OZ MINERALS LIMITED

ABN 40 005 482 824

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

OZ MINERALS LIMITED

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RESULTS FOR ANNOUNCEMENT TO THE MARKET IN ACCORDANCE WITH ASX LISTING RULE 4.2A AND APPENDIX 4D

Highlights

- Revenue of $589.9 million and net profit after tax of $405.7 million for the period
- Net profit includes reversal of asset impairment of Prominent Hill of $141.1 million after tax
- Strong copper production at Prominent Hill for the period
- Gold production higher than expected
- Competitive cash cost of production
- Cash balance at the end of the period of $1,432.5 million
- An unfranked dividend of 3 cents per share
- Prominent Hill Western Copper underground mine approved and construction underway in July 2010
- Initial gold resource of 605,000 ounces announced for the Okvau project in Cambodia
- Exploration agreements signed with IMX Resources Limited, and with Azure Minerals Limited
- Acquisition of 19.9 per cent of Sandfire Resources NL in July 2010

Consolidated entity results

	6 months ended 30 June 2010	6 months ended 30 June 2009	Movement $m	Movement per cent
Revenue from continuing operations – $m	589.9	89.6	500.3	> 100
Revenue from discontinued operations – $m	–	764.9	(764.9)	(100)
Consolidated revenue – $m	589.9	854.5	(264.6)	(31.0)
Profit/(loss) after tax attributable to equity holders of OZ Minerals Limited – $m	405.7	(585.6)	991.3	> 100
Net tangible assets per share – cents	95.1	80.0		

The Prominent Hill operation was commissioned in May 2009, and the current period represents full six months of operation as compared to two months for the comparative period.

Dividends

Since the end of the financial period, the Board of Directors have resolved to pay an unfranked dividend of 3 cents per share, to be paid on 21 September 2010. The record date for entitlement to this dividend is 7 September 2010. The financial impact of this dividend amounting to $93.6 million has not been recognised in the financial statements for the half year ended 30 June 2010 and will be recognised in subsequent financial statements.

The Board has also resolved that the Dividend Reinvestment Plan will be suspended, effective from 25 August 2010, until further notice and that all shareholders will be paid in cash.

The consolidated entity did not pay or declare any dividends in respect of the comparative period ended 30 June 2009.

Commentary on results and outlook

The commentary on results and outlook is set out in the Directors' Report.

Independent review report

The financial statements upon which this Appendix 4D is based have been reviewed and the Independent Review Report to the members of OZ Minerals Limited is included in the attached half-year financial report.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity comprising OZ Minerals Limited ('OZ Minerals Limited' or the 'Company') and its controlled entities ('OZ Minerals' or the 'consolidated entity') for the half-year ended 30 June 2010 (the 'financial period'). 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 2010 and up to the date of this report were:

Neil Hamilton (appointed as Non-Executive Director on 9 February 2010 and as Chairman on 13 April 2010)

Terry Burgess (Managing Director and Chief Executive Officer)

Brian Jamieson

Charles Lenegan (appointed as Non-Executive Director on 9 February 2010)

Dean Pritchard

Michael Eager

Paul Dowd

Barry Cusack (resigned as Non-Executive Chairman on 13 April 2010)

Peter Mansell (resigned as Non-Executive Director on 13 April 2010)

Principal activities

The principal activities of the consolidated entity during the financial period were the mining of copper, gold and silver and the conduct of exploration and development projects.

Consolidated results	**6 months ended 30 June 2010 $m**	**6 months ended 30 June 2009 $m**
Consolidated entity profit/(loss) attributable to equity holders of OZ Minerals Limited	405.7	(585.6)

The consolidated entity disposed of several of its mining operations during the comparative financial period. Information relating to these discontinued operations is set out in Note 11 to the financial statements.

Dividends

Since the end of the financial period, the Board of Directors have resolved to pay an unfranked dividend of 3 cents per share, to be paid on 21 September 2010. The record date for entitlement to this dividend is 7 September 2010. The financial impact of this dividend amounting to $93.6 million has not been recognised in the financial statements for the half year ended 30 June 2010 and will be recognised in subsequent financial statements.

The Board has also resolved that the Dividend Reinvestment Plan will be suspended, effective from 25 August 2010, until further notice and that all shareholders will be paid in cash.

The consolidated entity did not pay or declare any dividends in respect of the comparative period ended 30 June 2009.

Significant changes in the state of affairs

During the financial period ended 30 June 2010, the consolidated entity recognised an impairment reversal of $141.1 million after tax (pre-tax $201.1 million) in relation to asset impairment of Prominent Hill that was recognised in December 2008. Further details are set out in Note 4 to the financial statements.

The consolidated entity disposed of several of its mining operations during the comparative financial period. Information relating to these discontinued operations is set out in Note 11 to the financial statements.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

DIRECTORS' REPORT

Review of results and operations

Following a strong finish to 2009, OZ Minerals continued a solid performance for the first half of 2010. Net profit after tax for the consolidated entity was $405.7 million, represented by net profit after tax of $371.6 million from the continuing operations, which included the reversal of an impairment of Prominent Hill assets of $141.1 million after tax, and a net gain after tax of $34.1 million from working capital and tax adjustments in relation to assets sold in 2009.

In considering these results, it should be noted that the Prominent Hill operation was commissioned in May 2009. Therefore, the current period represents a full six months of operation compared to two months for the comparative period.

Total revenue from the sale of concentrate was $589.9 million attributable to strong copper production, higher than expected gold production and strong copper and gold prices. The total revenue of $589.9 million was made up of concentrate sales containing copper, gold and silver of $472.7 million, $109.4 million and $7.8 million respectively.

Copper production for the six month period to 30 June 2010 was 60,145 tonnes of metal contained in concentrate, with higher plant throughput off-setting expected lower grades. Copper recoveries were higher than expected. Gold production was particularly strong with 90,821 ounces of metal contained in concentrate for the period. Gold production was higher than expected due to gold rich ores representing a higher proportion of the total ore feed, ore grades higher than the average reserve grade and improved gold recovery.

C1 costs of production, calculated according to the Brook Hunt methodology, were low at US49.1 cents per pound for the period, due to strong gold by-product credits associated with higher gold grade, recovery and prices. A fourth mining fleet is commencing operation during the third quarter to bring forward mining of the overburden. This will increase ore supply to the mill and reduce unit mining costs.

OZ Minerals closed the first half of 2010 with a cash balance of $1,432.5 million, an increase of $356.3 million from 31 December 2009. The closing cash position of A$1,432.5 million was made up of amounts denominated in US$ of 692.7 million (A$ equivalent of 816.9 million at 30 June 2010 spot rate), and amounts denominated in A$ of 615.6 million.

The net foreign exchange gain for the period of $40.8 million arose mainly from the US$ denominated cash balance.

Net financing income for the period was $10.2 million, being interest income of $15.6 million earned on cash, offset by interest expense of $5.4 million which related mainly to the convertible bond. The net financing expense of $90.0 million for the comparative period comprised mainly bank interest, fees and charges incurred on the bank debt facilities that were repaid during that period.

Income tax expense for the period was $159.4 million, representing $160.4 million for continuing operations and $1.0 million benefit for discontinued operations. After recoupment of tax losses against the taxable income during the period, the unutilised gross tax loss recognised in the balance sheet as at 30 June 2010 was approximately $307.0 million ($92.1 million tax effected). A tax payment of $2.7 million was made in January 2010 to bring the franking account balance to nil. Further details in relation to taxation are set out in Note 3 to the financial statements.

Total exploration expenditure for the period was $24.9 million, with the majority of the expenditure relating to activities around the Prominent Hill mine, in the wider Prominent Hill region, and in Cambodia. $6.7 million of the total exploration expenditure was capitalised. In relation to exploration and evaluation expenditure, OZ Minerals' accounting policy is to expense exploration expenditure and capitalise evaluation expenditure. Capitalised evaluation expenditure is tested for impairment on an area of interest basis. Certain evaluation expenditure amounting to $10.7 million capitalised in prior periods was written off during the period.

DIRECTORS' REPORT

OZ Minerals has recognised a reversal of $141.1 million after tax (pre-tax $201.1 million) at 30 June 2010 in relation to the asset impairment of Prominent Hill that was recognised in December 2008. In reversing this impairment, OZ Minerals considered a range of factors in accordance with AASB 136 *Impairment of Assets*, the applicable Accounting Standard, including the considerable improvement since that time in outlook for the economy in general and the copper market in particular, the strong production, robust financial position and results recorded by the Prominent Hill operation, and significant improvement in the market valuation of Prominent Hill as reflected in OZ Minerals' share price since December 2008. Further details are set out in Note 4 to the financial statements.

The property, plant and equipment balance at 30 June 2010 was $1,354.3 million, an increase of $151.0 million since 31 December 2009. The main items contributing to this movement were the impairment reversal of $201.1 million, capital expenditure of $29.7 million, offset by depreciation expense of $66.8 million, and a write-off of capitalised evaluation expenditure of $10.7 million.

The Prominent Hill underground project feasibility study confirmed the technical and economic viability of mining the Western Copper deposit. The project was approved in July 2010 and earth works have commenced with construction of the permanent haul road to access the portal. Ventilation shaft construction commenced in August 2010. Mining of the decline is scheduled to commence in October 2010, with first ore expected to be accessed in the final quarter of 2011, and full production expected to commence from the second half of 2012. The underground operation is expected to add an average of 25,000 tonnes of copper and 12,000 ounces of gold per annum to existing production from the open pit allowing the Prominent Hill operation to maintain levels of production close to those currently being achieved. The capital and pre production operating expenditure for the project is approximately $135.0 million. Cash costs of production are expected to be less than US$1.25 per pound of copper.

An initial mineral resource of 8.1 million tonnes at 2.3 grams per tonne gold for 605,000 ounces of contained gold was announced in March 2010 for the Okvau project in Cambodia. Following the announcement, work focussed on exploration of prospects around Okvau with the aim of increasing the global resource base.

A joint venture agreement with IMX Resources Limited ('IMX'), announced in late 2009, was signed in April 2010 to explore for and develop copper-gold projects on IMX's Mt Woods tenements which are largely contiguous with OZ Minerals' Prominent Hill tenements. Following the signing of the agreement, an airborne gravity and aeromagnetic survey was undertaken over a large area of the joint venture tenements (and OZ Minerals' 100 per cent owned tenements). The data from this will be used to define target areas for Induced Polarisation surveys, detailed ground gravity follow-up and diamond drilling. In July 2010, OZ Minerals exercised its anti-dilution rights following a placement of shares by IMX to Shanghai Taifeng. OZ Minerals maintained its holding at 13 per cent through the acquisition of 7,759,000 shares at 48 cents per share amounting to $3.7 million.

In March 2010, OZ Minerals entered into a joint venture with Azure Minerals Limited ('Azure Minerals') over the San Eduardo property in Mexico. The first phase of the exploration in the joint venture with Azure Minerals on the San Eduardo project in Sonora State commenced during the period with mapping, sampling and heli-magnetic survey. The survey has identified two prospective areas which will be tested with Induced Polarisation followed by drilling. The US$300,000 minimum expenditure, sole funded by OZ Minerals, is expected to be spent by the end of 2010. Thereafter, OZ Minerals can spend US$3 million over the next three years to earn 51 per cent of the project. OZ Minerals can then earn an additional 19 per cent in the project by spending a further US$ 10.0 million.

On 2 July 2010, OZ Minerals announced that it acquired approximately 25.9 million shares in Sandfire Resources NL ('Sandfire') representing 19.9 per cent of Sandfire's issued capital at the time. The total cost of the investment was $99.5 million. A small portion of the investment amounting to $0.4 million was made on 30 June 2010. The remaining acquisition of $99.1 million occurred in July 2010 and has been accounted for as an event subsequent to the reporting date. This is an investment consistent with OZ Minerals strategy and provides exposure to Sandfire's high quality DeGrussa copper discovery in Western Australia. On 23 July Sandfire announced it will issue 18.7 million shares to LS Nikko Copper Inc., which if issued, will reduce OZ minerals' shareholding to 17.3 per cent.

Neil Hamilton and Charles Lenegan joined the OZ Minerals' Board in February 2010. Neil was elected as Chairman on 13 April 2010 and was also appointed as Chairman of the Nomination & Remuneration Committee. Retiring from the Board during the first half were former chairman, Barry Cusack, and non-executive director, Peter Mansell.

In April 2005 the consolidated entity issued convertible bonds with a face value of US$105.0 million at a fixed, annual interest rate of 5.25 per cent maturing in 2012. Under the terms of the bond, bond holders held the option to require the consolidated entity to redeem their bonds on 15 April 2010 at their principal amount, together with interest accrued to the date fixed for redemption. Bond holders were required to provide such notice by no later than 15 March 2010. The bond holders' option to redeem their bonds in April 2010 was not exercised. Therefore, in accordance with the Accounting Standards, the convertible bonds have been re-classified as a non current liability from 15 March 2010, until 12 months prior to the contractual repayment date. Further details in this regard are set out in Note 6 to the financial statements.

With regard to the discontinued operations that were sold to China Minmetals Non-ferrous Metals Co. Ltd ('Minmetals') in 2009, a gain of $34.1 million, mainly attributable to working capital and tax adjustments, was recognised during the period. Further details are set out in Note 11 to the financial statement.

Matters subsequent to the end of the financial period

Between 30 June and 2 July 2010, OZ Minerals acquired approximately 25.9 million shares in Sandfire representing 19.9 per cent of Sandfire's issued capital at the time. The total cost of the investment was $99.5 million. A small portion of the investment amounting to $0.4 million was made on 30 June 2010. The remaining acquisition of $99.1 million occurred on 1 and 2 July 2010. On 23 July Sandfire announced it will issue 18.7 million shares to LS Nikko Copper Inc., which if issued, will reduce OZ Minerals' shareholding to 17.3 per cent. In accordance with the consolidated entity's accounting policy, the investment is fair valued based on Sandfire share price, and any fair value changes are presented in the statement of comprehensive income.

As at 30 June 2010, the consolidated entity owned 26.1 million shares in IMX, which was fair valued at $10.6 million based on IMX share price as at that date. In July 2010, OZ Minerals exercised its anti-dilution rights following a placement of shares by IMX to Shanghai Taifeng. OZ Minerals maintained its holding at 13 per cent through the acquisition of 7,759,000 million shares on 12 July 2010 at 48 cents per share amounting to $3.7 million.

Feasibility studies confirmed the technical and economic viability of mining the Prominent Hill Western Copper deposit. The project was approved by the OZ Minerals' Board in July 2010 and development has since commenced. Further details are set out in the review of results and operations section of the Directors' Report.

Since the end of the financial period, the Board of Directors have resolved to pay an unfranked dividend of 3 cents per share, to be paid on 21 September 2010. The record date for entitlement to this dividend is 7 September 2010. The financial impact of this dividend amounting to $93.6 million has not been recognised in the financial statements for the half year ended 30 June 2010 and will be recognised in subsequent financial statements.

The Board has also resolved that the Dividend Reinvestment Plan will be suspended, effective from 25 August 2010, until further notice and that all shareholders will be paid in cash.

On 24 August 2010 OZ Minerals received a summons and claim document as part of a representative proceeding issued in the New South Wales Supreme Court by Slater & Gordon. The court documents make various allegations against OZ Minerals concerning the sufficiency and accuracy of its disclosures during part of 2008 and the group claimants are said to comprise those persons who acquired securities in the company or related entities between 29 February 2008 and 1 December 2008. The claims appear to overlap many matters raised in claims made in a proceeding commenced in October 2009 by Maurice Blackburn, about which OZ Minerals has previously made disclosures. By way of relief, the claimants seek declarations, damages and compensation, all of which are unquantified. OZ Minerals intends to vigorously defend this claim.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the consolidated entity's operations, results or state of affairs in future years.

DIRECTORS' REPORT

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Class Order to the nearest million dollars to one decimal place, or in certain cases, to the nearest thousand dollars. All amounts are in Australian dollars only, unless otherwise stated.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on the following page and forms part of the Directors' Report for the half-year ended 30 June 2010.

This report is made in accordance with a resolution of the directors.

Neil Hamilton
Chairman
Melbourne
25 August 2010

Terry Burgess
Managing Director and Chief Executive Officer
Melbourne
25 August 2010

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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 for the half-year ended 30 June 2010 there have been:

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

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

KPMG

KPMG

Penny Stragalinos
Partner
Melbourne
25 August 2010

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2010

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010	Notes	Consolidated 6 months to 30 June 2010 $m	Consolidated 6 months to 30 June 2009 $m
Revenue from continuing operations		589.9	89.6
Other income		0.4	0.9
Net foreign exchange gain/(losses)		40.8	(20.7)
Changes in inventories of finished goods and work in progress		(19.0)	103.9
Raw materials, consumables and other direct costs		(118.6)	(107.7)
Employee benefit expenses		(23.1)	(36.7)
Exploration expenses		(18.2)	(12.9)
Freight expenses		(21.5)	(7.0)
Royalties expense		(8.5)	(1.1)
Share of net loss of associate accounted for using the equity method	7	–	(0.6)
Other expenses		(24.0)	(29.1)
Profit/(loss) before net financing income/(expense), depreciation and amortisation, impairment of assets, and income tax from continuing operations		398.2	(21.4)
Depreciation and amortisation expenses		(66.8)	(21.9)
Reversal of impairment	4	201.1	–
Impairment of assets	4	(10.7)	–
Profit/(loss) before net financing income/(expense) and income tax from continuing operations		521.8	(43.3)
Financing income		15.6	0.6
Financing expenses		(5.4)	(90.6)
Net financing income/(expense)		10.2	(90.0)
Profit/(loss) before income tax from continuing operations		532.0	(133.3)
Income tax (expense)/benefit	3	(160.4)	43.4
Profit/(loss) from continuing operations		371.6	(89.9)
Profit/(loss) from discontinued operations – net of income tax	11	34.1	(490.8)
Profit/(loss) for the financial period		405.7	(580.7)
Attributable to:			
Equity holders of the parent		405.7	(585.6)
Non-controlling interest		–	4.9
Profit/(loss) for the financial period		405.7	(580.7)
Earnings/(loss) per share		**Cents**	**Cents**
(a) Basic earnings/(loss) per share			
From continuing operations		11.9	(3.0)
From discontinued operations		1.1	(15.8)
		13.0	(18.8)
(b) Diluted earnings/(loss) per share			
From continuing operations		11.7	(3.0)
From discontinued operations		1.1	(15.8)
		12.8	(18.8)

The weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share for the current financial period were 3,115,493,978 and 3,238,508,203 respectively.

The above income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2010

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010	Consolidated 6 months to 30 June 2010 $m	Consolidated 6 months to 30 June 2009 $m
Profit/(loss) for the financial period	**405.7**	**(580.7)**
Other comprehensive income		
Net change in fair value of investments in equity securities, net of tax	(3.1)	4.2
Foreign exchange translation differences	–	(109.9)
Net movement in hedging reserve, net of tax	–	2.2
Other comprehensive income for the financial period, net of income tax	(3.1)	(103.5)
Total comprehensive income for the financial period	402.6	(684.2)
Attributable to:		
Equity holders of the parent	402.6	(689.1)
Non-controlling interest	–	4.9
Total comprehensive income for the financial period	402.6	(684.2)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2010

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010 (All amounts are in A$ millions)	Issued capital	Foreign currency translation reserve	Equity compensation reserve	Available for sale asset reserve	Hedging reserve	Treasury shares	Accumulated losses	Sub Total	Non-controlling interest	Total
Balance as at 1 January 2010	**5,107.1**	**116.0**	**13.8**	**1.0**	–	**(10.4)**	**(2,662.8)**	**2,564.7**	–	**2,564.7**
Total comprehensive income for the financial period										
Profit/(loss) for the financial period	–	–	–	–	–	–	405.7	405.7	–	405.7
Other comprehensive income										
Net change in fair value of investments in equity securities, net of tax	–	–	–	–	–	–	(3.1)	(3.1)	–	(3.1)
Reclassification pursuant to change in presentation	–	–	–	(1.0)	–	–	1.0	–	–	–
Total other comprehensive income	–	–	–	(1.0)	–	–	(2.1)	(3.1)	–	(3.1)
Total comprehensive income for the financial period	**–**	–	**–**	**(1.0)**	**–**	**–**	**403.6**	**402.6**	**–**	**402.6**
Transactions with owners, recorded directly in equity										
Exercise of share options and rights	–	–	–	–	–	0.4	(0.4)	–	–	–
Share based payments	–	–	–	–	–	–	1.0	1.0	–	1.0
Reclassification pursuant to change in presentation	–	–	(13.8)	–	–	–	13.8	–	–	–
Total transactions with owners	–	–	(13.8)	–	–	0.4	14.4	1.0	–	1.0
Balance as at 30 June 2010	**5,107.1**	**116.0**	–	–	**–**	**(10.0)**	**(2,244.8)**	**2,968.3**	**–**	**2,968.3**
Balance as at 1 January 2009	**5,107.1**	**224.9**	**20.9**	**(2.3)**	**(2.2)**	**(14.3)**	**(2,152.0)**	**3,182.1**	**47.9**	**3,230.0**
Total comprehensive income for the financial period										
Profit/(loss) for the financial period	–	–	–	–	–	–	(585.6)	(585.6)	4.9	(580.7)
Other comprehensive income										
Foreign exchange translation differences	–	(109.9)	–	`–	–	–	–	(109.9)	–	(109.9)
Net change in fair value of investments in equity securities, net of tax	–	–	–	4.2	–	–	–	4.2	–	4.2
Changes in fair value of cash flow hedges, net of tax	–	–	–	–	2.2	–	–	2.2	–	2.2
Total other comprehensive income	–	(109.9)	–	4.2	2.2	–	–	(103.5)	–	(103.5)
Total comprehensive income for the financial period	**–**	**(109.9)**	**–**	**4.2**	**2.2**	**–**	**(585.6)**	**(689.1)**	**4.9**	**(684.2)**
Transactions with owners, recorded directly in equity										
Purchase of own shares	–	–	–	–	–	(0.1)	–	(0.1)	–	(0.1)
Exercise of share options and rights	–	–	–	–	–	0.7	–	0.7	–	0.7
Share based payments	–	–	–	–	–	–	4.2	4.2	–	4.2
Disposal of discontinued operations	–	–	–	–	–	–	–	–	(52.8)	(52.8)
Total transactions with owners	–	–	–	–	–	0.6	4.2	4.8	(52.8)	(48.0)
Balance as at 30 June 2009	**5,107.1**	**115.0**	**20.9**	**1.9**	**–**	**(13.7)**	**(2,733.4)**	**2,497.8**	**–**	**2,497.8**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2010

OZ Minerals Limited and its controlled entities as at 30 June 2010	Notes	Consolidated 30 June 2010 $m	Consolidated 31 Dec 2009 $m
Current assets			
Cash and cash equivalents		1,432.5	1,076.2
Trade and other receivables		169.7	137.2
Inventories	5	127.6	148.4
Prepayments		7.8	7.4
Total current assets		1,737.6	1,369.2
Non-current assets			
Investments accounted for using the equity method	7	47.0	47.0
Inventories	5	58.8	57.6
Property, plant and equipment		1,354.3	1,203.3
Deferred tax assets	3	–	93.0
Other financial assets		23.3	27.1
Total non-current assets		1,483.4	1,428.0
Total assets		3,221.0	2,797.2
Current liabilities			
Trade and other payables		59.6	107.2
Interest-bearing liabilities	6	–	110.8
Provisions		3.2	3.6
Total current liabilities		62.8	221.6
Non-current liabilities			
Interest-bearing liabilities	6	118.2	–
Deferred tax liabilities	3	63.7	–
Provisions		8.0	10.9
Total non-current liabilities		189.9	10.9
Total liabilities		252.7	232.5
Net assets		2,968.3	2,564.7
Equity			
Issued capital		5,107.1	5,107.1
Reserves		106.0	120.4
Accumulated losses		(2,244.8)	(2,662.8)
Total equity attributable to equity holders of the parent		2,968.3	2,564.7

The above balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2010

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010		Consolidated 6 months to 30 June 2010 $m	Consolidated 6 months to 30 June 2009 $m
Cash flows from operating activities			
Receipts from customers		568.1	843.5
Payments to suppliers and employees		(194.4)	(713.6)
Payments for exploration		(18.2)	(10.8)
Income taxes (paid)/refund received		(2.7)	20.5
Financing costs and interest paid		(3.0)	(88.9)
Interest received		13.0	0.9
Net cash inflows from operating activities		362.8	51.6
Cash flows from investing activities			
Payments for property, plant and equipment		(29.7)	(285.0)
Payments for investments		(0.4)	–
(Payments for)/proceeds from disposal of assets to Minmetals	11	(15.6)	1,731.3
Proceeds from disposal of Martabe project	11	–	268.6
Proceeds from disposal of investment in Nyrstar	11	–	33.7
Proceeds from disposal of other investments		0.1	1.9
Payments for capitalised borrowing costs		–	(15.0)
Net cash (outflows)/inflows from investing activities		(45.6)	1,735.5
Cash flows from financing activities			
Proceeds from borrowings		–	121.5
Repayments of borrowings		–	(987.0)
Repayments of finance lease liabilities		–	(20.0)
Payments for shares purchased on-market		–	(0.1)
Net cash (outflows) from financing activities		–	(885.6)
Net increase in cash held		317.2	901.5
Cash and cash equivalents at 31 December		1,076.2	118.8
Effects of exchange rate changes on foreign currency denominated cash balances		39.1	(15.8)
Cash and cash equivalents at the end of the financial period		1,432.5	1,004.5

The payments for property, plant and equipment of $29.7 million during the current period include payments for capitalised exploration expenditure of $6.7 million.

The consolidated entity's closing cash position of A$1,432.5 million was made up of amounts denominated in US$ of 692.7 million (A$ equivalent of 816.9 million at 30 June 2010 spot rate), and amounts denominated in A$ of 615.6 million.

As at 30 June 2010, the consolidated entity had collateral deposits amounting to $29.9 million which represents restricted cash not available for use.

The comparative cash flow includes amounts attributable to the discontinued operations.

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation

(a) Reporting entity

OZ Minerals Limited ('OZ Minerals Limited' or the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the half-year ended 30 June 2010 comprises the Company and its controlled entities, together referred to as the 'OZ Minerals' or the 'consolidated entity'.

The consolidated annual financial report of the consolidated entity as at and for the year ended 31 December 2009 is available upon request from the Company's registered office at Level 10, 31 Queen Street, Melbourne, 3000, Victoria, Australia or from the Company's website at www.ozminerals.com.

(b) Statement of compliance

The consolidated interim financial report is a general purpose financial report prepared on a going concern basis in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reports* and the *Corporations Act 2001*. The consolidated interim financial report is presented in Australian dollars.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the consolidated entity for the year ended 31 December 2009 and any public announcements made by OZ Minerals Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the consolidated interim financial report have been rounded off in accordance with the Class Order to the nearest million dollars to one decimal place, or in certain cases, to the nearest thousand dollars. All amounts are in Australian dollars only, unless otherwise stated.

This consolidated interim financial report was approved by the Board of Directors on 25 August 2010.

(c) Significant accounting policies

The accounting policies applied by the consolidated entity in this condensed consolidated interim financial report are consistent with those applied by the consolidated entity in its annual financial report for the year ended 31 December 2009, except for the following:

- A new Accounting Standard for investments in equity securities was published on 7 December 2009. AASB 9 *Financial Instruments* deals with the measurement and classification of financial assets. The consolidated entity has elected to early adopt the standard from 1 January 2010, resulting in fair value changes to all investments in equity securities being presented in the statement of comprehensive income. The consolidated entity also elected not to restate comparative information in this regard. Additionally, the cumulative net change in the fair value of investments in equity securities is recognised in the accumulated losses section of equity, rather than in the available for sale asset reserve, from 1 January 2010. The balance in the available for sale asset reserve of $1.0 million as at 31 December 2009 was transferred to accumulated losses on 1 January 2010.
- Historically, the consolidated entity has recognised accounting adjustments for share based payment transactions in equity compensation reserve. From 1 January 2010, a change in presentation has been adopted to recognise adjustments in accumulated losses section of equity, rather than in the equity compensation reserve. The balance in the equity compensation reserve of $13.8 million as at 31 December 2009 was transferred to accumulated losses on 1 January 2010.
- The revised AASB 3 *Business Combinations,* AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards* arising from *AASB 3 and AASB 127,* is effective for annual reporting periods beginning on or after 1 July 2009. The consolidated entity adopted these revised standards from 1 January 2010. The revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. All acquisition related costs must be expensed. The revised AASB 127 *Consolidated and Separate Financial Statements* requires accounting for changes in ownership interests by the consolidated entity in a subsidiary, while maintaining control, to be recognised as an equity transaction. The standard also specifies the accounting when control is lost. The application of these revised standards did not have any impact on the amounts recognised in the financial statements.

(d) Critical accounting estimates and judgements

Estimates and judgements used in developing and applying the consolidated entity's accounting policies are continually evaluated and are based on experience and other factors, including expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances. The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. The critical estimates and judgements are consistent with those applied by the consolidated entity in its consolidated annual financial report for the year ended 31 December 2009.

(e) Comparatives

Where required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

2 Operating segments

Segments

The consolidated entity operates the Prominent Hill mine, a copper-gold project located in the Gawler Craton of South Australia, approximately 650 kilometres north-west of Adelaide and 130 kilometres south-east of Coober Pedy in South Australia. The Prominent Hill operation was commissioned in May 2009, and the current period represents a full six months of operation as compared to two months for the comparative period.

Other continuing operations include the consolidated entity's Group Office and exploration entities.

Further information relating to discontinued operations is set out in Note 11.

Geographical areas

The consolidated entity operates the Prominent Hill mine, which is located in Australia, and also carries out exploration activities outside Australia, which are mainly in Cambodia.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS 30 JUNE 2010

Operating segment All amounts are in A$ millions	Prominent Hill mine	Other continuing operations	Total continuing operations	Discontinued operations	Consolidated entity
6 months to 30 June 2010					
Revenue from continuing operations	589.9	–	589.9	–	589.9
Other income	0.3	0.1	0.4	–	0.4
Net foreign exchange gains/(losses)	9.8	31.0	40.8	–	40.8
Changes in inventories of finished goods and work in progress	(19.0)	–	(19.0)	–	(19.0)
Raw materials, consumables and other direct costs	(118.6)	–	(118.6)	–	(118.6)
Employee benefit expenses	(14.5)	(8.6)	(23.1)	–	(23.1)
Exploration expenses	(9.0)	(9.2)	(18.2)	–	(18.2)
Freight expenses	(21.5)	–	(21.5)	–	(21.5)
Royalties expense	(8.5)	–	(8.5)	–	(8.5)
Inter-segment (expense)/income	(5.7)	5.7	–	–	–
Other expenses	(12.0)	(12.0)	(24.0)	–	(24.0)
Profit/(loss) before net financing income/(expense), depreciation and amortisation, impairment of assets, and income tax from continuing operations	**391.2**	**7.0**	**398.2**	–	**398.2**
Depreciation and amortisation expenses	(66.6)	(0.2)	(66.8)	–	(66.8)
Reversal of impairment	201.1	–	201.1	–	201.1
Impairment of assets	(10.7)	–	(10.7)	–	(10.7)
Profit/(loss) before net financing income/(expense) and income tax from continuing operations	**515.0**	**6.8**	**521.8**	–	**521.8**
Financing income	–	15.6	15.6	–	15.6
Financing expenses	(0.5)	(4.9)	(5.4)	–	(5.4)
Net financing income/(expense)	**(0.5)**	**10.7**	**10.2**	–	**10.2**
Profit/(loss) before income tax from continuing operations	**514.5**	**17.5**	**532.0**	–	**532.0**
Income tax (expense)/benefit	(157.3)	(3.1)	(160.4)	–	(160.4)
Profit/(loss) from continuing operations	**357.2**	**14.4**	**371.6**	**–**	**371.6**
Profit/(loss) from discontinued operations net of income tax	–	–	–	34.1	34.1
Profit/(loss) for the financial period	**357.2**	14.4	**371.6**	**34.1**	**405.7**
6 months to 30 June 2009					
Revenue from continuing operations	89.6	–	89.6	764.9	854.5
Other income	–	0.9	0.9	–	0.9
Net foreign exchange gains/(losses)	(16.9)	(3.8)	(20.7)	(17.3)	(38.0)
Changes in inventories of finished goods and work in progress	103.9	–	103.9	(69.2)	34.7
Raw materials, consumables and other direct costs	(107.7)	–	(107.7)	(215.0)	(322.7)
Employee benefit expenses	(15.8)	(20.9)	(36.7)	(85.5)	(122.2)
Exploration expenses	–	(12.9)	(12.9)	(9.8)	(22.7)
Freight expenses	(7.0)	–	(7.0)	(57.2)	(64.2)
Royalties expense	(1.1)	–	(1.1)	(25.5)	(26.6)
Share of net loss of associate accounted for using the equity method	–	(0.6)	(0.6)	–	(0.6)
Inter-segment (expense)/income	(3.4)	3.4	–	–	–
Other expenses	(1.4)	(27.7)	(29.1)	(29.1)	(58.2)
Profit/(loss) before net financing income/(expense), depreciation and amortisation, and income tax before sale of discontinued operations	**40.2**	**(61.6)**	**(21.4)**	**256.3**	**234.9**
Depreciation and amortisation expenses	(20.8)	(1.1)	(21.9)	(156.9)	(178.8)
Profit/(loss) before net financing income/(expense) and income tax before sale of discontinued operations	**19.4**	**(62.7)**	**(43.3)**	**99.4**	**56.1**
Financing income	–	0.6	0.6	0.3	0.9
Financing expenses	–	(90.6)	(90.6)	(6.0)	(96.6)
Net financing income/(expense)	–	**(90.0)**	**(90.0)**	**(5.7)**	**(95.7)**
Profit/(loss) before income tax before sale of discontinued operations	**19.4**	**(152.7)**	**(133.3)**	**93.7**	**(39.6)**
Income tax (expense)/benefit	(5.8)	49.2	43.4	(30.6)	12.8
Profit/(loss) before sale of discontinued operations	**13.6**	**(103.5)**	**(89.9)**	**63.1**	**(26.8)**
Profit/(loss) from discontinued operations net of income tax	–	–	–	(553.9)	(553.9)
Profit/(loss) for the financial period	**13.6**	**(103.5)**	**(89.9)**	**(490.8)**	**(580.7)**

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010	Consolidated 6 months to 30 June 2010 $m	Consolidated 6 months to 30 June 2009 $m

3 Taxation

(a) Numerical reconciliation of income tax (expense)/benefit to pre-tax profit/(loss)

Profit/(loss) from continuing operations before income tax	532.0	(133.3)
Profit/(loss) from discontinued operations before income tax	33.1	(460.2)
Total profit/(loss) before income tax	565.1	(593.5)
Income tax (expense)/benefit at the Australian tax rate of 30 per cent	(169.5)	178.1
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Tax impact on disposal of discontinued operations not recognised as expense	–	(138.1)
Differences in overseas tax rates	–	2.6
Realised foreign currency loss on loan payment	–	(15.3)
Over provision for previous periods	11.8	1.1
Other	(1.7)	(15.6)
Income tax (expense)/benefit	(159.4)	12.8
Income tax (expense)/benefit is attributable to:		
Profit/(loss) from continuing operations	(160.4)	43.4
Profit/(loss) from discontinued operations	1.0	(30.6)
Income tax (expense)/benefit	(159.4)	12.8

OZ Minerals Limited and its controlled entities as at 30 June 2010	Consolidated 30 June 2010 $m	Consolidated 31 Dec 2009 $m

(b) Recognised deferred tax liabilities

The net deferred tax liabilities recognised as at 30 June 2010 was $63.7 million, compared to a net deferred tax asset of $93.0 million at 31 December 2009. The movement of $156.7 million is mainly attributable to $60.3 million in relation to impairment reversal, and recoupment of tax losses in relation to current period taxable income.

(c) Unrecognised deferred tax assets

Unused revenue tax losses and temporary differences for which no deferred tax assets have been recognised		
Potential tax benefit tax effected at 30 per cent	246.7	246.7

These tax losses were transferred into the OZ Minerals Australian tax consolidated entity upon consolidation of the Oxiana and Zinifex consolidated entities and are subject to an available fraction which restricts the amount that can be utilised each year. They will not be available for utilisation until all the recognised tax losses have been recouped.

Following a change in Australian tax legislation in June 2010, OZ Minerals can claim a capital loss on its disposal of assets in 2009 to Minmetals. This capital loss, in the region of $2.0 billion, can only be offset against capital gains, and consequently no deferred tax asset is recognised in this regard.

(d) Franking account for OZ Minerals Limited

The franking account balance for OZ Minerals Limited as at 30 June 2010 was nil. The franking account deficit of $2.7 million at 31 December 2009 was brought to nil by a tax payment of $2.7 million made in January 2010.

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010	Consolidated 6 months to 30 June 2010 $m	Consolidated 6 months to 30 June 2009 $m

4 Impairment

Reversal of impairment – pre tax	201.1	–
Tax impact	(60.0)	–
Reversal of impairment – after tax	141.1	–
Impairment of assets	(10.7)	–

Reversal of impairment

Accounting Standards require that impairment losses recognised in prior periods for an asset be reversed if there has been a positive change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to the lower of its recoverable amount and pre-impairment value, adjusted for any depreciation that would have been recognised on the asset had it not been impaired.

The consolidated entity has recognised an impairment reversal of $201.1 million in relation to Prominent Hill property, plant and equipment pursuant to an impairment assessment performed at 30 June 2010. The reversal represents the $251.0 million impairment recognised in December 2008 in respect of Prominent Hill, adjusted for $20.0 million pertaining to evaluation expenditure that will not be reversed, and notional depreciation since that time of $29.9 million.

The impairment assessment at 30 June 2010 was performed based on an internal valuation using a discount rate of 10.1 per cent (real after-tax) on a value in use basis. In reversing the impairment, OZ Minerals considered a range of factors in accordance with AASB 136 *Impairment of Assets* the applicable Accounting Standard, including the considerable improvement since December 2008 in the outlook for the global economy in general and the copper market in particular, the strong production, robust financial position and results recorded by the Prominent Hill operation, and significant improvement in the market valuation of Prominent Hill as reflected in OZ Minerals' share price since December 2008.

In assessing the recoverable amount of its assets, OZ Minerals makes a number of important assumptions, including short and long term commodity prices, foreign exchange rates, future operating performance and discount rates. These assumptions can change over short periods of time which can have a significant impact on the carrying value of assets.

The impairment of property, plant and equipment of $251.0 million in 2008 reflected fair value less cost to sell, based on an internal valuation, using a discount rate of 8 per cent (real after-tax).

Impairment of assets

The consolidated entity's accounting policy is to expense exploration expenditure and capitalise evaluation expenditure. Capitalised evaluation expenditure is tested for impairment on an area of interest basis. Certain evaluation expenditure amounting to $10.7 million capitalised in prior periods was written off during the period.

OZ Minerals Limited and its controlled entities as at 30 June 2010	Consolidated 30 June 2010 $m	Consolidated 31 Dec 2009 $m

5 Inventories

Concentrate	27.0	34.6
Ore stockpile	90.6	103.2
Stores and consumables	10.0	10.6
Inventories – current	127.6	148.4
Ore stockpile – non current	58.8	57.6
Total inventories	186.4	206.0

All inventories at 30 June 2010 are valued at cost. There was no write-down of inventories or any reversal of inventory write-down during the period.

OZ Minerals Limited and its controlled entities as at 30 June 2010	Consolidated 30 June 2010 $m	Consolidated 31 Dec 2009 $m

6 Interest-bearing liabilities

Convertible bonds – current	–	110.8
Convertible bonds – non current	118.2	–
Total	118.2	110.8

The consolidated entity issued convertible bonds with a face value of US$105.0 million in April 2005 at a fixed, annual interest rate of 5.25 per cent and maturing in 2012. The conversion price at 30 June 2010 was currently US$0.9180 and is subject to adjustments under certain events, such as the declaration of dividends. Holders of the consolidated entity's convertible bonds have the option to convert the US$105.0 million bonds into ordinary shares of the consolidated entity until 9 April 2012, while the consolidated entity has the right to redeem the convertible bonds from 29 April 2009 under certain circumstances. Unless previously redeemed, converted or purchased and cancelled, the convertible bonds will be redeemed at their principal amount on 15 April 2012.

Under the bond's terms, bond holders held the option to require the consolidated entity to redeem their bonds on 15 April 2010 at their principal amount, together with interest accrued to the date fixed for redemption. Bond holders were required to provide notice to exercise their option by no later than 15 March 2010. None of the bondholders had provided such notice by that date. Therefore, in accordance with the Accounting Standards, the convertible bonds have been re-classified as a non current liability from 15 March 2010, until 12 months prior to the contractual repayment date.

OZ Minerals Limited and its controlled entities as at 30 June 2010	Consolidated 6 months to 30 June 2010 $m	Consolidated 12 months to 31 Dec 2009 $m	Consolidated 6 months to 30 June 2009 $m

7 Investments accounted for using the equity method

Toro Energy Limited (Toro)	47.0	47.0	27.1

The movement in carrying amount of the investment in Toro is reconciled below:

Opening carrying amount	47.0	28.7	28.7
Acquisitions	–	19.9	–
Disposal	–	(1.0)	(1.0)
Share of losses after income tax	–	(0.6)	(0.6)
Closing carrying amount	47.0	47.0	27.1

The consolidated entity holds 410,259,378 shares in Toro, which equates to an interest of 42.5 per cent at 30 June 2010.

Toro is a uranium exploration company listed on the Australian Securities Exchange. The share price of Toro as at 30 June 2010 was 6.8 cents per share.

OZ Minerals Limited and its controlled entities as at 30 June 2010	Consolidated 30 June 2010	Consolidated 31 Dec 2009	Consolidated 30 June 2009

8 Net tangible assets per share

Net tangible assets per share – cents	95.1	82.2	80.0
Number of ordinary shares on issue used in the calculation of net tangible assets per share – number	3,121,339,800	3,121,339,800	3,121,339,800

In accordance with Chapter 19 of the ASX listing rules, net tangible assets per share represent total assets less intangible assets less liabilities ranking ahead of, or equally with, ordinary share capital, divided by the number of ordinary shares on issue at the financial period end.

9 Dividends

Since the end of the financial period, the Board of Directors have resolved to pay an unfranked dividend of 3 cents per share, to be paid on 21 September 2010. The record date for entitlement to this dividend is 7 September 2010. The financial impact of this dividend amounting to $93.6 million has not been recognised in the financial statements for the half year ended 30 June 2010 and will be recognised in subsequent financial statements.

The Board has also resolved that the Dividend Reinvestment Plan will be suspended, effective from 25 August 2010, until further notice and that all shareholders will be paid in cash.

The consolidated entity did not pay or declare any dividends in respect of the comparative period ended 30 June 2009.

10 Contingent liabilities

On 7 October 2009 Federal Court proceedings were filed against OZ Minerals claiming that certain shareholders, who obtained an interest in OZ Minerals securities during the period from 21 August 2008 to 27 November 2008, suffered loss or damage because OZ Minerals engaged in misleading and deceptive conduct on a number of occasions during this period and/or breached its continuous disclosure obligations. The claimants seek declarations, unspecified damages, interest and costs.

OZ Minerals filed its defence on 26 February 2010, in which it denied that it engaged in misleading and deceptive conduct or breached its continuous disclosure obligations. The claimant has not served in the proceeding any particulars of loss and therefore OZ Minerals is not in a position to calculate a sufficiently reliable estimate of the possible obligation, even if it were found to exist. OZ Minerals has concluded that it is not probable that a present obligation exists and accordingly no provision has been recognised in the balance sheet at 30 June 2010.

Additionally, OZ Minerals Limited and its controlled entities are defendants from time to time in other legal proceedings or disputes, arising from the conduct of their business. OZ Minerals does not consider that the outcome of any of these proceedings or disputes is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

Certain bank guarantees have been provided in connection with the operations of the controlled entities of OZ Minerals Limited, primarily associated with the terms of mining leases in respect of which OZ Minerals Limited is obliged to indemnify the banks. At the end of the financial period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the relevant regulatory authority. These guarantees are backed up by collateral deposits and amounted to $29.9 million as at 30 June 2010 (as at 30 June 2009: $20.6 million). Provision is made in the financial statements for the anticipated costs of the mine rehabilitation obligations under the mining leases.

The consolidated entity has given certain warranties and indemnities to the purchasers of assets and businesses that have been sold. Warranties have been given in relation to matters including the sale of assets, taxes and information. Indemnities have also been given by the consolidated entity in relation to matters including compliance with law, environmental claims, and failure to transfer or deliver all assets and tax.

The consolidated entity continues to be the guarantor under certain agreements of companies that are now subsidiaries of Minmetals. Minmetals has an obligation to seek the release of the guarantees and to indemnify OZ Minerals for any loss incurred in relation to the guarantees. In some instances the release of these guarantees is overdue and OZ Minerals is progressing these instances as a matter of priority.

The consolidated entity has granted indemnities under Deeds of Indemnity with each of its current and former non-executive directors and members of the Executive Committee, the Company Secretary, the Treasurer and each employee who is a director of a controlled entity of the consolidated entity in conformity with Article 7.3 of OZ Minerals Limited's constitution.

Where applicable each Deed of Indemnity indemnifies the relevant director, officer or employee to the fullest extent permitted by law for liabilities incurred whilst acting as an officer of OZ Minerals, any of its related bodies corporate and any outside entity, where such an office is held at the request of the Company. Under these indemnities, and in respect of the ASIC investigation that is currently being conducted in relation to the Company's disclosure obligations, the Company has met the legal costs incurred by certain officers in responding to this investigation.

The consolidated entity has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the consolidated entity.

No indemnity has been granted to an auditor of the consolidated entity in their capacity as auditors of the consolidated entity.

Also refer to Note 12 to the financial statements – Events occurring after reporting date.

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010	Consolidated 6 months to 30 June 2010 $m	Consolidated 12 months to 31 Dec 2009 $m	Consolidated 6 months to 30 June 2009 $m

11 Discontinued operations

The financial information in relation to discontinued operations is summarised below:

Profit after income tax from operations sold to Minmetals (a)	–	63.1	63.1
Gain/(loss) on sale after income tax from operations sold to Minmetals (a)	34.1	(670.8)	(617.9)
Total gain/(loss) after tax from operations sold to Minmetals (a)	34.1	(607.7)	(554.8)
Profit after income tax from the Martabe project (b)	–	–	–
Gain on sale after income tax from the Martabe project (b)	–	64.0	64.0
Total gain after tax from the Martabe project (b)	–	64.0	64.0
(Loss) after income tax from the investment in Nyrstar (c)	–	–	–
Gain on sale after income tax from the disposal of investment in Nyrstar (c)	–	–	–
Total gain after tax from the investment in Nyrstar (c)	–	–	–
Net gain/(loss) after income tax from discontinued operations	34.1	(543.7)	(490.8)

(a) China Minmetals Non-ferrous Metals Co. Ltd

During the comparative period, the consolidated entity sold certain assets to Minmetals. The assets sold to Minmetals represented the consolidated entity's following operations/projects:

- Century Mine
- Sepon Copper Mine
- Sepon Gold Mine
- Golden Grove Mine
- Rosebery Mine
- Avebury Mine
- Canadian Project
- Dugald River Project
- Certain other exploration assets

The $34.1 million gain during the current period resulted from the reassessment of the estimated liability in relation to the settlement of working capital and taxation amounts under the Sale Agreement with Minmetals. The outstanding balances with Minmetals are included in trade and other payables. The amounts payable to Minmetals as at 30 June 2010 and 31 December 2009 are reconciled below:

	Consolidated $m
Payable to Minmetals as at 31 December 2009	53.0
Payments	(15.6)
Amounts written back to profit	(34.1)
Other	2.4
Payable to Minmetals as at 30 June 2010	5.7

The list of entities disposed as part of assets sold to Minmetals was set out in the 31 December 2009 annual financial report of the consolidated entity. During the current period, the consolidated entity also disposed of OZ Minerals Wiluna Pty Limited to Minmetals in March 2010 as part of the finalisation of the sale transaction. The sale consideration and any gain/loss on disposal of OZ Minerals Wiluna Pty Limited formed part of the results from discontinued operations for the consolidated entity for the year ended 31 December 2009.

Additional financial information relating to the discontinued operations sold to Minmetals is set out below.

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010	Consolidated 6 months to 30 June 2010 $m	Consolidated 12 months to 31 Dec 2009 $m	Consolidated 6 months to 30 June 2009 $m
Revenue	–	764.9	764.9
Expenses	–	(665.5)	(665.5)
Profit before net financing costs and income tax	–	99.4	99.4
Net financing income/(costs)	–	(5.7)	(5.7)
Profit before income tax	–	93.7	93.7
Income tax benefit/(expense)	–	(30.6)	(30.6)
Net profit attributable to discontinued operations	–	63.1	63.1
Gain/(loss) on sale			
Consideration received	–	1,731.3	1,731.3
Carrying amount of net assets sold	–	(2,285.8)	(2,285.8)
Other, including functional currency translation reserve recycling, non-controlling interest impact, working capital and tax adjustments	33.1	(116.3)	(63.4)
Gain/(loss) on sale of discontinued operations before income tax	33.1	(670.8)	(617.9)
Income tax benefit	1.0	–	–
Gain/(loss) on sale of discontinued operations after income tax	34.1	(670.8)	(617.9)
Total gain/(loss) after tax from discontinued operations	34.1	(607.7)	(554.8)
Cash flow attributable to discontinued operations			
Net cash inflows from operating activities	–	44.1	44.1
Net cash (outflows) from investing activities	–	(58.1)	(58.1)
Net cash inflows from financing activities	–	14.5	14.5
Net cash provided by discontinued operations	–	0.5	0.5

OZ Minerals Limited and its controlled entities for the half-year ended 30 June 2010	Consolidated 6 months to 30 June 2010 $m	Consolidated 12 months to 31 Dec 2009 $m	Consolidated 6 months to 30 June 2009 $m

(b) Martabe project

During the comparative period, the consolidated entity sold the Martabe project to China Sci-Tech Holdings Limited ('CST'). There was no financial statement impact from the sale during the current period. Financial information relating to the Martabe Project discontinued operation during the prior periods is set out below:

Revenue	–	–	–
Expenses	–	–	–
Profit before net financing costs and income tax	–	–	–
Net financing income/(costs)	–	–	–
Profit before income tax	–	–	–
Income tax benefit/(expense)	–	–	–
Net profit attributable to discontinued operations	–	–	–
Gain on sale			
Consideration received	–	268.6	268.6
Carrying amount of assets sold	–	(172.6)	(172.6)
Other	–	(32.0)	(32.0)
Gain on sale of discontinued operations before income tax	–	64.0	64.0
Income tax expense of discontinued operations	–	–	–
Gain on sale of discontinued operations after income tax	–	64.0	64.0
Total profit after tax from discontinued operations	–	64.0	64.0
Cash flow attributable to discontinued operations			
Net cash (outflows) from operating activities	–	–	–
Net cash (outflows) from investing activities	–	(14.7)	(14.7)
Net cash inflows from financing activities	–	14.8	14.8
Net cash provided by discontinued operations	–	0.1	0.1

(c) Disposal of investment in Nyrstar

During the comparative period, the consolidated entity disposed of its entire shareholding of 7,791,622 shares in Nyrstar NV, a publicly listed entity on Euronext Brussels. There was no financial statement impact from the sale during the current period. Financial information relating to the sale during the prior periods is set out below:

Gain on sale			
Consideration received	–	33.7	33.7
Carrying amount of investment sold	–	(33.7)	(33.7)
Gain on sale of discontinued operations before income tax	–	–	–
Income tax expense of discontinued operations	–	–	–
Gain on sale of discontinued operations after income tax	–	–	–
Total profit after tax from discontinued operations	–	–	–
Cash flow attributable to discontinued operations			
Net cash (outflows) from operating activities	–	–	–
Net cash (outflows) from investing activities	–	33.7	33.7
Net cash inflows from financing activities	–	–	–
Net cash provided by discontinued operations	–	33.7	33.7

12 Events occurring after reporting date

Between 30 June and 2 July 2010, OZ Minerals acquired approximately 25.9 million shares in Sandfire representing 19.9 per cent of Sandfire's issued capital at the time. The total cost of the investment was $99.5 million. A small portion of the investment amounting to $0.4 million was made on 30 June 2010. The remaining acquisition of $99.1 million occurred on 1 and 2 July 2010. On 23 July Sandfire announced it will issue 18.7 million shares to LS Nikko Copper Inc., which if issued, will reduce OZ minerals' shareholding to 17.3 per cent. In accordance with the consolidated entity's accounting policy, the investment is fair valued based on Sandfire share price, and any fair value changes are presented in statement of comprehensive income.

As at 30 June 2010, the consolidated entity owned 26.1 million shares in IMX, which was fair valued at $10.6 million based on IMX share price as at that date. In July 2010, OZ Minerals exercised its anti-dilution rights following a placement of shares by IMX to Shanghai Taifeng. OZ Minerals maintained its holding at 13 per cent through the acquisition of 7,759,000 million shares on 12 July 2010 at 48 cents per share amounting to $3.7 million.

Feasibility studies confirmed the technical and economic viability of mining the Prominent Hill Western Copper deposit. The project was approved by the OZ Minerals' Board in July 2010 and development has since commenced. Further details are set out in the review of results and operations section of the Directors' Report.

Since the end of the financial period, the Board of Directors have resolved to pay an unfranked dividend of 3 cents per share, to be paid on 21 September 2010. The record date for entitlement to this dividend is 7 September 2010. The financial impact of this dividend amounting to $93.6 million has not been recognised in the financial statements for the half year ended 30 June 2010 and will be recognised in subsequent financial statements.

The Board has also resolved that the Dividend Reinvestment Plan will be suspended, effective from 25 August 2010, until further notice and that all shareholders will be paid in cash.

On 24 August 2010 OZ Minerals received a summons and claim document as part of a representative proceeding issued in the New South Wales Supreme Court by Slater & Gordon. The court documents make various allegations against OZ Minerals concerning the sufficiency and accuracy of its disclosures during part of 2008 and the group claimants are said to comprise those persons who acquired securities in the company or related entities between 29 February 2008 and 1 December 2008. The claims appear to overlap many matters raised in claims made in a proceeding commenced in October 2009 by Maurice Blackburn, about which OZ Minerals has previously made disclosures. By way of relief, the claimants seek declarations, damages and compensation, all of which are unquantified. OZ Minerals intends to vigorously defend this claim.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the consolidated entity's operations, results or state of affairs in future years.

DIRECTORS' DECLARATION

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 8 to 24 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 2010 and of its performance, as represented by the results of its operations and its cash flows, 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.

Neil Hamilton
Chairman
Melbourne
25 August 2010

Terry Burgess
Managing Director and Chief Executive Officer
Melbourne
25 August 2010

INDEPENDENT AUDITOR'S REVIEW REPORT

Independent auditor's review report to the members of OZ Minerals Limited

We have reviewed the accompanying half-year financial report of OZ Minerals Limited, which comprises the consolidated balance sheet as at 30 June 2010, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility 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* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 Consolidated Entity's financial position as at 30 June 2010 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REVIEW REPORT

Conclusion

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:

(a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Penny Stragalinos
Partner
Melbourne
25 August 2010