

A modern mining company



19 August 2020

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

Dear Sir/Madam,

### OZ Minerals 2020 Half Year Financial Results

OZ Minerals today announced its results for the half year ended 30 June 2020. Attached is the 2020 Half Year Financial Results including:

- Appendix 4D
- Directors' Report
- Financial Statements

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a long, horizontal, wavy line that tapers to the right.

**Michelle Pole**

Company Secretary and Senior Legal Counsel

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

# RESULTS FOR ANNOUNCEMENT TO THE MARKET

We have provided this results announcement to the market 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 2020 (Half year) compared to the period ended 30 June 2019 (comparative period).

## Consolidated results, commentary on results and outlook

	30 June 2020 \$m	30 June 2019 \$m	Movement \$m	Movement %
Revenue	575.7	419.2	156.5	37.3
Profit after tax attributable to OZ Minerals Limited equity holders	79.8	43.9	35.9	81.8

The commentary on the consolidated results and outlook, including changes in the 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. 3-9).

## Net tangible assets per share

	30 June 2020 \$ per share	30 June 2019 \$ per share
Net tangible assets per share	8.49	8.92

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 Half-year.

## Dividends

Since the end of the Half year, on 19 August 2020 the Board of Directors has resolved to pay an interim fully-franked dividend of 8 cents per share, to be paid on 5 October 2020. The record date for entitlement to this dividend is 18 September 2020.

OZ Minerals elected to reinstate its Dividend Reinvestment Plan ("DRP") and eligible shareholders may participate in the DRP in respect of all or part of their shareholding. No discount applies to this reinvestment option and there is no limit on the number of participating shares. Shares will be allocated to shareholders under the DRP for the 2020 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 5 trading days commencing on 17 September 2020. The last date for receipt of election notices for the DRP is 21 September 2020. The Company may acquire shares on-market during this period to satisfy its expected obligations under the DRP.

The financial impact of the dividend amounting to \$26.0 million has not been recognised in the Consolidated Financial Statements for the half year ended 30 June 2020 and will be recognised in subsequent consolidated financial statements.

## Dividends announced or paid since 1 January 2019

Record date	Payment date	Fully franked cents per share	Total dividends \$m	Dividend reinvestment plan
18 September 2020	5 October 2020	8	26.0	Yes
12 March 2020	26 March 2020	15	48.6	No
3 September 2019	17 September 2019	8	25.9	No
12 March 2019	26 March 2019	15	48.4	No

## 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' 2020 Half Year Financial Report.



OZMINERALS.COM  
A MODERN MINING COMPANY



# 2020 Half-year Financial Report

# Contents

<b>Directors' Report</b>	<b>01</b>
<b>Review of Results and Operations</b>	<b>03</b>
<b>Auditor's Independence Declaration</b>	<b>10</b>
<b>Consolidated Half-year Statement of Comprehensive Income</b>	<b>11</b>
<b>Consolidated Half-year Statement of Changes in Equity</b>	<b>12</b>
<b>Consolidated Half-year Balance Sheet</b>	<b>13</b>
<b>Consolidated Half-year Statement of Cash Flows</b>	<b>14</b>
<b>Notes to the Consolidated Half-year Financial Statements</b>	<b>15</b>
Group Performance	16
Capital Employed	21
Contributed Equity	23
Risk Management	24
Other Information	26
<b>Directors' Declaration</b>	<b>27</b>
<b>Independent Auditor's Review Report</b>	<b>28</b>

# Directors' report

**The directors present their report for the Consolidated Entity (OZ Minerals) for the financial period from 1 January 2020 to 30 June 2020 ('Half-year') together with the Consolidated 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 2020 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
- / Richard Seville
- / Peter Wasow

## 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 Directors' Report.

## Dividends

The details relating to dividends announced or paid since 1 January 2019 are set out below:

Record date	Date of payment	Fully franked cents per share	Total dividends \$m	Dividend Reinvestment Plan
18 September 2020	5 October 2020	8	26.0	Yes
12 March 2020	26 March 2020	15	48.6	No
3 September 2019	17 September 2019	8	25.9	No
12 March 2019	26 March 2019	15	48.4	No

OZ Minerals elected to reactivate its Dividend Reinvestment Plan (DRP) and eligible shareholders may participate in the DRP in respect of all or part of their shareholding. No discount applies to this dividend and there is no limit on the number of participating shares. Shares will be allocated to shareholders under the DRP for the 2020 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 5 trading days commencing on 17 September 2020. The last date for receipt of election notices for the DRP is 21 September 2020. The Company may acquire shares on-market during this period to satisfy its expected obligations under the DRP.

**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 3–9 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 eight cents per share, to be paid on 5 October 2020. The record date for entitlement to this dividend is 18 September 2020 and the record date for participating in the dividend reinvestment plan is 21 September 2020.

The financial impact of the dividend amounting to \$26.0 million has not been recognised in the Consolidated Half-year Financial Statements for the Half-year ended 30 June 2020, 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 10, and forms part of the Directors' Report for the Half-year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.



Rebecca McGrath  
Chairman  
Adelaide  
19 August 2020



Andrew Cole  
Managing Director and CEO  
Adelaide  
19 August 2020

# 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 pursue a growth strategy centred on creating value for our five key stakeholder groups. We are 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. Our growth path sees us now operating two underground mines in South Australia, an open pit operation in Brazil and constructing an underground mine in Brazil. Our quality assets along with organic growth opportunities and sustained reliable performance enable us to pursue our strategy. A strong balance sheet with ample liquidity provides a robust position to withstand challenging market volatility and deliver sustained value to our stakeholders.**

We own and operate the Prominent Hill copper-gold mine, the Carrapateena copper-gold mine, both in South Australia, and the Antas copper-gold mine in the Carajas Province in Brazil. The Pedra Branca mine, also in Carajas, is in construction. We are progressing expansion studies at the Prominent Hill and Carrapateena mines and are in the process of consolidating our ownership to 100% of the West Musgrave copper-nickel project in Western Australia. We also own the CentroGold gold project in the Gurupi Province in Brazil and continue to progress exploration activity with our partners in Australia, Brazil, Sweden and Peru providing us with a pipeline of additional potential growth.

## Review of Results and Operations

### **Prominent Hill Province**

Prominent Hill is a copper-gold 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 2031. In the first half of 2020, 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 30,645 tonnes and gold production of 101,774 ounces.
- / Commissioning of the Malu paste plant.
- / Annualised haulage run rate of 3.8Mtpa during Q2 and is on track for full year guidance of 3.7-4Mtpa.
- / All-In Sustaining Costs (AISC) of US 13.0c/lb.
- / C1 costs of negative US 48.4c/lb making it the lowest cost producer among global copper producers with the benefit of strong by-product credits.

Underground mining has been progressively ramping up, with the opening of additional mining fronts and one-way haulage enabling the delivery of up to 4.0 million tonnes of ore annually. The processing plant continues to operate at 8Mtpa, processing underground ore supplemented by residual low grade ore from the open pit stockpiles. The gradually depleting ore stockpiles will result in the operation sourcing its ore feed solely from the underground resulting in lower total throughput.

The Prominent Hill underground expansion studies progressed during the Half-year. The studies confirm the suitability of the processing plant infrastructure for feed rates of between 4-8Mtpa after the completion of processing the open pit stockpiles with minimal modifications and an indicated haulage shaft depth of between 1,200-1,300 metres below surface.



### Carrapateena Province

Carrapateena is a copper–gold mine located in the highly prospective Gawler Craton in South Australia, 160 km north of Port Augusta and 415 km from the Prominent Hill mine. The mine is ramping up to its initial production capacity of circa 4.3Mtpa over a short 12 month ramp up period following first concentrate production in December 2019. Carrapateena is one of Australia’s largest new mining developments and has the potential to be a multi-generational mining province. Achievements during the Half-year included:

- / Copper production of 9,665 tonnes and gold production of 19,464 ounces.
- / Ramp up of the underground mine and processing plant performance exceeding expectations.
- / Commissioning of the underground materials handling system enabling short ramp up to full production.
- / Commenced production from the second production level of the sublevel cave.
- / Cave propagation tracking well and within pre-determined tolerance limits.

The Carrapateena Block Cave Expansion Pre-Feasibility Study, released during the Half-year, demonstrated the opportunity for conversion of the lower portion of the current sub-level cave to a series of block caves, significantly increasing value and further establishing Carrapateena as a world class operation. The Carrapateena Life of Province Scoping Study indicated a material opportunity to further unlock the Carrapateena Province for many decades after the initial block cave, with the potential for a multi-generational mine delivering sustainable value to OZ Minerals’ stakeholders.

### Carajás Province

The Carajas hub is a processing hub located in the state of Pará, in northern Brazil. It consists of the Antas open pit copper–gold mine which is expected to complete ore mining in 2021, the Pedra Branca project which is at advanced stage of development, and other mining projects which are at different stages of maturity. Ore from the Pedra Branca mine development, which is being stockpiled on surface, is expected to be trucked for processing at the Carajas Hub from Q3. Operating highlights during the first half of 2020 included:

- / Copper production of 4,498 tonnes and gold production of 3,108 ounces.
- / Installation of ore sorting equipment at the Carajas Hub which will improve productivity.

- / Formation of a strategic partnership with Vale commencing with a cooperation agreement to use Vale’s port and rail infrastructure to realise operational and cost efficiencies
- / Pedra Branca decline development on track which will provide high grade underground ore to supplement the Antas open pit ore.

While on ground exploration at projects in the Carajas Province (including Clovis, Santa Lucia and Pantera) were paused in response to the COVID 19 pandemic, they continue to present as opportunities to realise the potential of operating within the Carajas jurisdiction.

### 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 released in July 2019, confirmed the robustness of a minimum 10-year open pit mining operation producing a life of mine average 100koz – 120koz of gold per annum.

Despite COVID-19 restrictions, progress is being made towards making a submission to the Brazilian Courts to lift the original injunction placed on the project.

CentroGold is expected to become a Gurupi processing hub as part of a low risk, modest capital, provincial hub strategy with significant exploration potential including the nearby Jiboia tenement.

### Musgrave Province

OZ Minerals owns 70% of the West Musgrave copper-nickel project, which is Australia’s largest undeveloped copper-nickel project. The project is located in the Musgrave Province of Western Australia and includes the Nebo-Babel nickel-copper and Succoth copper deposits.

The West Musgrave pre-feasibility study was released in February, demonstrating a long life ~26-year open pit copper and nickel sulphide mine with bottom quartile cash costs and average annual production of ~28,000 tonnes of copper and ~22,000 tonnes of nickel in concentrate.

A Maiden Probable Ore Reserve of 220Mt at 0.36% Cu and 0.33% Ni was also declared.

In June OZ Minerals entered into a binding agreement with Cassini Resources Limited ('Cassini'), which will result in acquiring the residual 30% share of the West Musgrave project through a Scheme of Arrangement, subject to the satisfaction of various conditions. The acquisition will result in OZ Minerals consolidating 100% ownership of West Musgrave and surrounding tenements including One Tree Hill and Succoth, enhancing optionality to establishing the optimal development approach, timing and funding for the West Musgrave project.

### COVID -19 Response and Project Beyond

The safety and wellbeing of our people and other stakeholders has been at the forefront of OZ Minerals' response to the evolving COVID-19 pandemic. There have been no cases identified at Prominent Hill or Carrapateena in South Australia during the Half-year. To date 49 team members in Brazil have tested positive for COVID-19 and all have either recovered or are recovering at home. No significant mine site disruption was experienced during the Half-year, however, to ensure ongoing employee safety and continued operations, extensive preventative and contingency measures remain in place should conditions deteriorate. In the absence of a cure for the virus, the operating and global environment remains volatile and the potential disruption to our customers' ability to continue operations, our supply chains, and government restrictions all have the potential to adversely impact future results of the Group.

Any resultant adverse impacts on commodity prices and foreign exchange assumptions also have the potential to impact the Group's future financial results and prospects.

In light of the COVID-19 pandemic health implications and travel restrictions, a prudent and extensive review of all growth, exploration and other expenditure was undertaken, with overall 2020 cash spend initially reduced by ~\$150 million to further strengthen the Company's robust financial position. With solid operating results from Carrapateena and relatively stable conditions in South Australia, circa \$45 million of this reduction was subsequently released for activities at Carrapateena which will principally benefit production and performance beyond 2020.

The first element of Project Beyond (a project identifying opportunities to accelerate certain activities) was introduced. Targeted at creating a more resilient and virtual organisation, the company has initially introduced work-life plans and normalised remote working where possible. Further elements are being progressively introduced. OZ Minerals also set up a framework for providing sustainable support for our most vulnerable stakeholders in Australia and Brazil through a \$4 million stakeholder support fund, with a proposal from the Global Maintenance Upper Spencer Gulf (GMUSG) being one of the first to be advanced. This contribution comprises monetary and in-kind support towards increasing the resilience and competitiveness of small and medium sized businesses in the region that can continue to employ and support local communities.

## Review of consolidated financial results and operations

### Financial review

OZ Minerals' net profit after tax (NPAT) for the Half-year was \$79.8 million compared to \$43.9 million for the same period in 2019, which was a result of higher volumes accompanied by a stronger gold price. The addition of Carrapateena, in its first year of operation contributed to the result albeit not at full capacity, which is expected to be reached at the end of the year. While the fundamentals for copper remain solid, the COVID-19 pandemic induced economic uncertainty has impacted its price adversely in the current period. The ensuing economic uncertainty drove a surge in demand for gold, beneficially impacting its price during the Half-year. OZ Minerals' customers continued

to operate their smelters during the Half-year and movement of concentrates remained unhindered. The company's margin for earnings before interest, tax, depreciation and amortisation (EBITDA) remained robust at 44 per cent.

The Prominent Hill mine benefitted from a positive reconciliation of gold ore grades and better than expected metal recovery. The underground mining operation continues to ramp up to its planned capacity, directly benefitting unit costs.

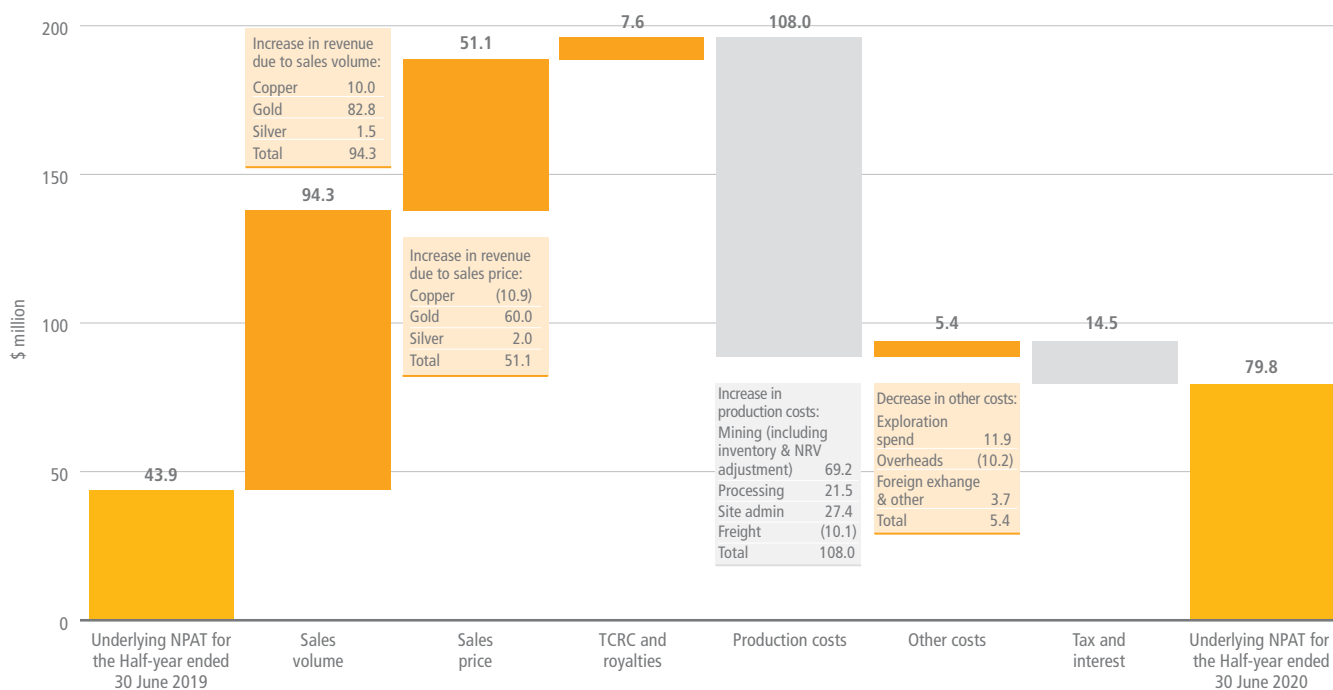
At the Carrapateena mine, performance of the processing plant exceeded expectations and following its commissioning achieved full nameplate capacity intermittently in the second quarter. This positions the mine well to contribute to the performance of the Group as the underground mine ramps up to full production by the end of the year. Net proceeds of \$37.2 million, received from the sale of concentrate attributable to ore mined during development of the underground mine, were recognised as a reduction against the capitalised cost of developing the mine.

The Antas mine in the Carajas hub continued its sustained production as the Pedra Branca development progressed during the Half-year. Development ore stockpiled at the Pedra Branca mine is expected to be trucked to Antas for processing in quarter three.

Exploration and corporate development expenditure decreased following the decision to conserve cash considering the COVID 19 pandemic and restricted access to exploration sites. Nevertheless, significant milestones were achieved with the completion of the West Musgrave Pre-feasibility Study in February and the Carrapateena Expansion Pre-feasibility and Carrapateena Province Scoping studies in June.

OZ Minerals extended its revolving debt facility to circa \$480.0 million providing sufficient liquidity headroom and against which the balance drawn down at the end of the Half-year was \$100.0 million. As a result of strong operating cashflows in the second quarter, the Company had a pre-debt cash balance of \$114.5 million. During the Half-year ongoing investments were made at Carrapateena, Prominent Hill underground and Pedra Branca, along with tax payments and dividend payments to shareholders.

#### Variance analysis – underlying net profit after tax, 30 June 2019 compared to 30 June 2020



### Revenue

Gross revenue for the Half-year was \$592.1 million, \$145.4 million higher than the comparative period mainly due to a higher volume and price of gold. 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 directly recognised as a reduction against the previously capitalised costs of developing the mine and not recognised in revenue. Contained copper and gold sold during the Half-year was higher than the comparative period by circa 4,000 tonnes and 53,800 ounces, respectively. The average \$A copper price was four per cent lower than in the comparative period while the net \$A gold price was 36 per cent higher than in the comparative period.

### Realisation costs

Treatment charges and refining costs (TCRCs) were \$11.1 million lower because of improved trading terms. Royalty expense increased by \$3.5 million from the higher revenue in this period when compared to the previous Half-year.

### Production costs

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.

Production costs for Prominent Hill were \$48.4 million higher than the comparative period mainly due to the higher proportion of underground ore processed during the Half-year. While continued processing of open pit ore stockpiles to supplement high grade underground ore contributed to a lower cash cost outcome for the mine, the cost of ore inventories processed from stockpiles during the Half-year was included within total production costs.

During the Half-year, costs attributable to the processing of ore extracted during the development of the Carrapateena mine were capitalised. Following commencement of operations, production costs were subsequently recognised within the Income Statement, leading to an increase of \$72.1 million in costs over the comparative period.

At the Carajas hub, following the completion of the open pit cutback in 2019, mining costs reduced significantly resulting in production costs being lower by \$13.7 million. All costs relating to the Pedra Branca project, which is under development, were capitalised during the Half-year.

A net realisable value (NRV) write up of \$33.8 million was recognised in relation to inventory, which also included a write down of obsolescent stores, compared to a NRV write down of \$1.9 million in the comparative period. The write up of NRV during the Half-year was mainly the result of higher gold price assumptions.

### Exploration and corporate development expenditure

Exploration and corporate development expenditure of \$25.0 million was incurred during the Half-year to progress the Carrapateena expansion study; Carrapateena province study; drilling and development studies in the Gurupi and Carajás provinces; and other exploration earn-in arrangements in the growth pipeline. Key spend areas comprised:

- / Carrapateena expansion and province studies \$9.1 million
- / Brazil study costs and exploration \$5.2 million
- / Other exploration and development expenditure \$10.7 million.

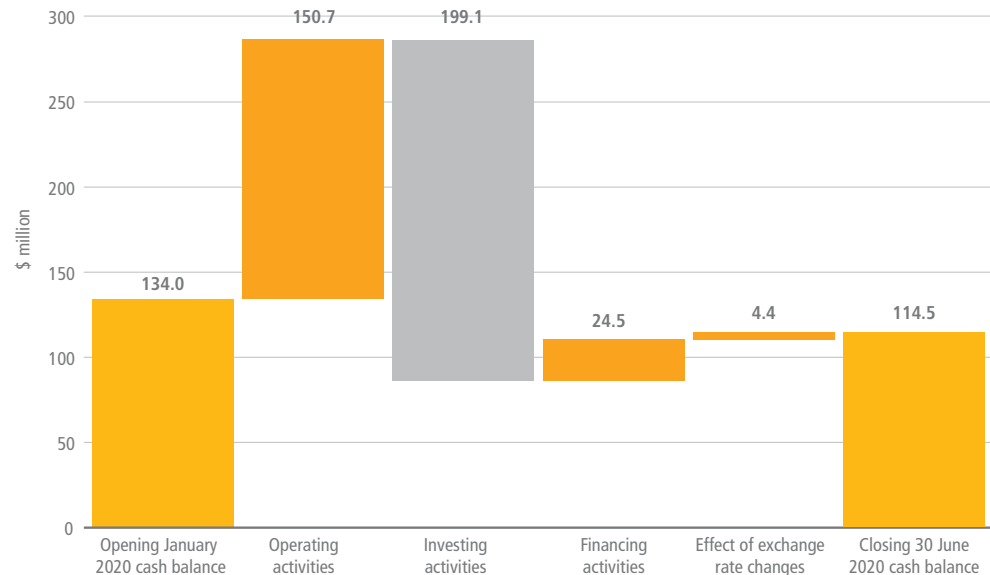
### Other expenditure

Corporate general and administration costs of \$32.6 million were largely related to direct corporate activities. The increase of \$10.2 million over the comparative period was mainly due to an increase in depreciation and amortisation following a review of information technology assets which have a relatively short depreciable life and provision for one off potential legal costs.

The income tax expense of \$32.2 million was \$5.0 million higher than the previous year as a result of the higher profit and the benefit of prior tax losses recognised during the Half-year.

## Cash flow analysis

### Cash balance and cash flow for the period ended 30 June 2020



#### Operating cash flows

Operating cash flows of \$150.7 million for the Half-year were \$49.5 million higher than in the comparative period mainly due to higher receipts from customers with higher revenues and lower payments for exploration and corporate development activities.

Customer receipts during the Half-year were higher by \$114.4 million with higher gold volumes and price driving revenue. Payments to suppliers and employees were also higher with the inclusion of operating costs relating to Carrapateena. Payments for exploration and corporate development decreased by \$15.2 million reflecting the impact of reduced activity following access restrictions due to the COVID 19 pandemic.

PAYG tax payments were lower than the comparative period due to lower PAYG instalment rates, which are based on the previous year's taxable income.

Financing costs included in operating cashflow increased during the Half-year by \$9.5 million because of debt servicing facility commitment fees which were incurred following the extension of the revolving debt facility.

#### Investing cash flows

Net investing cash flows of \$199.1 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. These cashflows were partially offset by net proceeds from the sale of concentrate attributable to ore mined during the development of Carrapateena.

The payments incurred related to:

- / Capitalised Carrapateena development costs of \$127.7 million, including net proceeds from the sale of concentrate of \$37.2 million
- / Prominent Hill mine development costs \$31.6 million
- / Sustaining capital expenditure \$7.1 million
- / Carajas capital expenditure \$14.2 million including Pedra Branca mine development expenditure of \$10.8 million
- / West Musgrave capitalised exploration and evaluation costs \$8.9 million
- / Other capital expenditure \$9.6 million.

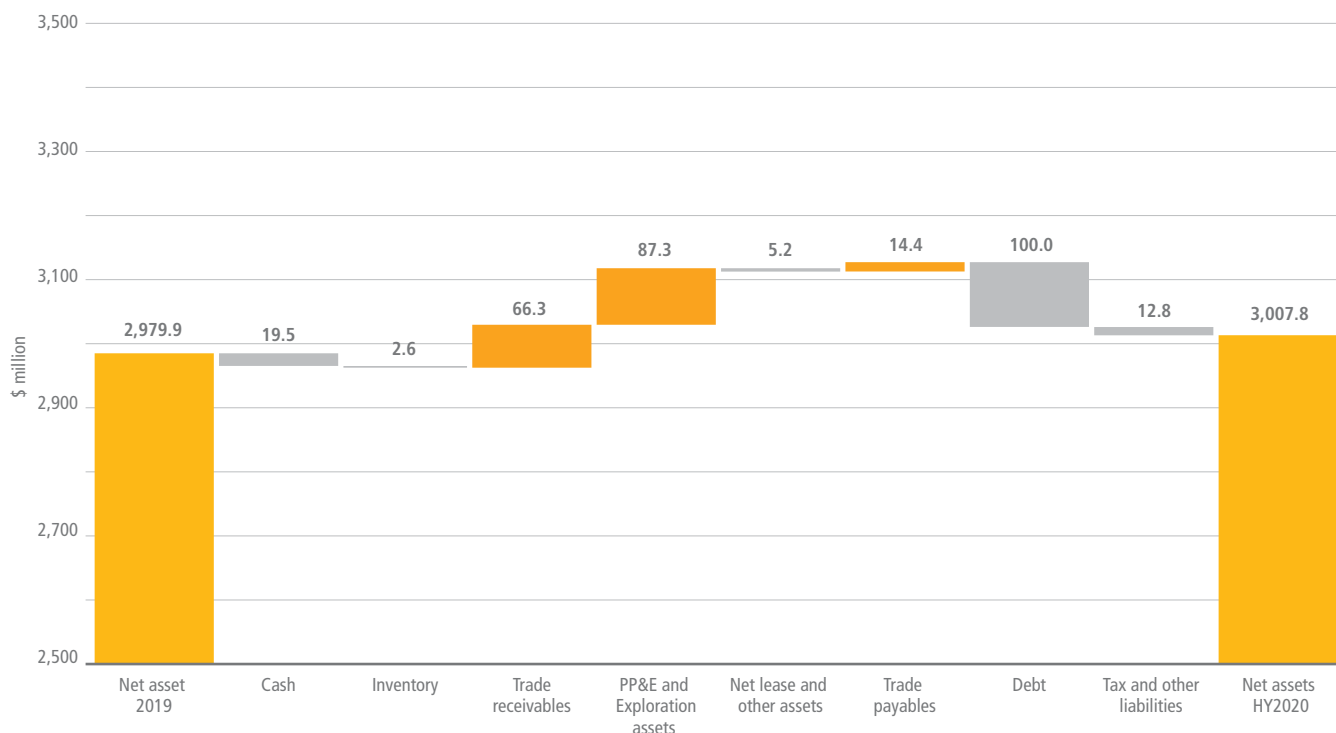
#### Financing activities

Net cash inflows relating to financing activities were \$24.5 million comprising \$48.6 million in dividend payments to shareholders; \$26.9 million in payments to suppliers now classified as lease payments following the application of AASB 16 Leases; and a \$100.0 million net drawdown of the debt facility. Since the end of the Half-year, the Board of Directors has resolved to pay an interim dividend for the 2020 financial year amounting to \$26.0 million and re-instated the company's DRP. This interim dividend will be fully franked for Australian tax purposes.

## Balance sheet

The total equity of the Company increased by \$27.9 million to \$3,007.8 million. The increase was mainly the result of the NPAT for the Half-year of \$79.8 million partially offset by returns to shareholders in the form of dividends amounting to \$48.6 million and movement in gold derivative contracts of \$14.6 million (net of tax).

The movement in the net assets of the Company since 31 December 2019 is provided below.



The Company ended the Half-year with a cash balance of \$114.5 million and debt balance of \$100.0 million. The increased debt facility of circa \$480 million provides added liquidity and flexibility to execute the company's growth strategy during the current period. The decrease in the cash balance was a result of operating cash flows and drawn debt, offset by ongoing investments in Carrapateena, West Musgrave, Property Plant and Equipment (PP&E), as well as the payment of dividends.

Inventories at 30 June 2020 were \$535.0 million. 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. The net NRV adjustment of \$33.8 million increased the value of remaining inventory. Trade receivables increased due to the timing of shipments.

PP&E and Exploration assets increased during the Half-year mainly due to capital expenditure at Carrapateena, continuing capitalisation of underground development at Prominent Hill, capitalised West Musgrave exploration and study costs, and general sustaining capital expenditure - partially offset by net proceeds of \$37.2 million received from the sale of concentrate attributable to ore mined during development of the Carrapateena underground mine.

Right of Use assets and associated lease liabilities were recognised during the Half-year in relation to the extended Prominent Hill mining services contract.



## 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 2020 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.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

KPMG

A handwritten signature in black ink that reads 'Paul Cenko' in a cursive font.

Paul Cenko  
Partner,  
Adelaide  
19 August 2020

# Consolidated Half-year Statement of Comprehensive Income

For the Half-year ended 30 June 2020	Notes	30 June 2020 \$m	30 June 2019 \$m
Revenue	1	575.7	419.2
Mining		(195.5)	(121.0)
Processing		(97.1)	(75.6)
Freight		(23.6)	(33.7)
Site administration		(47.2)	(19.8)
Royalties		(29.7)	(26.2)
Inventory movement		(2.6)	(7.9)
Corporate administration		(32.6)	(22.4)
Exploration and corporate development		(25.0)	(36.9)
Foreign exchange gain/(loss)		1.4	(2.3)
Profit before interest and income tax		123.8	73.4
Finance income		0.4	3.4
Finance expense		(12.2)	(5.7)
Profit before income tax		112.0	71.1
Income tax	3	(32.2)	(27.2)
Profit for the year attributable to equity holders of OZ Minerals Limited		79.8	43.9
<b>Other comprehensive gain/(loss)</b>			
<i>Items that will not be reclassified subsequently to the Income Statements</i>			
Change in fair value of investments in equity securities, net of tax		0.4	(2.6)
<i>Items that may be reclassified subsequently to future to Income Statements</i>			
Cash flow hedges change in fair value		(43.2)	(18.8)
Cash flow hedges reclassified to profit and loss		28.6	–
Foreign operations – foreign currency translation differences		6.7	3.2
Other comprehensive loss for the Half-year, net of tax		(7.5)	(18.2)
Total comprehensive income for the Half-year attributable to equity holders of OZ Minerals Limited		72.3	25.7
		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	2	24.6	13.6

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



# Consolidated Half-year Statement of Change in Equity

For the Half-year ended 30 June 2020	Notes	Issued capital \$m	Retained earnings \$m	Cash flow hedge reserve \$m	Treasury shares \$m	Foreign currency translation reserve \$m	Total equity \$m
Balance as at 1 January 2020		2,280.4	721.2	(49.5)	–	27.8	2,979.9
Total comprehensive income for the Half-year							
Profit for the Half-year		–	79.8	–	–	–	79.8
Other comprehensive (loss)/income		–	0.4	(14.6)	–	6.7	(7.5)
Total comprehensive (loss)/income for the Half-year		–	80.2	(14.6)	–	6.7	72.3
<b>Transactions with owners, recorded directly in equity</b>							
Dividends	4	–	(48.6)	–	–	–	(48.6)
Share-based payments, net of income tax		–	4.2	–	–	–	4.2
Total transactions with owners		–	(44.4)	–	–	–	(44.4)
Balance as at 30 June 2020		2,280.4	757.0	(64.1)	–	34.5	3,007.8
<b>For the Half-year ended 30 June 2019</b>							
	Notes	Issued capital \$m	Retained earnings \$m	Cash flow hedge reserve \$m	Treasury shares \$m	Foreign currency translation reserve \$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
<b>Transactions with owners, recorded directly in equity</b>							
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

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

# Consolidated Half-year Balance Sheet

At 30 June 2020	Notes	30 June 2020 \$m	31 December 2019 \$m
<b>Current assets</b>			
Cash and cash equivalents		114.5	134.0
Trade receivables		156.4	83.1
Inventories	5	255.0	238.3
Prepayments		4.2	7.7
Other receivables		16.4	23.4
Total current assets		546.5	486.5
<b>Non-current assets</b>			
Deferred tax assets	3	5.2	7.1
Inventories	5	280.0	299.3
Exploration assets	7	122.8	112.1
Property, plant and equipment	6	2,772.9	2,696.3
Right of use assets	8	256.7	176.1
Other assets		33.4	36.6
Total non-current assets		3,471.0	3,327.5
Total assets		4,017.5	3,814.0
<b>Current liabilities</b>			
Trade payables and accruals		153.1	168.6
Other payables		9.3	8.2
Current tax provision		–	5.6
Employee benefits		18.1	14.5
Provisions		1.1	1.0
Derivative financial instruments		71.8	60.4
Loans and borrowings	12	132.2	37.8
Total current liabilities		385.6	296.1
<b>Non-current liabilities</b>			
Deferred tax liabilities	3	280.4	270.1
Employee benefits		1.7	1.7
Provisions		93.5	97.4
Derivative financial instruments		19.6	22.7
Loans and borrowings	12	228.9	146.1
Total non-current liabilities		624.1	538.0
Total liabilities		1,009.7	834.1
Net assets		3,007.8	2,979.9
<b>Equity</b>			
Issued capital	10	2,280.4	2,280.4
Cash flow hedge reserve		(64.1)	(49.5)
Retained earnings		757.0	721.2
Foreign currency translation reserve		34.5	27.8
Total equity attributable to equity holders of OZ Minerals Limited		3,007.8	2,979.9

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 2020	Notes	30 June 2020 \$m	30 June 2019 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		527.0	412.6
Payments to suppliers and employees		(319.1)	(244.7)
Payments for exploration and evaluation		(21.7)	(36.9)
Income tax paid		(23.7)	(31.7)
Financing costs		(12.2)	(2.7)
Interest received		0.4	4.6
Net cash inflows from operating activities		150.7	101.2
<b>Cash flows from investing activities</b>			
Net proceeds from sale of pre commissioning Carrapateena concentrates		37.2	–
Payment for property, plant and equipment		(227.4)	(339.7)
Payment for exploration assets		(8.9)	(15.0)
Net cash outflows from investing activities		(199.1)	(354.7)
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders	4	(48.6)	(48.4)
Proceeds from borrowings	12	150.0	–
Repayment of borrowings	12	(50.0)	–
Payment of Lease liability	12	(26.9)	(18.7)
Net cash inflows/(outflows) from financing activities		24.5	(67.1)
Net decrease in cash held		(23.9)	(320.6)
Cash and cash equivalents as at 1 January		134.0	505.1
Effects of exchange rate changes on foreign currency denominated cash balances		4.4	1.0
Cash and cash equivalents at the end of the Half-year		114.5	185.5

The above Consolidated 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 2020:

- / 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. 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 2019 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 19 August 2020.

The Annual Report of OZ Minerals for the year ended 31 December 2019 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](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
- / derivative financial instruments
- / items of inventory and property, plant and equipment which have been written down in accordance with applicable accounting standards.

Subsequent to 30 June 2020, the Board of Directors has resolved to pay an interim dividend for the 2020 financial year, as discussed in Note 4. In August, the key milestones relating to the payment of US\$50 million deferred consideration for Carrapateena were met and accordingly will be recognised in future financial statements. There were no other events that occurred subsequent to the 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 2019 except for the commissioning of the Carrapateena project (see Note 6):

- / the Carrapateena mine commissioned on 1 January 2020,
- / the Carrapateena processing plant and infrastructure commissioned on 1 March 2020. Subsequent to commissioning, revenue and associated costs of production of operating the project are recognised in the Income statement and depreciation of assets commenced.

Whilst the COVID 19 pandemic has not adversely impacted the asset recoverability or financial results of OZ Minerals during the half year, the potential for induced volatility in commodity prices and foreign exchange rates, and restrictions on movement of people and materials, remains and may cause adverse impacts in the future.

# Group performance

## 1. Operating segments

Segment	Principal activities
<b>Prominent Hill</b>	Mining and processing high grade underground ore containing copper, gold and silver along with residual low grade 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.
<b>Carrapateena</b>	Mining and processing underground ore containing copper, gold and silver. The Carrapateena mine which is located in the Gawler Craton of South Australia was constructed during 2019. The Carrapateena mine generates revenue from the sale of concentrate containing copper, gold and silver to customers in Asia, Europe and Australia.
<b>Carajás</b>	Mining and processing open pit ore containing copper and gold from the Antas mine and developing the Pedra Branca Mine in the Carajás Hub in Brazil. The Carajás Hub generates revenue from the sale of concentrate containing copper and gold to customers in Europe and Asia.
<b>Exploration &amp; Development</b>	<p>Exploration and evaluation activities associated with other projects, including exploration arrangements with Minotaur Exploration Ltd, Cassini Resources Limited, Mithril Resources, Red Metal, Mineral Prospektering i Sverige, Inversiones Mineras La Chalina S.A.C. and corporate development activities.</p> <p>On 22 June 2020, OZ Minerals announced a binding scheme of arrangement under which subject to satisfaction of certain conditions precedent OZ Minerals would acquire the residual 30% interest in the West Musgrave project providing OZ Minerals with access to 100% interest in the West Musgrave project. Further details are set out in Note 7.</p> <p>The Company undertakes its own exploration on tenements around existing operating and development assets, including at the CentroGold project in the Gurupi province in Brazil.</p>
<b>Corporate (corporate activities)</b>	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 2020	Prominent Hill \$m	Carrapateena \$m	Carajás \$m	Exploration & development \$m	Corporate \$m	Consolidated \$m
Revenue	463.7	68.7	43.3	–	–	575.7
Cost of goods sold <sup>(a)</sup>	(232.4)	(50.9)	(24.3)	–	–	(307.6)
Underlying EBITDA <sup>(b)</sup>	262.8	5.6	17.6	(16.3)	(18.5)	251.2
Net depreciation and amortisation	(88.8)	(19.1)	(6.5)	–	(13.0)	(127.4)
Capital expenditure	44.2	83.3*	14.3	9.3	9.6	160.7
Property, plant and equipment	719.8	1,443.1	214.9	354.0	41.1	2,772.9

\*Capital expenditure is net of proceeds from sale of concentrate produced from ore mined during the development of the Carrapateena mine.

For the Half-year ended 30 June 2019	Prominent Hill \$m	Carrapateena \$m	Carajás \$m	Exploration & development \$m	Corporate \$m	Consolidated \$m
Revenue	382.6	–	36.6	–	–	419.2
Cost of goods sold	(164.6)	–	(30.8)	–	–	(195.4)
Underlying EBITDA	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

<sup>(a)</sup> Cost of goods sold does not include net depreciation and amortisation, net realisable value (NRV) adjustment of \$33.8 million (Prominent Hill) increase to the value of inventory; and corporate cost allocations (Prominent Hill \$4.6 million, Carrapateena \$3.0 million and Brazil \$0.6 million).

<sup>(b)</sup> 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 Earnings before interest tax, depreciation and amortisation (EBITDA). These measures are presented to enable an understanding of the underlying performance of the Consolidated Entity and are consistent with the information the Consolidated Entity's chief operating decision makers use to assess the underlying performance of the business and make resource allocations.

## Revenue

For the Half-year ended 30 June 2020	Prominent Hill \$m	Carrapateena <sup>(a)</sup> \$m	Carajás \$m	Half-year to 30 June 2020
Copper	257.1	43.0	35.8	335.9
Gold	201.5	23.6	6.9	232.0
Silver	5.1	2.1	0.6	7.8
Total Revenue	463.7	68.7	43.3	575.7

For the Half-year ended 30 June 2019	Prominent Hill \$m	Carrapateena \$m	Carajás \$m	Half-year to 30 June 2019
Copper	294.0	–	31.4	325.4
Gold	84.3	–	5.2	89.5
Silver	4.3	–	–	4.3
Total Revenue	382.6	–	36.6	419.2

<sup>(a)</sup> Revenue for Carrapateena is after recognising the net proceeds from sale of concentrate produced from pre-production ore against the previously capitalised development costs in PP&E.

Net revenue attributable to Asian and Australian locations was \$412.2 million and \$163.5 million respectively and is based on the location of the customer's operations during the Half-year (HY 2019: Asian, European and Australian locations were \$278.9 million, \$48.1 million and \$92.2 million respectively).

Reconciliation of consolidated underlying EBITDA to profit after tax	Half-year to June 2020 \$m	Half-year to June 2019 \$m
Underlying EBITDA <sup>(a)</sup>	251.2	162.5
Depreciation and amortisation	(99.5)	(56.2)
Other assets amortisation	(3.3)	(3.0)
Capitalised depreciation unwind	(24.6)	(29.9)
Earnings before finance expense and tax	123.8	73.4
Net finance expense	(11.8)	(2.3)
Profit before tax	112.0	71.1
Tax expense	(32.2)	(27.2)
Profit for the year attributable to equity holders of OZ Minerals Limited	79.8	43.9

Depreciation and amortisation for the Half-year	Half-year to June 2020 \$m	Half-year to June 2019 \$m
Mining	59.5	36.0
Processing	15.6	12.5
Site and corporate administration	27.7	10.7
Capitalised depreciation into inventory/(unwind)	24.6	29.9
Total depreciation and amortisation	127.4	89.1

<sup>(a)</sup> Underlying EBITDA includes an adjustment to increase the value of inventory by \$33.8 million in respect to low grade gold ore and concentrate stockpiles following an assessment of the NRV (HY 2019: \$1.9 million decrease in the value). It also includes corporate and exploration expense of \$52.0 million (HY 2019: \$57.1 million) and foreign exchange gain of \$1.3 million (HY 2019: \$2.3 million loss).

## 2. Earnings per share

Basic and diluted earnings per share – cents	Half-year to 30 June 2020	Half-year to 30 June 2019
Basic and diluted earnings per share	24.6	13.6
Reconciliation of earnings used in calculating basic and diluted earnings per share – \$ millions		
Profit after tax	79.8	43.9
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted per share earnings	324,130,343	323,152,867

## 3. Income tax

Income tax expense comprises current and deferred tax of the Consolidated Entity. 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 2020 \$m	Half-year to 30 June 2019 \$m
Profit before income tax	112.0	71.1
Income tax expense at the Australian tax rate of 30 per cent	(33.6)	(21.3)
<b>Adjustments:</b>		
Variation in overseas tax	2.7	(2.1)
Non-deductible expenditure	(3.0)	(7.5)
Revision for prior periods	(0.2)	0.7
Recognition of previously unrecognised losses	2.3	5.6
Derecognition of overseas losses	(0.4)	(2.6)
Income tax expense	(32.2)	(27.2)

### Unrecognised tax losses

Australian restricted tax losses of \$150.6 million (31 December 2019: \$152.9 million), tax affected, remain unrecognised in the balance sheet at 30 June 2020. Australian capital tax losses of \$595.0 million (31 December 2019: \$595.0 million), tax affected, remain unrecognised in the balance sheet at 30 June 2020.

Deferred tax assets	31 December 2019 \$m	Recognised in income statement \$m	Recognised in equity \$m	30 June 2020 \$m
Unrestricted losses	4.7	(1.6)	–	3.1
Restricted tax losses	44.4	–	–	44.4
Lease liability	55.2	(4.6)	–	50.6
Provisions and accruals	15.7	3.9	(0.6)	19.0
Derivative financial instruments	24.9	(3.8)	6.3	27.4
Other	8.3	(4.4)	–	3.9
Total deferred tax assets	153.2	(10.5)	5.7	148.4
Less offset against deferred tax liabilities	(146.1)	9.2	(6.3)	(143.2)
Net deferred tax assets	7.1	(1.3)	(0.6)	5.2

<b>Deferred tax liabilities</b>	<b>31 December 2019 \$m</b>	<b>Recognised in income statement \$m</b>	<b>Recognised in equity \$m</b>	<b>30 June 2020 \$m</b>
Inventories	(4.6)	(0.1)	–	(4.7)
Exploration assets	(13.7)	(2.8)	(0.6)	(17.1)
Property plant and equipment	(340.2)	(4.6)	(3.0)	(347.8)
Right of use assets	(54.0)	3.6	–	(50.4)
Provisions and accruals	(3.7)	0.1	–	(3.6)
Total deferred tax liabilities	(416.2)	(3.8)	(3.6)	(423.6)
Less offset against deferred tax assets	146.1	(9.2)	6.3	143.2
Net deferred tax liabilities	(270.1)	(13.0)	2.7	(280.4)

<b>Deferred tax assets</b>	<b>31 December 2018 \$m</b>	<b>Recognised in income statement \$m</b>	<b>Recognised in equity \$m</b>	<b>30 June 2019 \$m</b>
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	8.1	2.2	–	10.3
Total deferred tax assets	61.0	27.4	22.2	110.6
Less offset against deferred tax liabilities	(58.5)	(27.7)	(22.1)	(108.3)
Net deferred tax assets	2.5	(0.3)	0.1	2.3

<b>Deferred tax liabilities</b>	<b>31 December 2018 \$m</b>	<b>Recognised in income statement \$m</b>	<b>Recognised in equity \$m</b>	<b>30 June 2019 \$m</b>
Inventories	(4.8)	(0.1)	–	(4.9)
Exploration assets	(4.8)	(4.5)	–	(9.3)
Property plant and equipment	(309.6)	(9.1)	(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	(323.1)	(34.9)	(13.4)	(371.4)
Less offset against deferred tax assets	58.5	27.7	22.1	108.3
Net deferred tax liabilities	(264.6)	(7.2)	8.7	(263.1)



## 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 5 October 2020. The record date for entitlement to this dividend is 18 September 2020.

OZ Minerals elected to reactivate its Dividend Reinvestment Plan (“DRP”) and eligible shareholders may participate in the DRP in respect of all or part of their shareholding. No discount applies to this dividend and there is no limit on the number of participating shares. Shares will be allocated to shareholders under the DRP for the 2020 interim dividend at an amount equal to the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 5 trading days commencing on 17 September 2020. The last date for receipt of election notices for the DRP is 21 September 2020. The Company may acquire shares on-market during this period to satisfy its expected obligations under the DRP.

The financial impact of the dividend amounting to \$26.0 million has not been recognised in the Consolidated Half-year Financial Statements for the Half-year ended 30 June 2020 and will be recognised in subsequent Consolidated Financial Statements.

The details in relation to dividends announced or paid since 1 January 2019 are set out below:

Record date	Date of payment	Fully franked cents per share	Total dividends \$m	Dividend reinvestment plan
18 September 2020	5 October 2020	8	26.0	Yes
12 March 2020	26 March 2020	15	48.6	No
3 September 2019	17 September 2019	8	25.9	No
12 March 2019	26 March 2019	15	48.4	No



# Capital Employed

## 5. Inventories

	30 June 2020 \$m	31 December 2019 \$m
Concentrates – at cost	86.5	58.8
Concentrates – at net realisable value	–	4.1
Ore stockpile – at cost	126.4	145.3
Ore stockpile – at net realisable value	18.7	4.5
Stores and consumables – at cost	23.4	25.6
Inventories – current	255.0	238.3
Ore stockpile – non-current at cost	35.2	74.5
Ore stockpile – non-current at net realisable value	244.8	224.8
Inventories – non-current	280.0	299.3
Total Inventories	535.0	537.6

An assessment of the net realisable value of inventory resulted in an adjustment to increase the value of the inventory by \$33.8 million in the Half-year (30 June 2019: \$1.9 million decrease to inventory value).

## 6. Property, plant and equipment

	Plant and equipment \$m	Mine property and development \$m	Freehold land and buildings \$m	Mineral rights \$m	Capital work in progress \$m	30 June 2020 Total \$m
At cost	2,040.7	2,476.2	229.8	487.6	163.6	5,397.9
Accumulated depreciation and impairment losses	(989.9)	(1,485.3)	(149.8)	–	–	(2,625.0)
Closing carrying amount	1,050.8	990.9	80.0	487.6	163.6	2,772.9
<b>Reconciliation of carrying amounts</b>						
Opening carrying amount at 1 January 2020	739.1	710.4	102.4	479.6	664.8	2,696.3
Additions and transfers	380.4	320.8	(17.8)	–	(501.2)	182.2
Disposals – at cost	(0.2)	(0.3)	–	–	–	(0.5)
Accumulated depreciation on disposals	0.2	0.1	–	–	–	0.3
Carrapateena pre commissioning adjustment	(21.6)	(14.2)	(1.4)	–	–	(37.2)
Depreciation	(48.0)	(26.1)	(3.2)	–	–	(77.3)
Foreign currency exchange differences	0.9	0.2	–	8.0	–	9.1
Closing carrying amount at 30 June 2020	1,050.8	990.9	80.0	487.6	163.6	2,772.9

Depreciation was \$77.3 million during the Half-year compared to \$44.6 million in the first half of 2019. Depreciation increased primarily due to the commencement of depreciation of the Carrapateena underground mine during 2020.

Carrapateena mine was commissioned on 1 January 2020 and the processing plant, including site infrastructure, was commissioned on 1 March 2020. The depreciation method applied is consistent with the method and useful lives described in 2019 Annual and Sustainability Report.

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 directly recognised as a reduction against the previously capitalised costs of developing the Carrapateena mine.

The original acquisition of Carrapateena provided for two further payments upon commercial production being reached:

- / US\$50 million on production of copper, uranium, gold or silver.
- / US\$25 million on production of rare earths, iron or any other commodity.

As at the reporting date, OZ Minerals had not reached the specified performance milestones to recognise a liability on the balance sheet for these further payments. Subsequent to the reporting date the performance milestones in relation to the payment of US\$50 million were met and accordingly the payment will be recognised in subsequent financial statements.

## 7. Exploration assets

Exploration Assets	30 Jun 2020 \$m
Opening balance at 1 January 2020	112.1
Additions during the period	9.3
Foreign currency exchange difference	1.4
Closing carrying amount at 30 June 2020	122.8

OZ Minerals announced its intention to acquire the residual 30% interest in the West Musgrave project via a Scheme of Arrangement which will allow the Company to consolidate its ownership of West Musgrave Project to 100%. The acquisition is conditional upon approval by Cassini's shareholders amongst other conditions set out in Clause 3.1 of the Binding Scheme Implementation Deed as at the reporting date and therefore the acquisition transaction has not been accounted for in this Half-year. The consideration for this transaction is one OZ Minerals share for every 68.5 Cassini shares.

## 8. Right-of-use Assets

	Property \$m	Plant & equipment \$m	30 June 2020 Total \$m
Opening balance at 1 January 2020	6.2	169.9	176.1
Additions to right-of-use assets	0.3	103.8	104.1
Depreciation charge for the period	(0.4)	(21.8)	(22.2)
Pre-commissioning depreciation capitalised –Carrapateena	–	(1.3)	(1.3)
Closing carrying amount at 30 June 2020	6.1	250.6	256.7

## 9. Commitments

The Consolidated Entity has entered into an agreement with ElectraNet for the transmission of power and the build, own, operation and maintenance of associated electricity transmission infrastructure to Carrapateena and Prominent Hill. The total future commitment for these arrangements is \$538.9 million. Once electricity infrastructure construction is completed it is expected that a right of use asset and lease liability will be recognised.

In addition, the Consolidated Entity has entered into various contracts with suppliers for the construction of the Carajás mines and sustaining mine development at the Prominent Hill, Carrapateena and Carajás mines. The total capital expenditure commitment in relation to these contracts as at 30 June 2020 was \$274.4 million (2019: \$707.3 million).

# Contributed Equity

## 10. Issued capital

	30 June 2020 \$m	31 December 2019 \$m
324,188,240 shares (2019: 323,874,831 shares)	2,280.4	2,280.4

Share capital movement	Number of shares	Share capital \$m
Opening balance at 1 January 2020	323,874,831	2,280.4
Shares issued under employee share plan on 22 January 2020	313,409	— <sup>(a)</sup>
Closing Balance at 30 June 2020	324,188,240	2,280.4

<sup>(a)</sup> Shares issued under the employee share plan are at no cash cost. Shares granted are valued on the grant date and related expense of the employee earning the shares is recognised as an expense progressively over the vesting period under share-based payment expense.

## 11. Contingencies

There were no substantive changes in the nature and assessment of the Consolidated Entity's contingent liabilities during the Half-year 30 June 2020. A minor provision has been raised in relation to the investigation into the Company's former Cambodian operations and the events of 2009, however the final outcome of this investigation has still not been determined.

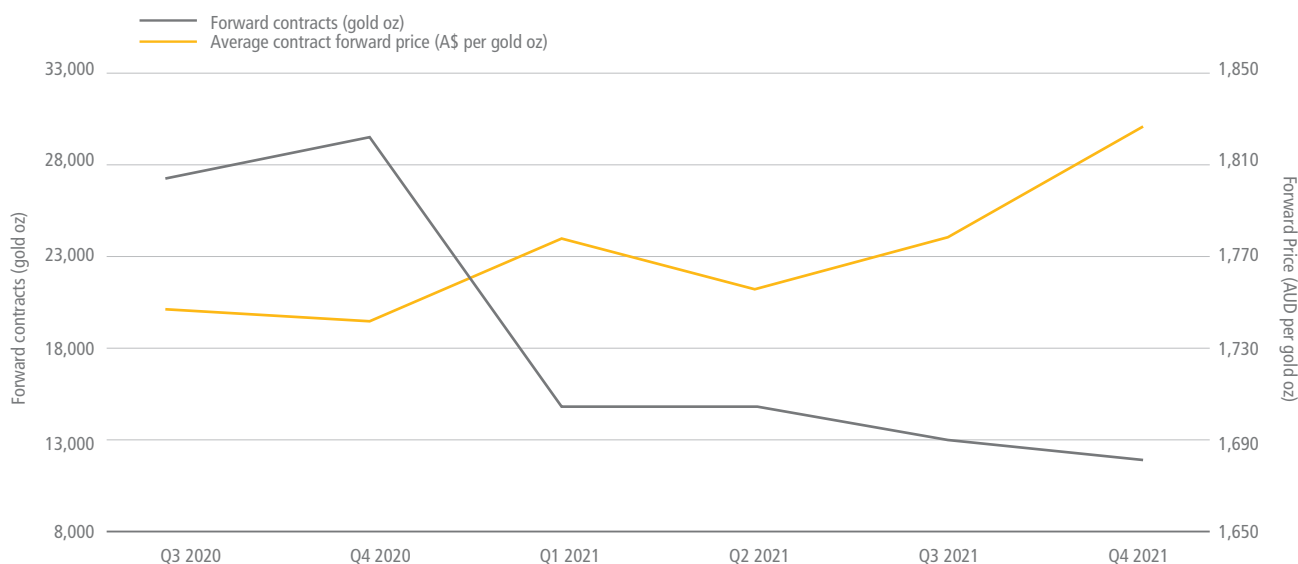
# Risk Management

## 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 \$43.2 million was recognised in other comprehensive income and \$28.6 million was transferred out of the cash flow hedge reserve to profit and loss during the Half-year ended 30 June 2020.

At 30 June 2020, contracts for 110,901 ounces of gold were outstanding, representing a derivative financial liability of \$91.4 million, with an average strike price per quarter ranging from A\$1,746 to A\$1,825 per ounce.



### Loans and Borrowings

The Consolidated entity recognised the draw-down of its revolving credit facility within Other borrowings for the period. Lease liabilities are recognised for any new ROU lease contracts as they have been entered.

	Other borrowings Half-year 2020 \$m	Lease liabilities Half-year 2020 \$m	Total Half-year 2020 \$m
Opening balance 1 January 2020	–	183.9	183.9
Debt facility drawdown	150.0	–	150.0
Lease recognised during the period	–	104.1	104.1
Repayment during the period	(50.0)	(26.9)	(76.9)
Closing balance at 30 June 2020	100.0	261.1	361.1

Other borrowings represent the drawn down balance of the revolving facility as at the reporting date. The Lease liabilities recognised during the period include arrangements identified within mining services supply contracts of \$103.8m and other agreements of \$0.3m.

	Current \$m	Non-Current \$m	Total Half-year 2020 \$m
Other borrowings	100.0	–	100.0
Lease liability	32.2	228.9	261.1
Total	132.2	228.9	361.1

During the period the Consolidated Entity increased its unsecured revolving credit facility by \$183.0 million to \$483.0 million (31 Dec 2019: \$300.0 million) expiring 10 April 2023. The revolving credit facility is subject to maintaining certain financial covenant ratios. The Company was not in breach of its financial covenants as at 30 June 2020.

The Consolidated Entity entered into additional bank guarantee facilities for a total credit amount of \$150.0 million. At 30 June 2020 bank guarantees totalling \$432.0 million had been issued to support the Consolidated Entity's contingent obligations.

#### **Interest rate risk management and sensitivity analysis**

The Consolidated Entity drew between \$100.0 million and \$150.0 million of its revolving credit for the period 31 January 2020 to 30 June 2020. The Consolidated Entity is exposed to changes in the Australian bank bill interest rate, payable on its revolving credit facility borrowings. The interest on the drawn amount is based on the Bank Bill Swap Bid Rate (BBSY) plus a margin. Loans and borrowings include lease liabilities recognised under AASB 16 which are subject to discounting.

# Group structure and other information

## **13. Parent entity disclosures**

During the Half-year the Consolidated Entity incorporated OZ Minerals Musgrave Holdings Pty Ltd (ACN: 640 209 392) and OZ Minerals Musgrave Operations Pty Ltd (ACN: 640 213 341) as a wholly owned subsidiaries on 8 April 2020 which have Australian dollar functional currency.

## **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 2019. A number of new standards are effective from 1 January 2020 but they are not expected to have a material effect on the Group's financial statements.

### **(ii) Issued Standards and Pronouncements not early adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these Consolidated Half-yearly Financial Statements.

## 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 11–26 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 2020 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  
19 August 2020



Andrew Cole  
Managing Director and  
Chief Executive Officer  
Adelaide  
19 August 2020



# 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 2020 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 the:

- / Consolidated Half-year balance sheet as at 30 June 2020;
- / 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; 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 2020.

## 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 gives a true and fair view and 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 2020 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*.

A stylized, handwritten signature of the KPMG firm, written in black ink.

KPMG

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

Paul Cenko  
Partner  
Adelaide  
19 August 2020



---

## **OZ Minerals Limited**

ABN 40 005 482 824

---

## **Corporate Office**

2 Hamra Drive, Adelaide Airport  
South Australia 5950  
Telephone: (61 8) 8229 6600  
Facsimile: (61 8) 8229 6601  
[info@ozminerals.com](mailto:info@ozminerals.com)

---

## **Share Registry**

Link Market Services Limited  
Tower 4, 727 Collins Street,  
Docklands  
Victoria 3008 Australia  
Telephone: (61) 1300 306 089  
Facsimile: (61 2) 9287 0303  
[linkmarketservices.com.au](http://linkmarketservices.com.au)

---

## **Investor enquiries**

Travis Beinke  
Telephone: (61 8) 8229 6622  
Mobile: 61 417 768 003  
[travis.beinke@ozminerals.com](mailto:travis.beinke@ozminerals.com)