

26 August 2022

Momentum rebuilding after soft first half

- Net Profit After Tax (NPAT) of \$109 million despite a challenging first half due to one-off weather and equipment interruptions, together with COVID productivity impacts
 - Operating momentum regained and performance now improving
 - On track to meet group annual production and cost guidance
- Net revenue of \$909 million
- EBITDA of \$358 million at a healthy operating margin of 40% despite softer start and industry-wide inflationary pressure
- Operating cash flows of \$375 million; net cash position of \$82 million
- Increased working capital liquidity from \$480 to \$700 million
- Growth strategy advancing, focused on long-life, low-cost assets in quality jurisdictions:
 - **Carrapateena:** Block Cave expansion development underway
 - **Prominent Hill:** Wira Shaft mine expansion advancing well; work approved to further evaluate additional near-surface mineral resources
 - **West Musgrave:** On track for final investment decision H2 2022 with \$60 million funding approved to end 2022 to maintain schedule; progressing Life of Province study
 - **Carajás East:** Hub strategy progressing; Pedra Branca ramped up ahead of schedule; accelerated Santa Lucia study under way
- 8 cents per share fully franked interim dividend maintained
- ~\$86 million cash benefit in second half from government TFE¹ eligibility

OZ Minerals today released its financial results for the half year ended 30 June 2022.

OZ Minerals Chief Executive Andrew Cole said: "A challenging first half affected by sustained COVID absenteeism and one-off weather and equipment interruptions is reflected in a first half net profit of \$109 million on net revenue of \$909 million. Profit was also impacted by industry-wide inflationary pressure and weaker market conditions towards the end of the Half.

"We are now regaining operating momentum at both Prominent Hill and Carrapateena with improvement plans gaining traction supported by considerably lower absenteeism, resulting in fewer shift losses and improved equipment availability. Combined with an increased movement of the cave at Carrapateena, these

¹ Temporary Full Expensing

green shoots have increased our confidence in a stronger second half performance and we remain on track to meet our group annual production and cost guidance.

"The quality and high margin nature of our assets provided a healthy operating margin of 40% and robust operating cashflow during the half. We continue to invest in and advance our unique organic growth pipeline to take full advantage of the growing long-term demand for copper and nickel, driven by global electrification and accelerated decarbonisation.

"The Board determined to pay a fully franked interim dividend of 8 cents per share consistent with our policy of paying a sustainable ordinary dividend from pre-growth cash flow, while having regard to near term, identified capital investment opportunities that create superior value, and the need to maintain a strong balance sheet.

"Maintenance of the 8 cents per share fully franked interim dividend reflects the Board's confidence in the company's outlook and cash generation capacity.

"Today we also announce approval to invest a further \$12 million to progress work at Prominent Hill to evaluate the potential to access the near surface targets of Walawuru and Papa. The work will look to confirm that truck operations are technically and economically feasible to transport ore to surface and can supplement current trucking and future shaft operations. The largest portion of the investment will be directed towards opportunities to accelerate infill drilling, with development of additional platforms to potentially expand the resource and convert the existing Inferred Resources to Reserves. The additional platforms will serve as part of the broader underground mine infrastructure should Walawuru be developed in the future.

"An ~\$86 million cash benefit will be realised in the second half following regulatory assessment of our eligibility for a deduction under the temporary full expensing provisions announced in the 2021 Federal Budget.

"At Prominent Hill the Wira shaft mine expansion remains on budget and schedule, enabling mining rates of 6Mtpa from 2025 with work continuing to determine if the upgraded shaft capacity of 6.5Mtpa can be fully utilised.

"Carrapateena's material handling system has continued to operate without interruption during the third quarter and, pleasingly, the cave is showing more sustained movement in recent months with an estimated 41 metres in vertical growth in July, compared to 37 metres over the entire second quarter. At the end of July the cave back was only 94 metres from surface, with the first signs of surface subsidence providing growing confidence that the cave may breakthrough to surface by the end of the year.

"At Carajás East, the Pedra Branca copper-gold mine ramped up to full production in June ahead of schedule and the transition of the Antas mine pit to a tailings storage facility was successfully completed. We accelerated Santa Lucia drilling with its Pre-Feasibility Study on track for delivery later this year.

"The West Musgrave feasibility study progressed with the Western Australian government granting the third and final key regulatory approval required to allow construction of the project. Mining Agreement discussions are nearing completion with the Ngaanyatjarra Council and an investment decision is on track for this final half of the year. In order to retain project schedule, additional funding of \$60 million has been approved through to the end of 2022.

"Despite challenges across the industry from COVID, inflation and supply chain interruptions, our culture and our strategy have provided agility and resilience whilst supporting our strategy of growth.

"Current conditions reinforce the value of the OZ Minerals strategy. Our portfolio of long-life, low-cost assets in low-risk jurisdictions and a pipeline of organic growth options provide confidence in delivering our operational and growth plans."

Looking ahead

In the second half of 2022 we will continue to advance our growth strategy by:

- Strengthening our focus on safe operational delivery
- Progressing the expansions at Prominent Hill and Carrapateena, both of which unlock the potential for multigenerational, low-cost mining provinces
- Progressing the West Musgrave study to a final investment decision in the second half of 2022

- Continuing to progress the Carajás hub strategy in Brazil with study updates for both East and West hubs.
- Increasing our exploration activities
- Commencing the Kalkaroo study (subject to a Havilah shareholder vote 31st August 2022)
- Closely managing the inflationary environment through cost control and our supply chain relationships
- Progressing our decarbonisation roadmap towards net zero
- Strengthening our culture and moving towards realising our revised strategic aspirations
- Holding ourselves accountable as a sustainable and responsible producer creating value for all our stakeholders

2022 First half financial result overview:

Net revenue of \$908.6 million was \$111.5 million lower than the comparative period before gold hedging, mainly due to reduced sales volume and weaker copper prices. Copper sales were ~6 per cent (3,400 tonnes) lower while gold sold was ~21 per cent (24,000 ounces) lower as a result of the depletion of higher-grade gold ore stockpiles at Prominent Hill in the prior year. The realised A\$ copper price was 4 per cent lower while the A\$ realised gold price was ~11 per cent higher compared to the previous period. A hedging loss on the high-grade gold stockpiles of \$34.0 million was recognised in the comparative period.

Total production costs of concentrate sold were \$78.7 million higher than the comparative period mainly due to higher Carrapateena production costs by \$62.4 million, driven by one-off outages and repairs to the materials handling system (including the mobilisation of additional underground fleet to truck material to surface), repairs to the Western Access Road following the extreme weather event early in the year, additional workforce costs associated with managing COVID absenteeism, and costs associated with managing cave propagation to surface. Inflationary pressures, felt industry wide, further added to the cost performance for the Half-year. In addition, a larger proportion of mining activity was attributed to production related activities during the Half, resulting in a higher proportion of costs expensed over capitalised development. The impact of the downtime was partially offset by reduced power usage and running costs, together with opportune maintenance scheduling.

Exploration and corporate development expenditure of \$68.3 million was incurred during the Half-year, \$44.3 million higher than the comparative period primarily due to the ramping up of activity following easing of COVID restrictions and expenditure relating to the Carajás Hub.

Income tax expense was lower than the previous year as a result of the lower profit.

Operating cash flows of \$374.8 million for the Half-year were \$82.6 million lower than in the comparative period. Customer receipts during the Half-year were higher by \$108.2 million despite lower sales volumes due to timing of receipts and a reduction in trade receivables. Payments to suppliers and employees were higher, reflective of a full period of ramped up operations at Carrapateena and the Carajás, the impact of inflationary pressures, and one-off production events. Higher freight costs also contributed to the increase in payments. Payments for exploration and corporate development increased by \$14.5 million, reflecting payments in relation to the Carajás Hub, and increased exploration activity during the Half-year. Progressive tax payments were significantly higher than the comparative period following the strong 2021 profit performance and finalisation of the previous year's tax return. Financing costs included in operating cashflow decreased marginally during the Half-year by \$0.9 million, mainly due to a reduction in lease finance charges on powerline infrastructure, offset by new service contracts accounted for as right-of-use assets.

Inventories at 30 June 2022 were \$392.3 million, a reduction from the comparative period as stockpiled open cut material continues to supplement Prominent Hill's underground production. Trade Receivables decreased as a result of reduced sales volumes and the timing of shipments.


The company ended the Half-year with a cash position of \$82.0 million, net of a \$25.0 million drawdown on its debt facility. The Group revolving debt facility was extended in May 2022 for a further five years and was increased by \$220 million to \$700 million.

At the Half-year, the Group recorded an \$86 million tax receivable balance following finalisation of its December 2021 income tax liability and an assessment of its eligibility for a deduction under the temporary full expensing provisions announced in the 2021 Federal Budget, in so far as it applies to certain assets.

Since the end of the Half-year, the Board of Directors determined on 26 August 2022 to pay a fully franked interim dividend of 8 cents per share for the Half-year 2022. The record date for entitlement to this dividend is 1 September 2022 and the payment date will be 16 September 2022. The Board has resolved to suspend the Dividend Reinvestment Plan for the 2022 interim dividend.

Income Statement Summary (\$M)	H1 2022	H1 2021	Variance
Net revenue	908.6	986.1	-77.5
EBITDA	358.3	561.2	-202.9
Net depreciation	(161.1)	(173.2)	12.1
EBIT	197.2	388.0	-190.8
Net finance expense	(19.0)	(20.5)	1.5
Income tax expense	(69.0)	(98.9)	29.9
NPAT	109.2	268.6	-159.4
Basic earnings per share (cents)	32.7	80.9	-48.2
Diluted earnings per share (cents)	32.5	80.3	-47.8

Balance Sheet Summary (\$M)	Jun-22	Dec-21	Variance
Assets			
Cash	107.0	215.4	(108.4)
Receivables	140.1	236.5	(96.4)
Tax receivables	85.6	0.0	85.6
Inventories	392.3	408.7	(16.4)
Exploration assets	340.2	288.6	51.6
Property, plant & equipment	3,610.9	3,350.2	260.7
Right-of-Use assets	743.0	733.6	9.4
Other assets	77.2	63.9	13.3
Total Assets	5,496.3	5,296.9	199.4
Liabilities			
Creditors	255.3	232.1	23.2
Tax liabilities	469.2	411.4	57.8
Provisions	135.5	143.9	(8.4)
Borrowings	25.0	0.0	25.0
Lease liabilities	755.4	743.9	11.5
Other liabilities	44.0	35.9	8.1
Total Liabilities	1,684.4	1,567.2	117.2
Net Assets	3,811.9	3,729.7	82.2

GUIDANCE	2022			
	PROMINENT HILL	CARRAPATEENA	CARAJÁS	TOTAL
Copper Production (tonnes)	55,000-62,000	55,000-61,000	10,000-12,000	120,000-135,000
Gold Production (ounces)	125,000-135,000	75,000-85,000	8,000-10,000	208,000-230,000
Underground Ore Movement (Mt)	4.5-5.0	4.5-5.0	0.6-0.8	
Sustaining Capital Expenditure (A\$M)				
- Mine Development	20-30	10-15	4-6	34-51
- Site	35-45	10-15	6-8	51-68
Growth Capital Expenditure (A\$M)				
- Mine Development	70-75	80-90	15-20	165-185
- Other	220-230	285-295	35-40	540-565
AISC (US c/lb) ¹	175-195	135-155	235-245	160-180
C1 Costs (US c/lb) ¹	100-115 ²	100-115 ²	150-160	105-120
Exploration (A\$M)				30-40
Project studies to next stage gate (A\$M)				170-190³ (85-105) 

Note: Changes to guidance reflect updates released with the 2022 Half Year Financial Results. Figures in brackets denote previously issued guidance.

- 1 Average AUD/USD exchange of 0.73 has been used in converting A\$ costs to US\$ and assumed gold price of US\$1,812/oz for C1 and AISC guidance.
- 2 Australian dollar denominated costs benefit by ~US2.5c per US1c reduction in the AUD/USD exchange rate.
- 3 Reflects anticipated expenditure on Board approved studies to their next milestone. It is expected ~20% 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.

This announcement is authorised for market release by OZ Minerals' Board.

For further information, please contact:

Investors

Travis Beinke

T 61 8 8229 6622

M 61 0417 768 003

travis.beinke@ozminerals.com

Media

Sharon Lam

T 61 8 8229 6627

M 61 0438 544 937

sharon.lam@ozminerals.com