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Strong financial performance supports Prominent Hill Expansion and special dividend

- Net Profit After Tax (NPAT) of \$269 million for the Half year (up 237%) driven by operational performance, higher copper volumes and stronger prices
- EBITDA of \$561 million (up 123%) at a robust operating margin of 57%
- Strong operating cash flows of \$457 million (up 204%)
- Shareholders to benefit from:
 - Maintenance of fully franked interim dividend of 8 cents per share
 - Payment of a fully franked special dividend of 8 cents per share on strong financial performance
- Growth Investment approved for Prominent Hill shaft mine expansion

OZ Minerals today released its financial results for the half year ended 30 June 2021.

OZ Minerals Chief Executive Andrew Cole said: "A three-fold increase in our financial performance for the first half of the year has been driven by a strong operational performance and higher copper production, supported by favourable copper pricing.

"This first half performance, combined with robust market conditions and strong operating cashflow, informed the Board's decision to pay a fully franked special dividend of 8 cents per share. The Board also decided to maintain the payment of 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.

"The Board was keen for shareholders to share in the significant uplift in first half profit, prior to heading into our next growth phase with expansions to commence this year at both Prominent Hill and Carrapateena and a decision on West Musgrave expected in 2022.

"Today we also announced the final investment decision for the shaft mine expansion at Prominent Hill. The expansion creates an exciting future for the asset by extending the mine's life, lowering unit operating costs, increasing annual copper production by 23% and enabling lower emissions. Importantly, investment in the shaft mine expansion not only provides access to areas previously thought uneconomic it also opens up potential new prospects. Further growth potential for Prominent Hill is also identified in an exploration update released today, separate to the shaft mine expansion, that describes promising drilling results from two targets close to the existing underground infrastructure.

"During the first half, Prominent Hill has continued to sustain annualised rates above 4Mtpa with work continuing at the bottom of the current Life-of Mine level to establish level infrastructure for the commencement of the bottom-up mining sequence. Simultaneous bottom up and top down mining will enable an increase to mining rates from 2022, to between 4Mtpa and 5Mtpa ahead of the shaft mine expansion which will enable mining rates of 6Mtpa from 2025.

"Production at Carrapateena has continued to increase during the half year as expected. In January the Board approved the Block Cave Expansion, which replaces the lower portion of the current sub level cave footprint with a block cave to increase mine production to a proposed 12Mtpa. The block cave decline early works are scheduled to begin in Q4 2021 while the team continues to focus on debottlenecking and optimising the current sub level cave production rate to 5Mtpa from 2023.

"The West Musgrave copper-nickel project progressed through the last stage of study with drilling at Nebo-Babel, increasing confidence in our understanding of the ore bodies. The study team continues to develop the business case, with increasing levels of accuracy around project definition and optimisation. This includes developing a business case around the development of a downstream intermediate nickel product. There remains strong alignment with representatives of the Traditional Owners and government approvals continue to progress as planned. The investment decision remains on track for 2022. The West Musgrave province strategy was also advanced during the first half with the integration of a targeted geophysics and drilling program scheduled to commence in Q3 2021 at the Succoth copper deposit located 13 Km from Nebo-Babel. Succoth has the potential to add upside to the West Musgrave project.

"At the Carajás East Hub, final ore was mined from the open cut mine at Antas with the pit to be used as a future tailings storage facility. The COVID-19 pandemic escalated in Brazil during the first half impacting development progress at Pedra Branca resulting in annual production guidance being revised lower (previously announced). With additional mining equipment arriving at site in June, stope production is now expected to commence shortly allowing a transition from the processing of development ore to production ramp up. We progressed further resource drilling during the first half with drill programs conducted at Santa Lucia and Pantera which will enable Mineral Resource and study updates to outline growth opportunities in Brazil during the second half of the year."

Looking ahead:

Following Board approval to proceed with the \$600 million shaft mine expansion at Prominent Hill, growth funding of \$50 million has been included in 2021 guidance.

In addition to the first half milestone approvals of the Block Cave expansion at Carrapateena and mine shaft expansion at Prominent Hill our organic growth pipeline continues to advance with:

- West Musgrave project on track for an investment decision in 2022
- An integrated targeted geophysics and drilling program planned to commence in Q3 2021 at the Succoth copper deposit with a view to growing the West Musgrave Province
- A maiden Mineral Resource at Santa Lucia (within the Carajás East Hub) to be declared and a study update during Q3 2021
- A Mineral Resource and study update at Pantera (within the potential Carajás West Hub) during Q4 2021
- A Mineral Resource and Ore Reserve and study update at CentroGold currently nearing completion.

Financial result overview:

Net revenue of \$986.1 million was higher than the comparative period, primarily due to higher copper volumes and price, with copper sales 14,000 tonnes higher and the net A\$ copper price 61 per cent higher. A hedging loss amounting to \$34 million was included within net revenue as final gold hedge contracts were extinguished.

Total production costs of concentrate sold were \$136.7 million higher than the comparative period mainly due to production activity at Carrapateena, which had only commenced processing development ore during the previous comparative period.

Lower corporate general and administration costs over the comparative period were largely related to higher depreciation and amortisation of information technology assets in the previous period.

Income tax expense was higher than the previous year as a result of the higher profit, partially offset by the benefit of prior tax losses recognised during the Half-year.

Operating cash flows of \$457.4 million were \$306.7 million higher than in the comparative period, due to higher customer receipts with higher copper volumes and prices. Higher revenues were partially offset by higher payments to suppliers with the Carrapateena mine now operating to planned capacity during the full Half-year.

Inventories at 30 June 2021 were \$477.4 million with Prominent Hill stockpiled open pit ore consumed in the production of concentrate and associated costs recognised in the income statement, including a net realisable value adjustment of \$18.0 million increasing the value of remaining inventory and is now valued at cost. Strong cash flows are expected to continue from Prominent Hill as the mine benefits from these previously incurred non-cash open cut mining costs.

The Company ended the Half-year with a cash balance of \$133.8 million after repaying the \$100.0 million corporate debt balance existing at the end of 2020. Expected strong ongoing cash generation and the revolving debt facility of \$480 million provides liquidity and flexibility to support execution of the company's current growth strategy and has allowed shareholders to be rewarded with a fully franked interim dividend of 8 cents per share and a special fully franked dividend of 8 cents per share. The Dividend Reinvestment Plan applies to both the interim and special dividend at a 1.5% discount.

Income Statement Summary (\$M)	H1 2021	H1 2020	Variance
Net revenue	986.1	575.7	410.4
Underlying EBITDA	561.2	251.2	310
Net depreciation	(173.2)	(127.4)	(45.8)
Underlying EBIT	388.0	123.8	264.2
Net finance expense	(20.5)	(11.8)	(8.7)
Income tax expense	(98.9)	(32.2)	(66.7)
Underlying NPAT	268.6	79.8	188.8
Non underlying items net of tax	-	-	-
NPAT	268.6	79.8	188.8
Earnings per share (cents)	80.9	24.6	56.3

Balance Sheet Summary (\$M)	June 2021	December 2020	Variance
Assets			
Cash	133.8	131.7	2.1
Receivables	214.6	160.3	54.3
Inventories	477.4	518.7	(41.3)
Property, plant & equipment and exploration assets	3,334.2	3,129.3	204.9
Right-of-Use assets	743.0	750.1	(7.1)
Other assets	59.4	65.9	(6.5)
Total Assets	4,962.4	4,756.0	206.4
Liabilities			
Creditors	182.7	190.1	(7.4)
Tax liabilities	371.5	308.2	63.3
Provisions	123.5	122.0	1.5
Debt	-	100.0	(100.0)
Lease liabilities	751.6	755.8	(4.2)
Other liabilities	51.9	68.5	(16.6)
Total Liabilities	1,481.2	1,544.6	(63.4)
Net Assets	3,481.2	3,211.4	269.8

GUIDANCE	2021			
	PROMINENT HILL	CARRAPATEENA	CARAJÁS	TOTAL
Copper Production (tonnes)	58,000-70,000	55,000-65,000	7,000-10,000	120,000-145,000
Gold Production (ounces)	125,000-135,000	75,000-85,000	5,000-8,000	205,000-228,000
Underground Ore Movement (Mt)	4.3-4.6	4.0-4.6	0.4-0.6	
Sustaining Capital Expenditure (A\$M)				
- Mine Development	45-55	30-35	10-15	85-105
- Site	45-55	10-15	5-8	60-78
Growth Capital Expenditure (A\$M)				
- Mine Development	45-50 (15-20)	85-95	40-50	170-195 (140-165)
- Other	35-45 (17-22)	185-200	15-20	235-265 (217-242)
AISC (US c/lb) ²	145-165	95-105	290-300	130-145
C1 Costs (US c/lb) ²	60-70 ¹	50-60 ¹	165-175	65-75
Exploration (A\$M)				20-25
Project studies to next stage gate (A\$M)				130-150³

Note: Changes to guidance reflect updates released with the 2021 Half Year Financial Results. Figures in brackets denote previously issued guidance.

- 1 US dollar denominated C1 costs will benefit by US2.5c per US1c reduction in the AUD/USD exchange rate.
- 2 Average AUD/USD exchange of 0.77 has been used in converting A\$ costs to US\$ and assumed gold price of US\$1,864/oz for C1 and AISC guidance.
- 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.

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