

19 August 2020

Strong financial performance supports interim dividend and growth investment

- Net Profit After Tax (NPAT) of \$80 million (up 82%) driven by higher gold volumes and strong gold price
- EBITDA of \$251 million (up 55%) at a robust operating margin of 44%
- Strong operating cash flows of \$151 million (up 49%)
- Earnings Per Share of 25 cents (up 81%)
- Fully franked interim dividend of 8 cents per share declared; Dividend Reinvestment Plan reinstated
- Growth investment brought forward at Prominent Hill to further consolidate underground ore movement and support future increases to mining rates

OZ Minerals today released its financial results for the half year ended 30 June 2020.

OZ Minerals Chief Executive Andrew Cole said: "Our strong financial performance for the first half of the year has been driven by a solid operational performance at all our sites and has benefited from higher gold production and favourable gold pricing through the period.

"This strong first half enabled us to increase our 2020 guidance last month for both copper and gold production with a significant reduction in expected C1 and All-In Sustaining Costs. With this improved outlook and ample liquidity available to both execute the Company's growth strategy and reward shareholders, the Board has declared a fully franked interim dividend of 8 cents per share. In line with our Capital Management Strategy and following feedback from our shareholders, we have also reinstated our Dividend Reinvestment Plan.

"The ramp-up at Carrapateena during the half year has exceeded expectations with a strong performance from the underground materials handling system, production system and plant allowing an increase to production guidance. The Block Cave Expansion Pre-Feasibility Study also demonstrated significant increases to the Ore Reserves and potential increases to value and mine life with studies progressing to Feasibility in June.

"The Prominent Hill underground is performing well, and we have seen annualised ore mining rates of ~4.5Mtpa achieved through July. With sustainable annualised rates at or above 4Mtpa in recent months, we have brought forward future decline development spend to further consolidate underground ore movement and increase mining rates to between 4 Mtpa and 5 Mtpa from 2022, prior to any additional tonnage from a

potential underground expansion. Bringing forward the decline is also an enabler for the potential expansion and will allow for extended resource drilling from depth. A study update is expected towards the end of the year on the expansion which is contemplating a shaft haulage system.

"The Scheme of Arrangement for the acquisition of Cassini Resources has just been released. The acquisition, should it be supported by Cassini shareholders, will consolidate ownership of the West Musgrave project to 100% and provide development optionality. We remain focused on completing the transaction in the coming months.

"We have progressively restarted exploration and resource drilling under strict safety management plans at a number of sites, including in Brazil at Santa Lucia and Pantera. The CentroGold Pre-Feasibility Study is also being updated to incorporate previously completed drill results and neighbouring resource opportunities in anticipation of removal of the injunction. Guidance for project studies spend in 2020 is increasing accordingly with acceleration of the organic growth pipeline.

"We continue to remain cautious on the release of funds in the ongoing COVID-19 environment and will maintain full flexibility to again restrict our spend in these areas if required.

"As we progress through the COVID-19 environment, we've identified ways to build momentum in relation to a number of our strategic aspirations. Remote working has been normalised where possible, creating a more flexible workforce. Other priorities include, accelerating our organic growth pipeline, working with our supply chain to push forward actions to reduce emissions and actioning opportunities to reduce high-emission energy use. We will also prioritise, from a seed funding perspective, opportunities to reduce waste and extract value from tailings. We are making it easier for our people and partners to develop ideas and we have accelerated our Insights Hub initiative to better analyse data for faster, better decision making."

Looking ahead:

At Prominent Hill, new growth funding of \$6-\$9 million has been allocated for 2020 to accelerate underground decline development to begin mining the western side of the Malu orebody in a bottom-up sequence. Mine optimisation planning has determined the bottom-up sequence opens an additional mining front independent of the current sequence and enables simultaneous top down mining from the existing levels and bottom up mining from deeper underground from mid to late 2021. Studies considering shaft haulage as the preferred method for handling production expansion scenarios, which would require the same decline works, are continuing to progress well with a study update on the potential underground expansion expected in late 2020.

The strong start at Carrapateena is expected to see the mine achieve 4.25Mtpa run rates by year-end which will further strengthen cash flows. This encouraging performance also provided the confidence to re-introduce ~\$45 million of deferred growth capital funding last month for plant and infrastructure projects that will benefit production beyond 2020.

The issue of the Acquisition Scheme and Demerger Scheme booklets in relation to the proposed Cassini Resources acquisition has been approved. The Cassini shareholder meeting to vote on the Transaction will be held on 21 September with OZ Minerals and Cassini continuing to work co-operatively on integrating the businesses following completion of the Transaction. If Cassini shareholders vote in favour of the Transaction and the Court subsequently approves the Acquisition Scheme and the Demerger Scheme at the second court hearing to be held on 23 September 2020, the Transaction is scheduled for completion on 5 October 2020.

In the Carajás province, ore from the Pedra Branca mine development is currently being stockpiled on surface and is expected to be trucked for processing at the Carajás Hub from late Q3.

2020 Guidance for project studies has been increased by ~\$10 million to \$55-\$60 million on resumption of exploration and resource drilling activity expected through the second half of the year.

Financial result overview:

Net revenue of \$575.7 million was higher than the comparative period, primarily due to higher gold volumes and price, with gold sales 53,800 ounces higher and the net A\$ gold price 36 per cent higher. The net proceeds from the sale of concentrate attributable to ore mined during development of the underground mine at Carrapateena of \$37.2 million was recognised as a reduction against the previously capitalised costs of developing the mine.

Total production costs of concentrate sold were \$108.0 million higher than the comparative period mainly due to the inclusion of Carrapateena, which commenced as an operating asset for the first time during the half-year.

Higher corporate general and administration costs over the comparative period include a number of one-off costs, with an increase in depreciation and amortisation charges following a review of information technology assets and a provision for potential one-off legal costs.

Operating cash flows of \$150.7 million were \$49.5 million higher than in the comparative period, due to higher customer receipts with higher gold volumes and prices, and lower payments for exploration and corporate development activities.

Inventories at 30 June 2020 were \$535.0 million with Prominent Hill stockpiled open pit ore consumed in the production of concentrate and associated costs recognised in the income statement, largely offset by a net realisable value write up of \$33.8 million. Strong cash flows are expected to continue from Prominent Hill as the mine benefits from these previously incurred non-cash open pit mining costs.

The Company ended the half-year with a cash balance of \$114.5 million and gross debt balance of \$100.0 million. Expected strong ongoing cash generation and the revolving debt facility of \$480 million provides liquidity and flexibility to support execution of the company growth strategy and has allowed shareholders to be rewarded with a fully franked interim dividend of 8 cents per share.

Income Statement Summary (\$M)	H1 2020	H1 2019	Variance
Net revenue	575.7	419.2	156.5
Underlying EBITDA	251.2	162.5	88.7
Net depreciation	(127.4)	(89.1)	(38.3)
Underlying EBIT	123.8	73.4	50.4
Net finance income	(11.8)	(2.3)	(9.5)
Income tax (expense) / benefit	(32.2)	(27.2)	(5.0)
Underlying NPAT	79.8	43.9	35.9
Non underlying items net of tax	-	-	-
NPAT	79.8	43.9	35.9
Earnings per share (cents)	24.6	13.6	11.0

Balance Sheet Summary (\$M)	June 2020	December 2019	Variance
Assets			
Cash	114.5	134.0	(19.5)
Receivables	156.4	83.1	73.3
Inventories	535.0	537.6	(2.6)
Property, plant & equipment and exploration assets	2,895.7	2,808.4	87.3
Right-of-Use assets	256.7	176.1	80.6
Other assets	59.2	74.8	(15.6)
Total Assets	4,017.5	3,814.0	203.5
Liabilities			
Creditors	162.4	176.8	(14.4)
Tax liabilities	280.4	275.7	4.7
Provisions	114.4	114.6	(0.2)
Debt	100.0	-	100.0
Lease liabilities	261.1	183.9	77.2
Other liabilities	91.4	83.1	8.3
Total Liabilities	1,009.7	834.1	175.6
Net Assets	3,007.8	2,979.9	27.9

Guidance	2020			
	Prominent Hill	Carrapateena	Carajás	Total
Copper Production (tonnes)	55,000-65,000	25,000-30,000	8,000-10,000	88,000-105,000
Gold Production (ounces)	175,000-190,000	45,000-50,000	7,000-9,000	227,000-249,000
Underground Ore Movement (Mt)	3.7-4.0	2.0-2.6		
Sustaining Capital Expenditure (A\$M)				
- Mine Development	40-50	15-20	-	55-70
- Site	20-30	9-12	5-8	34-50
Growth Capital Expenditure (A\$M)				
- Mine Development	6-9 (-)	110-125	10-15	126-149 (120-140)
- Other	17-22	120-130 ^{3,4}	35-40	172-192
AISC (US c/lb) ²	25-35	150-170 ⁴	155-175	70-85
C1 Costs (US c/lb) ²	(40)-(-30) ¹	100-120 ^{1,4}	100-120	10-25
Exploration (A\$M)				15-20
Project studies to next stage gate (A\$M)				55-60⁵ (45-50)

Note: Changes to guidance reflect updates released with the 2020 Half Year Financial Results. Figures in brackets denote previously issued guidance.

- 1 US dollar denominated C1 costs for Prominent Hill will be impacted by US2.5c and Carrapateena by US3.0c per US1c change in the AUD/USD exchange rate.
- 2 AUD/USD of 0.68 has been used in converting A\$ costs to US\$ and assumed gold price of US\$1,620/oz for C1 and AISC guidance.
- 3 Excludes deferred consideration of US\$50 million which will be paid in H2 2020 following achievement of contractual milestones, in addition to growth capital.
- 4 Revenue and associated direct processing and selling costs for ~295kt of stockpiled development ore has been offset against pre-production capital and is excluded from the 2020 operating and capital expenditure guidance.
- 5 Reflects anticipated expenditure on Board approved studies to their next milestone. It is expected ~65% of expenditure will be expensed in the current year. Should the Board approve a project to proceed to a further milestone, additional funds will be incurred and guidance will be updated as required.

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