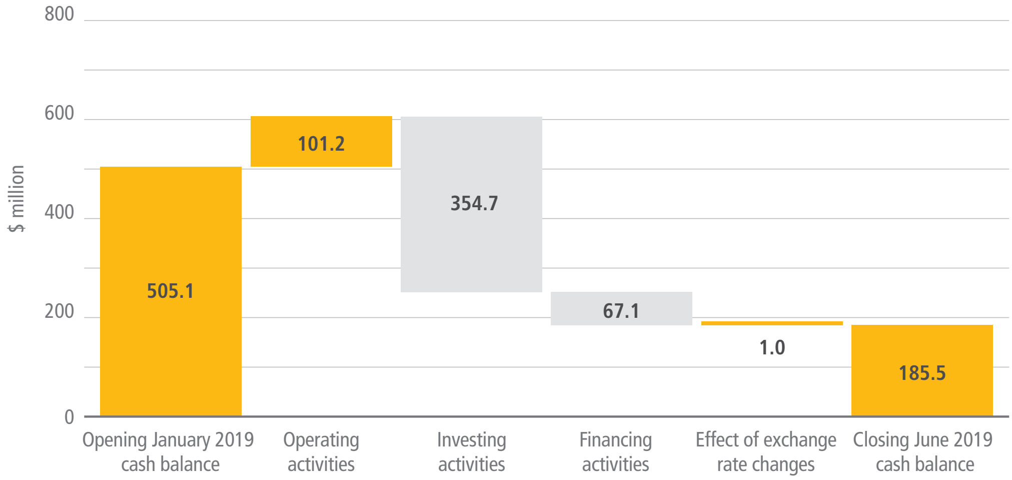
Corporate general and administration costs of $22.4 million were largely related to direct corporate activities. The increase of $10.1 million over the comparative period was mainly due to the inclusion of Brazil central costs, further organisation capability build and depreciation charges in relation to the amortisation of the Concentrate Treatment Plant technology asset of $3.0 million.

The income tax expense of $27.2 million was $30.1 million lower than the previous year as a result of the lower profit and the benefit of prior tax losses recognised during the half-year.

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 and Underlying NPAT. These measures are presented to enable an understanding of the underlying performance of the Consolidated Entity. Non-IFRS measures have not been subject to audit. Underlying EBITDA and Underlying NPAT are included in Note One Operating Segments, which forms part of the Consolidated Financial Statements.

Cash flow analysis

Cash balance and cash flow for the period ended 30 June 2019



Operating cash flows

Operating cash flows of $101.2 million for the half-year were $53.3 million lower than in the comparative period.

Customer receipts during the half-year were lower by $108.2 million due to the timing of concentrate sales. Payments to suppliers and employees were at a similar level as the comparative period due to the inclusion of the results from Antas in the half-year. Payments for exploration and evaluation increased by $24.7 million reflecting the ongoing investment in the growth pipeline during the half-year.

PAYG tax payments were substantially lower in the half-year due to the lower revenue base. Also notable was the payment of the remainder of the tax liability from 2017 in the comparative period prior to the company's transition to a PAYG regime.

Investing cash flows

Net investing cash flows of $354.7 million were attributable to development costs at Carrapateena; general property, plant, equipment and mine development at Prominent Hill and Antas; and exploration costs associated with the West Musgrave project.

The payments incurred related to:

/ Capitalised Carrapateena mine development costs $293.0 million
/ Prominent Hill mine development costs $36.2 million
/ Sustaining capital expenditure $5.3 million
/ Brazil and other capital expenditure $5.2 million
/ West Musgrave capitalised exploration and evaluation costs $15.0 million.

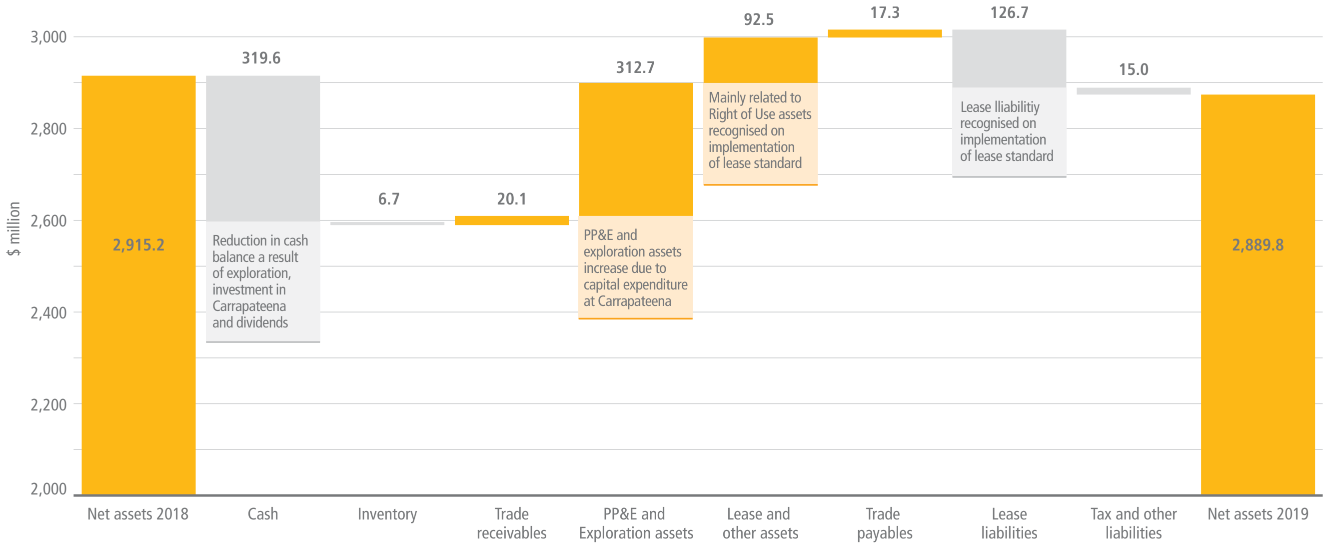
Financing activities

Cash outflows relating to financing activities comprised $48.4 million in dividend payments to shareholders and $18.7 million in payments to suppliers now classified as lease payments following the application of AASB 16 Leases. Since the end of the half-year, the Board of Directors has resolved to pay an interim dividend for the 2019 financial year amounting to $25.9 million. This interim dividend will be fully franked for Australian tax purposes

Balance sheet

The total equity of the Company decreased by $25.4 million to $2,889.8 million. The reduction was the result of returns to shareholders in the form of dividends amounting to $48.4 million, a mark to market decline in the value of open gold derivative contracts of $18.8 million (net of tax), partially offset by the NPAT for the half-year of $43.9 million.

The movement in the net assets of the Company since 31 December 2018 is provided below.



The Company ended the half-year with a cash balance of $185.5 million and undrawn debt facilities of $300.0 million, providing the liquidity and flexibility to execute its growth strategy. The reduction in the cash balance was a result of operating cash flows being offset by the ongoing investments in Carrapateena, West Musgrave, Property Plant and Equipment ('PP&E'), as well as the payment of dividends. Inventories at 30 June 2019 were $671.7 million. Higher concentrate stocks as at 30 June 2019 were a result of the scheduling of concentrate sales to meet customer requirements and as concentrate shipments are made in subsequent months, the costs have been recognised within inventory. During the half-year, open pit ore from stockpiles was consumed in the production of concentrate and the costs were recognised in the income statement within inventory adjustments. As open pit ore stockpiles continue to be consumed, the costs of mining open pit ore and the related capitalised depreciation (collectively comprising 'open pit ore inventory') will be amortised progressively and recognised in the income statement.

Trade receivables increased due to the timing of shipments during June 2019.

PP&E and Exploration assets increased during the year mainly due to the ongoing capitalisation of underground development at Prominent Hill, capital expenditure at Carrapateena, capitalised West Musgrave exploration and study costs, and general sustaining capital expenditure partially offset by depreciation.

Lease assets and liabilities were recognised during the half-year as the consolidated entity adopted the new accounting standard AASB 16 Leases from 1 January 2019. The Standard requires the recognition of an asset and associated liability where the lease provides certain committed use rights over infrastructure and equipment within contracts.

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 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Paul Cenko
Partner
Adelaide
28 August 2019

Consolidated Half-year Statement of Comprehensive Income

For the half-year ended 30 June 2019	Notes	30 June 2019 $m	30 June 2018 $m
Revenue	1	419.2	530.3
Other income		–	3.1
Mining		(121.0)	(156.0)
Processing		(75.6)	(72.5)
Freight		(33.7)	(32.0)
Site administration		(19.8)	(17.9)
Royalties		(26.2)	(27.4)
Inventory movement		(7.9)	(11.1)
Corporate administration		(22.4)	(12.3)
Exploration and corporate development		(36.9)	(19.7)
Other expenses		–	(6.6)
Foreign exchange gain/(loss)		(2.3)	2.0
Profit before interest and income tax		73.4	179.9
Finance income		3.4	7.1
Finance expense		(5.7)	(1.9)
Profit before income tax		71.1	185.1
Income tax	3	(27.2)	(57.3)
Profit for the year attributable to equity holders of OZ Minerals Limited		43.9	127.8

Other comprehensive gain/(loss)			
Items that will not be reclassified subsequently to the Income Statements			
Change in fair value of investments in equity securities, net of tax		(2.6)	(6.5)
Items that may be reclassified subsequently to future to Income Statements			
Net gain/(loss) on cash flow hedges, net of tax		(18.8)	(2.5)
Foreign operations – foreign currency translation differences		3.2	–
Other comprehensive loss for the half-year, net of tax		(18.2)	(9.0)
Total comprehensive income for the half-year attributable to equity holders of OZ Minerals Limited		25.7	118.8

		Cents	Cents
Basic and diluted earnings per share	2	13.6	42.7

The above Consolidated Statement of Comprehensive Income for the half-year should be read in conjunction with the accompanying Notes. The presentation of the consolidated statement of comprehensive income statement has been changed as set out on page 13 to provide more meaningful presentation of the consolidated entities operations and the prior period comparatives restated to align with the new presentation.

Consolidated Half-year Statement of Change in Equity

For the half-year ended 30 June 2019	Notes	Issued capital $m	Retained earnings $m	Cash flow hedge reserve $m	Treasury shares $m	Foreign currency translation reserve $m	Non-controlling interests $m	Total equity $m
Balance as at 1 January 2019		2,280.4	638.5	(21.4)	(1.2)	18.9	–	2,915.2
Effect of transition to AASB 16 Leases		–	(6.1)	–	–	–	–	(6.1)
Adjusted opening balance		2,280.4	632.4	(21.4)	(1.2)	18.9	–	2,909.1
Total comprehensive income for the half-year								
Profit for the half-year		–	43.9	–	–	–	–	43.9
Other comprehensive (loss)/income		–	(2.6)	(18.8)	–	3.2	–	(18.2)
Total comprehensive (loss)/income for the half-year		–	41.3	(18.8)	–	3.2	–	25.7
Transactions with owners, recorded directly in equity								
Dividends	4	–	(48.4)	–	–	–	–	(48.4)
Share-based payments, net of income tax		–	3.4	–	–	–	–	3.4
Issue of treasury shares		–	(1.2)	–	1.2	–	–	–
Total transactions with owners		–	(46.2)		1.2	–	–	(45.0)
Balance as at 30 June 2019		2,280.4	627.5	(40.2)	–	22.1	–	2,889.8
For the half-year ended 30 June 2018								
Balance as at 1 January 2018		2,029.0	492.3	(3.6)	(1.4)	–	–	2,516.3
Total comprehensive income for the half-year								
Profit for the half-year		–	127.8	–	–	–	–	127.8
Other comprehensive (loss)		–	(6.5)	(2.5)	–	–	–	(9.0)
Total comprehensive income/(loss) for the half-year		–	121.3	(2.5)	–	–	–	118.8
Transactions with owners, recorded directly in equity								
Shares issued- acquisition of Avanco		222.3	–	–	–	–	–	222.3
Equity contribution		2.6	–	–	–	–	–	2.6
Dividends	4	–	(41.8)	–	–	–	–	(41.8)
Share-based payments, net of income tax		–	4.3	–	–	–	–	4.3
Acquisition of Avanco		–	–	–	–	–	40.3	40.3
Total transactions with owners		224.9	(37.5)			–	40.3	227.7
Balance as at 30 June 2018		2,253.9	576.1	(6.1)	(1.4)	–	40.3	2,862.8

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

Consolidated Half-year Balance Sheet

At 30 June 2019	Notes	30 June 2019 $m	31 December 2018 $m
Current assets			
Cash and cash equivalents		185.5	505.1
Trade receivables		91.0	70.9
Other receivables		18.9	22.2
Tax receivable		14.8	4.9
Inventories	5	311.8	276.8
Prepayments		1.5	6.3
Derivative financial instruments		10.9	17.9
Total current assets		634.4	904.1
Non-current assets			
Deferred tax assets	3	2.3	2.5
Inventories	5	359.9	401.6
Other assets		47.9	57.1
Exploration assets*		100.5	78.1
Property, plant and equipment*	6	2,289.8	1,999.5
Right of use assets	7	116.8	–
Total non-current assets		2,917.2	2,538.8
Total assets		3,551.6	3,442.9
Current liabilities			
Trade payables and accruals		127.8	145.1
Other payables		6.7	7.1
Employee benefits		13.2	12.7
Provisions		0.9	3.9
Derivative financial instruments		26.6	9.3
Loans and borrowings	12	46.5	–
Total current liabilities		221.7	178.1
Non-current liabilities			
Non current tax provision		2.0	–
Deferred tax liabilities	3	263.1	264.6
Employee benefits		1.4	1.5
Provisions		62.5	59.3
Derivative financial instruments		30.9	24.2
Loans and borrowings	12	80.2	–
Total non-current liabilities		440.1	349.6
Total liabilities		661.8	527.7
Net assets		2,889.8	2,915.2
Equity			
Issued capital	9	2,280.4	2,280.4
Cash flow hedge reserve		(40.2)	(21.4)
Retained earnings		627.5	638.5
Treasury shares		–	(1.2)
Foreign currency translation reserve		22.1	18.9
Total equity attributable to equity holders of OZ Minerals Limited		2,889.8	2,915.2

* Refer to Note-11 for restatement disclosure.
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 2019	Notes	30 June 2019 $m	30 June 2018 $m
Cash flows from operating activities			
Receipts from customers		412.6	520.8
Payments to suppliers and employees		(244.7)	(243.5)
Payments for exploration and evaluation		(36.9)	(12.2)
Income tax paid		(31.7)	(117.7)
Financing costs		(2.7)	(0.5)
Interest received		4.6	7.6
Net cash inflows from operating activities		101.2	154.5
Cash flows from investing activities			
Payment for property, plant and equipment		(339.7)	(189.1)
Exploration assets		(15.0)	–
Payment for Avanco, net of cash acquired		–	(162.0)
Net cash outflows from investing activities		(354.7)	(351.1)
Cash flows from financing activities			
Dividends paid to shareholders	4	(48.4)	(41.8)
Lease liability payments	12	(18.7)	–
Net cash outflows from financing activities		(67.1)	(41.8)
Net decrease in cash held		(320.6)	(238.4)
Cash and cash equivalents as at 1 January		505.1	729.4
Effects of exchange rate changes on foreign currency denominated cash balances		1.0	2.4
Cash and cash equivalents at the end of the half-year		185.5	493.4

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' or the Group) were the mining and processing of ore containing copper, gold and silver, undertaking exploration activities; and the 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 located at 2 Hamra Drive, Adelaide Airport, South Australia 5950, Australia.

The Consolidated Half-year Financial Statements of OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2019:

- 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 currencies of the Company. The controlled entities of the Company have the functional currency of Australian dollars and US dollars.
- have amounts rounded off to within the nearest million dollars to one decimal place unless otherwise stated, in accordance with Instrument 2016/191, issued by the Australian Securities and Investments Commission.

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 2018 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 28 August 2019.

The Annual Report of OZ Minerals for the year ended 31 December 2018 is available upon request from the Company's registered office at 2 Hamra Drive, Adelaide Airport, South Australia 5950, South Australia, Australia or at the Company's website at 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
- derivative financial instruments
- items of inventory and property, plant and equipment which have been written down in accordance with applicable accounting standards.

31 December 2018 balances in relation to Exploration assets and Property, plant and equipment have been restated as disclosed in Note 11.

Subsequent to 30 June 2019, the Board of Directors has resolved to pay an interim dividend for the 2019 financial year, as discussed in Note 4. There were no other events that occurred subsequent to reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

The critical estimates and judgements are consistent with those applied by the Consolidated Entity in its Annual Report for the year ended 31 December 2018 except for Leases as discussed in Note 7.

As noted in the December 2018 Annual report, the presentation of the Statement of Comprehensive Income has been changed to better represent how the business is managed. This change has no impact on the results. The presentation of the comparative period has also been changed to align with the new presentation.

The detail of the reclassifications has not been disclosed as the presentation by nature cannot be readily mapped into function.

Group Performance

1. Operating Segments

Segment	Principal activities
Prominent Hill	Mining and processing high grade underground ore containing copper, gold and silver along with open pit ore from stockpiles. The Prominent Hill mine is 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 development associated with the Carrapateena project located in South Australia.
Exploration & Development	Exploration and evaluation activities associated with other projects, including exploration arrangements with Minotaur Exploration Ltd, Cassini Resources Limited, Mithril Resources, Red Metal, Acapulco Gold, Mineral Prospektering i Sverige, Woomera Exploration Ltd, Inversiones Mineras La Chalina S.A.C. and corporate development activities. The Company undertakes its own exploration on tenements around existing operating and development assets.
Brazil	Mining and processing open pit ore containing copper and gold at the Antas mine in Brazil. Antas generates revenue from the sale of concentrate containing copper and gold to customers, Europe and Asia. The company is undertaking exploration at CentroGold, Pedra Branca and Pantera.
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 2019	**Prominent Hill $m**	**Carrapateena $m**	**Brazil $m**	**Exploration & Development $m**	**Corporate $m**	**Consolidated $m**
Revenue	382.6	–	36.6	–	–	419.2
Cost of goods sold[a]	(164.6)	–	(30.8)	–	–	(195.4)
Underlying EBITDA[b]	217.7	(4.9)	(6.9)	(32.5)	(10.9)	162.5
Net depreciation and amortisation	(78.9)	–	(4.2)	–	(6.0)	(89.1)
Capital expenditure	40.3	284.6	3.6	–	4.0	332.5
Property, plant and equipment	672.5	1,047.7	546.3	–	23.3	2,289.8
For the half-year ended 30 June 2018						
Revenue	530.3	–	–	–	–	530.3
Cost of goods sold[a]	(224.4)	–	–	–	–	(224.4)
Underlying EBITDA[b]	313.5	(3.9)	–	(14.3)	(5.4)	289.9
Net depreciation and amortisation	(102.4)	–	–	–	(1.7)	(104.1)
Capital expenditure	32.7	156.4	–	–	12.0	201.1
Property, plant and equipment	668.6	582.8	615.5	–	47.1	1,914.0

[a] Cost of goods sold excludes depreciation.

[b] OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This Half-Year Report include certain non-IFRS measures including underlying EBITDA and underlying EBIT. These measures are presented to enable an understanding of the underlying performance of the Consolidated Entity.

Revenue

For the half-year ended 30 June 2019	Prominent Hill $m	Brazil $m	Half-year to 30 June 2019 $m	Half-year to 30 June 18[(a)] $m
Copper	294.0	31.4	325.4	431.0
Gold	84.3	5.2	89.5	92.0
Silver	4.3	–	4.3	7.3
Total revenue	382.6	36.6	419.2	530.3

(a) In HY 2018 all revenue was generated in the Prominent Hill segment.

Net revenue attributable to Asian, European and Australian locations was $278.9 million, $48.1 million and $92.2 million respectively and is based on the location of the customer's operations during the half-year (HY 2018: Asian and Australian locations were $329.6 million and $200.7 million respectively).

As reported in the December 2018 Annual report, the Group now holds multiple operating assets in its portfolio, and in view of future growth plans in Australia and overseas, a re-evaluation of its segment disclosure was undertaken to align with revised management reporting. This has resulted in a change to the disclosed financial metrics. In accordance with accounting standards, comparative information has been reclassified in the same format.

Reconciliation of consolidated underlying EBITDA to profit after tax	Half-year to 30 June 2019 $m	Half-year to 30 June 2018 $m
Underlying EBITDA[(a)]	162.5	289.9
Non-underlying expense[(b)]	–	(5.9)
Depreciation	(56.2)	(78.4)
Other assets amortisation	(3.0)	–
Capitalised depreciation into inventory/(unwind)	(29.9)	(25.7)
Earnings before finance income /(expense) and tax	73.4	179.9
Net finance income/(expense)	(2.3)	5.2
Profit before tax	71.1	185.1
Tax expense	(27.2)	(57.3)
Profit for the year attributable to equity holders of OZ Minerals Limited	43.9	127.8

Depreciation and amortisation for the half-year	Half-year to 30 June 2019 $m	Half-year to 30 June 2018 $m
Mining	36.0	57.4
Processing	12.5	13.4
Site and corporate administration	10.7	7.6
Capitalised depreciation into inventory/(unwind)	29.9	25.7
Total depreciation and amortisation	89.1	104.1

(a) Underlying EBITDA includes an adjustment to decrease the value of inventory by $1.9 million in respect to low grade gold ore and concentrate stockpiles following an assessment of the NRV (HY 2018: $14.3 million increase in the value). It also includes corporate and exploration expense of $57.1 million (HY 2018: $36.4 million), Other income $0.0 million (HY 2018: $4.1 million) and foreign exchange loss of $2.3 million (HY 2018: $2.0 million gain).

(b) Corresponds to acquisition costs associated with the Avanco transaction of $5.9 million relating to due diligence, legal, transaction and consulting fees.

2. Earnings per share

Basic and diluted earnings per share – cents	Half-year to 30 June 2019	Half-year to 30 June 2018
Basic and diluted earnings per share	13.6	42.7

Reconciliation of earnings used in calculating basic and diluted earnings per share – $ millions		
Profit after tax	43.9	127.8
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted per share earnings	323,152,867	299,519,778

3. Income tax

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in other comprehensive income or directly in equity as is appropriate.

Reconciliation of income tax expense to pre-tax profit	Half-year to 30 June 2019 $m	Half-year to 30 June 2018 $m
Profit before income tax	71.1	185.1
Income tax expense at the Australian tax rate of 30 per cent	(21.3)	(55.5)
Adjustments:		
Variation in overseas tax	(2.1)	–
Non-deductible expenditure	(7.5)	(1.7)
Revision for prior periods	0.7	(0.1)
Recognition of previously unrecognised losses	5.6	–
Derecognition of overseas losses	(2.6)	–
Income tax expense	(27.2)	(57.3)

Unrecognised tax losses

Australian restricted tax losses of $165.1 million tax effected (31 December 2018: $170.7 million) and Brazil restricted tax losses of $8.7 million tax effected remain unrecognised in the balance sheet at 30 June 2019. Australian capital tax losses of $569.0 million tax effected (31 December 2018: $569.0 million) remain unrecognised in the balance sheet at 30 June 2019.

Deferred tax assets	31 December 2018 $m	Recognised in Income Statement $m	Recognised in Equity $m	30 June 2019 $m
Restricted tax losses	34.1	2.9	–	37.0
Lease liability	–	21.0	14.8	35.8
Provisions and accruals	14.2	(0.6)	0.1	13.7
Derivative financial instruments	4.6	1.9	7.3	13.8
Other	10.0	0.3	–	10.3
Total deferred tax assets	62.9	25.5	22.2	110.6
Less offset against deferred tax liabilities	(60.4)	(25.8)	(22.1)	(108.3)
Net deferred tax assets	2.5	(0.3)	0.1	2.3

Deferred tax liabilities	31 December 2018 $m	Recognised in Income Statement $m	Recognised in Equity $m	30 June 2019 $m
Inventories	(4.8)	(0.1)	–	(4.9)
Exploration assets	(4.8)	(4.5)	–	(9.3)
Property plant and equipment	(311.5)	(7.2)	(1.1)	(319.8)
Right of use assets	–	(21.7)	(12.3)	(34.0)
Provisions and accruals	(3.9)	0.5	–	(3.4)
Total deferred tax liabilities	(325.0)	(33.0)	(13.4)	(371.4)
Less offset against deferred tax assets	60.4	25.8	22.1	108.3
Net deferred tax liabilities	(264.6)	(7.2)	8.7	(263.1)

Deferred tax liabilities	31 December 2017 $m	Recognised in Income Statement $m	Recognised in Equity $m	Acquisition of Avanco	30 June 2018 $m
Restricted tax losses	32.5	(2.6)	–	–	29.9
Property plant and equipment	(105.4)	(28.4)	–	(170.1)	(303.9)
Inventories	(4.7)	(0.1)	–	–	(4.8)
Provisions and accruals	10.4	(1.1)	–	–	9.3
Derivative financial instruments	6.6	(5.1)	1.1	–	2.6
Other	13.2	(3.2)	–	–	10.0
Net deferred tax liabilities	(47.4)	(40.5)	1.1	(170.1)	(256.9)

4. Dividends

Since the end of the half-year, the Board of Directors has resolved to pay an interim fully franked dividend of 8 cents per share, to be paid on 17 September 2019. The record date for entitlement to this dividend is 3 September 2019. The financial impact of the dividend amounting to $25.9 million has not been recognised in the Consolidated Half-year Financial Statements for the half-year ended 30 June 2019 and will be recognised in subsequent Consolidated Financial Statements.

The details in relation to dividends announced or paid since 1 January 2018 are set out below:

Record date	Date of payment	Fully franked cents per share	Total dividends $m
3 September 2019	17 September 2019	8	25.9
12 March 2019	26 March 2019	15	48.4
3 September 2018	17 September 2018	8	25.8
12 March 2018	26 March 2018	14	41.8

Capital Employed

5. Inventories

	30 June 2019 $m	31 December 2018 $m
Concentrates – at cost	138.5	70.9
Concentrates –at net realisable value	3.1	–
Ore stockpile – at cost	144.7	184.9
Ore stockpile – at net realisable value	0.6	–
Stores and consumables – at cost	24.9	21.0
Inventories – current	311.8	276.8
Ore stockpile – non-current at cost	167.9	213.2
Ore stockpile – non-current at net realisable value	192.0	188.4
Inventories – non-current	359.9	401.6
Total Inventories	671.7	678.4

An assessment of the net realisable value of concentrates and ore resulted in an adjustment to decrease the value of the inventory of ore and concentrate stockpiles by $1.9 million in the half-year (30 June 2018: $14.3 million increase to inventory value).

6. 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 2019 Total $m
At cost	1,290.6	2,254.3	189.3	1,050.2	4,784.4
Accumulated depreciation and impairment losses	(914.6)	(1,444.5)	(135.5)	–	(2,494.6)
Closing carrying amount	376.0	809.8	53.8	1,050.2	2,289.8
Reconciliation of carrying amounts					
Opening carrying amount at 1 January 2019*	360.2	790.9	56.1	792.3	1,999.5
Additions and transfers	38.6	36.2	–	257.7	332.5
Depreciation	(22.2)	(20.1)	(2.3)	–	(44.6)
Foreign currency exchange differences	(0.6)	2.8	–	0.2	2.4
Closing carrying amount at 30 June 2019	376.0	809.8	53.8	1,050.2	2,289.8

* Opening balances restated due to revision to the fair values recognised in the balance sheet as at 31 December 2018 , refer to Note-11.

Depreciation expense was $44.6 million during the half-year compared to $78.4 million in the first half of 2018. Depreciation expense decreased primarily due to the closure of the open pit in the first quarter of 2018 which was partly offset by the depreciation charges associated with the Antas open pit mine.

7. Right of Use Assets

	Property $m	Plant & equipment $m	30 June 2019 Total $m
Recognised upon transition to AASB 16 at 1 January 2019	5.1	89.2	94.3
Lease recognised during the period	–	36.5	36.5
Depreciation expensed during the period	(0.2)	(11.4)	(11.6)
Depreciation capitalised to capital work in progress	–	(2.4)	(2.4)
Closing carrying amount at 30 June 2019	4.9	111.9	116.8

Recognition and measurement of Right of Use assets

AASB 16 eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) onto the balance sheet. As a lessee, the Consolidated Entity recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (present value of the lease liability plus deemed cost of acquiring the asset), and subsequently at cost less any accumulated depreciation, impairment losses and adjusted for remeasurement of the lease liability. The ROU assets are depreciated over the life of the lease which ranges between 1 to 10 years. The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is further remeasured if the estimated future lease payments change as a result of index or rate changes, residual value guarantees or likelihood of exercise of purchase, extension or termination options.

The Consolidated Entity has applied judgement to determine the lease term for lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the measurement of lease liabilities and right-of-use assets recognised.

8. Commitments

The Consolidated Entity has entered into Transmission Connection Agreements (TCA) with ElectraNet for the transmission of power, and the build, own, operation and maintenance of power transmission infrastructure to Carrapateena and Prominent Hill. The total future commitment for these arrangements is $571.8 million.

The Consolidated Entity has entered into various contracts with suppliers for the construction of the Carrapateena Mine and sustaining Mine development at the Prominent Hill and Antas mines. The total capital expenditure commitment in relation to these contracts as at 30 June 2019 was $151.9 million (31 December 2018: $303.0 million), which is expected to be incurred within the 2019 financial year.

Contributed Equity

9. Issued capital

	30 June 2019 $m	31 December 2018 $m
323,874,831 shares (2018: 322,899,831 shares)	2,280.4	2,280.4

Share capital movement	Number of shares	Share capital $m
Opening balance at 1 January 2019	322,899,831	2,280.4
Shares issued under employee share plan on 16 January 2019	975,000	–[a]
Closing Balance at 30 June 2019	323,874,831	2,280.4

[a)] Shares issued under employee share plan are at no cost. Shares granted are values on grant date and accounted under share-based payment expense.

10. Contingencies

The Consolidated Entity had several contingent liabilities at 31 December 2018 and there were no substantive changes in the nature and assessment of the Consolidated Entity's contingent liabilities during the half-year.

11. Acquisition of subsidiary

OZ Minerals acquired 100% of Avanco Resources Limited's (Avanco) shares in 2018 and initially recognised all the acquired assets and liabilities of Avanco at their fair values or provisional fair values as disclosed in the 31 December 2018 annual report. Subsequently the Company conducted detailed valuations of the assets and liabilities acquired as at the acquisition date which resulted in a change of classification between assets and liabilities. However the fair value of net assets acquired remains unchanged.

	Note	Provisional value recognised by OZ Minerals $m	Fair value adjustment $m	Final value recognised by OZ Minerals $m
Cash and cash equivalents		39.1	–	39.1
Trade receivables		1.6	–	1.6
Other receivables		5.6	–	5.6
Inventories		15.2	–	15.2
Prepayments		1.4	–	1.4
Other assets		5.4	–	5.4
Exploration assets		–	75.0	75.0
Property, plant and equipment		615.5	(75.0)	540.5
Total assets		683.8	–	683.8
Trade payables and accruals		11.6	–	11.6
Other payables & current provisions		22.6	–	22.6
Current tax provision		1.0	–	1.0
Deferred tax liabilities	3	170.1	–	170.1
Non-current provisions		11.1	–	11.1
Total liabilities		216.4	–	216.4
Net identifiable assets acquired		467.4	–	467.4

As a result of the revision to the fair values recognised, the comparative information in the balance sheet at 31 December 2018 has been restated as follows:

Consolidated Balance sheet at 31 December 2018	As previously reported $m	Adjustment $m	As restated $m
Non-current assets			
Property, plant and equipment	2,077.6	(78.1)	1,999.5
Exploration assets	–	78.1	78.1

Exploration assets at 31 December 2018 of $78.1 million include foreign currency translation difference of $3.1 million since 30 June 2018.

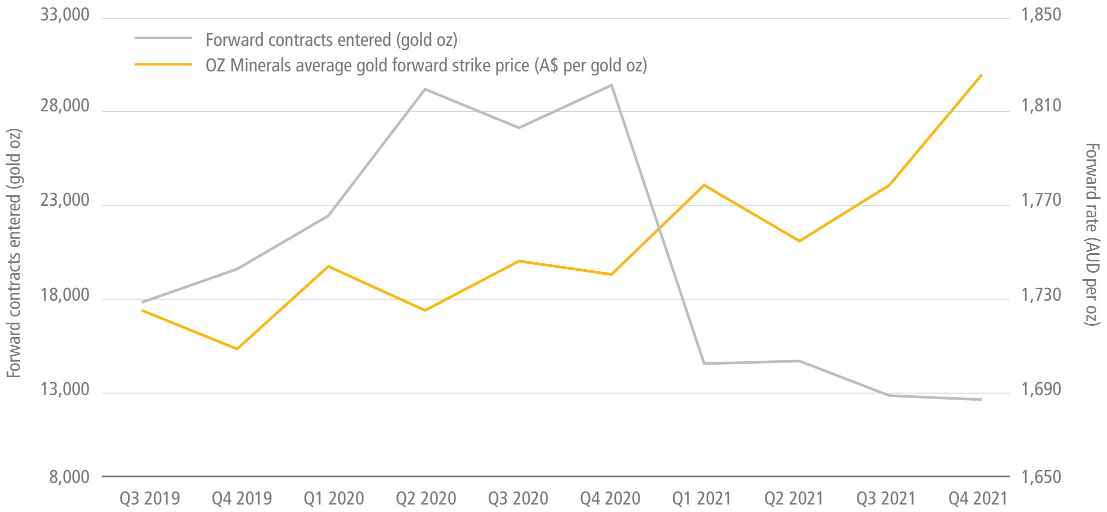
Risk Management

12. Financial assets and liabilities

Gold derivative contracts

Gold forward contracts have been designated as cash flow hedges under AASB 9 and were assessed to be fully effective in managing underlying risk. Accordingly, a tax-effected fair value adjustment of $18.8 million was recognised in other comprehensive income.

At 30 June 2019, contracts for 200,069 ounces of gold were outstanding, representing a derivative financial liability of $57.5 million, with an average strike price per quarter ranging from A$1,725 to A$1,825 per ounce.



Loans and Borrowings

The consolidated entity recognised lease liabilities for ROU under AASB 16 for the first time as at 1 January 2019 and, subsequently, any new ROU lease contracts as they have been entered into. When lease contracts are terminated or altered, the unpaid lease liability and net carrying value of ROU is derecognised.

	Other borrowings HY 2019 $m	Lease Liabilities HY 2019 $m	Total HY 2019 $m
Opening balance 1 January 2019	–	–	–
Lease liabilities recognised on transition to AASB 16 "Leases"	–	105.2	105.2
Bank overdraft facilities	3.7	–	3.7
Lease recognised during the period	–	36.5	36.5
Repayment during the period	–	(18.7)	(18.7)
Closing balance at 30 June 2019	3.7	123.0	126.7

The leases liability on transition to AASB 16 includes arrangements identified within mining services supply contracts ($97.5m) and other agreements ($7.7m). No operating lease commitments were disclosed at 31 December 2018.

	Current $m	Non-Current $m	Total HY 2019 $m
Other borrowings	3.7	–	3.7
Lease liability	42.8	80.2	123.0
Total	46.5	80.2	126.7

During the period the Consolidated Entity entered into a committed, unsecured three year $300 million revolving credit facility with a syndicate of banks to support funding of its growth strategy and working capital. In addition, the Consolidated Entity entered into bank guarantee facilities for a total credit amount of $300 million. At 30 June 2019 bank guarantees totalling $283.1 million had been issued to support the Consolidated Entity's contingent obligations.

Other information

13. 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 2018 except for AASB 16 Leases as described below.

AASB 16 Leases

The Consolidated Entity has applied AASB 16 from 1 January 2019. It has adopted the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1 January 2019 without restatement of comparative information for 2018.

AASB 16 eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) onto the balance sheet. As a lessee, the Consolidated Entity recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

An assessment is made, at inception or when contract terms are changed, to determine whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Consolidated Entity determines the consideration attributable to the lease or a lease component within a contract on the basis of the standalone price of the assets for which a right of use is conveyed. The Consolidated Entity has elected to recognise lease payments associated with low value assets as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are as below:

	Property $m	Plant and equipment $m	Total $m
Balance at 1 January 2019 recognised on transition	5.1	89.2	94.3
Balance at 30 June 2019	4.9	111.9	116.8

The Group presents lease liabilities in 'loans and borrowings' in the statement of financial position

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost (present value of the lease liability plus deemed cost of acquiring the asset), and subsequently at cost less any accumulated depreciation, impairment losses and adjusted for remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is further remeasured if the estimated future lease payments change as a result of index or rate changes, residual value guarantees or likelihood of exercise of purchase, extension or termination options.

Transition

The Consolidated Entity has leases and embedded leases within service contracts which typically include an option to renew the lease for an additional period after the end of the non-cancellable period. Some leases also provide for additional payments based on changes in local price indices.

At transition, all lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, where that rate was not readily determined, the entity's incremental borrowing rate at 1 January 2019. The right-of-use assets are measured at their carrying amount as if AASB 16 was applied since the commencement date.

The Group applied the following principles when applying AASB 16:

/ Applied an exemption not to recognise right-of-use assets and liabilities for leases with remaining lease terms less than 12 months as at 1 January 2019.

/ Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

/ Used past experience when determining the lease term where the contract contained options to extend or terminate the lease.

Impacts on financial statements

a. Impacts on transition

On transition to AASB 16, the Consolidated Entity recognised right-of-use assets, and lease liabilities, reporting the net difference within retained earnings. The impact on transition is summarised below:

	1 January 2019 $m
Right-of-use assets	94.3
Lease liabilities	105.2
Net Deferred tax asset/(liability)	2.5
Retained earnings	6.1
Capital work in progress	2.4

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using an average rate of 3.5% at 1 January 2019.

b. Impacts for the period

As a result of initially applying AASB 16, in relation to the leases previously classified as operating leases the Group recognised $116.8 million of right-of-use assets and $123.0 million of lease liabilities as at 30 June 2019.

In addition, the Group has recognised depreciation of $11.6 million and interest costs of $0.9 million in relation to the leases reported under AASB 16 for the period ended 30 June 2019. The application of the new standard did not have a material effect on expense categories presented in the income statement.

(ii) Issued Standards and Pronouncements not early adopted

At the date of authorisation of the Financial Statements, 2019-1 "Amendments to the Australian Accounting standards- reference to the conceptual framework" standard has been issued and is mandatory from 1 January 2020. This standard has not been adopted early by the Group, and will be first adopted for the year ending 31 December 2020. The standard is not expected to have a material impact on application.

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 9–25 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 2019 and of its performance for the half-year ended on that date; and

      (ii) complying with Australian Accounting Standard 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
28 August 2019

Andrew Cole
Managing Director and CEO
Adelaide
28 August 2019

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 2019 and of its financial 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 2019;

/ 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 13 comprising a summary of significant accounting policies and other explanatory information; and

/ 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.

The half-year is the 6 months ended on 30 June 2019.

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*;

/ for 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.

Auditor's responsibilities 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 2019 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

Paul Cenko
Partner
Adelaide
28 August 2019

OZ Minerals Limited

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