

**OZ MINERALS LTD**  
ABN 40 005 482 824  
LEVEL 10, 31 QUEEN STREET  
MELBOURNE VICTORIA 3000 AUSTRALIA  
GPO BOX 1291K MELBOURNE VICTORIA 3001  
T 61 3 9288 0333  
F 61 3 9288 0300  
OZMINERALS.COM

25 August 2010

The Manager, Companies  
Australian Securities Exchange  
Companies Announcement Centre  
Level 4  
20 Bond Street  
Sydney NSW 2000



Dear Sir/Madam,

**OZ Minerals 2010 Half Year Financial Results – Webcast Details**

Please find attached the OZ Minerals 2010 Half Year Financial Results announcement and presentation. A management presentation on the results will be available to view on the OZ Minerals website at [www.ozminerals.com](http://www.ozminerals.com) at 10am EST and an archive will be available later in the day.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Francesca Lee'.

**Francesca Lee**  
General Counsel & Company Secretary

For personal use only

25 AUGUST 2010

# ASX Release

## OZ Minerals 2010 Half-Year Financial Results



### Highlights

- Strong first half production from Prominent Hill of 60,145t of copper and 90,821oz of gold at competitive C1 cash costs of US49.1c/lb.
- Revenue from Prominent Hill of \$589.9 million for the first half of 2010.
- Prominent Hill generated earnings before interest, tax, depreciation and amortisation (EBITDA) of \$391.2 million (**excluding** the reversal of impairment).
- OZ Minerals recorded an underlying net profit after tax (NPAT) of \$230.5 million, (**excluding** the reversal of impairment and discontinued operations).
- Overall, OZ Minerals' NPAT was \$405.7 million (**including** the reversal of 2008 asset impairment of Prominent Hill of \$141.1 million after tax).
- Cash balance of \$1.43 billion at June 30 2010.
- Development of underground mine at Prominent Hill commenced in July.
- Exploration expenditure of \$24.9 million, with the majority in and around Prominent Hill.
- Acquisition of 19.9% of Sandfire Resources NL in July (consideration will be reflected in full year accounts).
- A dividend of 3 cents per share, unfranked.

A R  
S E  
X L  
E  
A  
S  
E

A\$M	H1 2010
<b>Prominent Hill Revenue</b>	589.9
<b>Prominent Hill EBITDA</b>	391.2
<b>Underlying net profit</b> (excl, reversal of impairment & discontinued operations)	230.5
<b>Reversal of Impairment</b> (less tax impact)	141.1
<b>Discontinued operations after tax</b>	34.1
<b>Group NPAT</b>	405.7
<b>Dividend (unfranked)</b>	3 cps

For personal use only

## Summary

OZ Minerals has delivered a strong profit and cash flow for the first half of 2010 and added to its healthy balance sheet.

The financial results reflect strong operating performance from Prominent Hill in the first six months of its first full year of operations during a period of buoyant copper and gold prices.

Commenting on the results, OZ Minerals Managing Director and CEO Terry Burgess said, "This is an outstanding result for a new operation, with the mine and plant performing well and costs constrained to plan."

"The Company has also added \$356.3 million of cash to its balance sheet during the period, increasing its capacity and flexibility in pursuit of the Company's growth strategy, whereby we are seeking to acquire another operating or near operating asset. The ability to act quickly on good opportunities was demonstrated in our recent acquisition of the interest in Sandfire."

The financial results reported today have given the Board of OZ Minerals the confidence in the performance outlook for OZ Minerals to resolve to pay a dividend of 3c per share, unfranked.

The area around Prominent Hill continues to be the most important exploration focus for OZ Minerals, along with work in Cambodia and on new projects. Total exploration expenditure for the half was \$24.9 million of which \$6.7 million was capitalised and \$18.2 million expensed. Exploration expenditure at Prominent Hill is planned to increase in the second half with increased drilling activity.

In July, the Company acquired a 19.9% strategic stake in Sandfire Resources NL. As this acquisition followed the end of the period, the consideration of approximately \$100 million is not reflected in these accounts.

Also following the end of the period, OZ Minerals announced development of an underground operation at Prominent Hill, representing an exciting new phase in the life of the operation from 2012.

## Review of activities

Following the commissioning and ramp up during 2009, the first six months of 2010 represents the first full half year of steady state operations at Prominent Hill.

Production of 60,145 tonnes of copper for the half sees the operation on track to meet guidance of 100,000 tonnes to 110,000 tonnes of copper for the year, taking into consideration the lower copper head grade expected in the second half of this year. Mining volumes have increased and plant throughput is routinely 15% above the design capacity of the plant. The amount of copper recovered from the various ore types at Prominent Hill has also been higher than initial laboratory expectations.

Gold production of 90,821 ounces for the half was higher than expected due to gold ore grades being higher than reserve estimates, a higher than planned proportion of gold ore being treated and better than expected gold recoveries. Gold production guidance for the full year is today being further increased from a range of 140,000 ounces to 150,000 ounces to a range of 160,000 ounces to 170,000 ounces.

'C1' cash costs of production, of US49.1c/lb for the six months were low due to good cost control and the benefit from by-product credits from gold production. Guidance for C1 cash costs for the full year has been further reduced from US70c-US80c/lb to US65c-US75c/lb as a consequence of higher guidance for gold production.

During the period, the company announced an initial resource at the Okvau gold project in Cambodia of 605,000 ounces of gold. This is considered by the Company as a foundation resource and drilling in the area is ongoing to increase the known resources.

The Company signed exploration joint ventures with IMX Resources Limited for exploration around Prominent Hill and with Azure Minerals Limited for exploration in Mexico.

After the end of the period, OZ Minerals announced the development of a new underground mine at Prominent Hill. Initial capital works have commenced and the full production rate is expected to be reached in the second half of 2012. Pre-production capital expenditure for the mine is expected to be \$135 million, with annual production of approximately 25,000 tonnes of copper and 12,000 ounces of gold for a period of five years.

Also after the end of the period, OZ Minerals announced the acquisition of 19.9% of Sandfire Resources NL. The consideration of approximately \$100 million was paid in July and is therefore not reflected in these accounts, nor included in the cash balance as at 30 June 2010.

OZ Minerals indicated in its strategy announced last November that it wishes to grow its business through the acquisition of mining projects, at either the exploration phase, development stage or in production, in line with its preference in copper. Sources of available funds include the \$1.43 billion in cash reserves and continuing net cash flows generated from Prominent Hill.

### Income Statement Summary

#### Six months ended 30 June 2010

<b>A\$M</b>	Prominent Hill Mine	Other Continuing Operations	Group
Revenue	<b>589.9</b>	-	589.9
Cost of goods sold	<b>(181.8)</b>	(8.5)	(190.3)
Net foreign exchange gains	<b>9.8</b>	31.0	40.8
Exploration expense	<b>(9.0)</b>	(9.2)	(18.2)
Other expenses	<b>(17.7)</b>	(6.3)	(24.0)
<b>EBITDA</b>	<b>391.2</b>	7.0	398.2
Depreciation and amortisation	<b>(66.6)</b>	(0.2)	(66.8)
Reversal of impairment	<b>201.1</b>	-	201.1
Impairment of assets	<b>(10.7)</b>	-	(10.7)
<b>EBIT</b>	<b>515.0</b>	6.8	521.8
Net financing income / (expense)	<b>(0.5)</b>	10.7	10.2
Income tax expense	<b>(97.3)</b>	(3.1)	(100.4)
Tax impact of impairment reversal	<b>(60.0)</b>	-	(60.0)
<b>NPAT</b> (before gain on discontinued operations)	<b>357.2</b>	14.4	371.6
Gain on discontinued operations after income tax	<b>n/a</b>	n/a	34.1
<b>NPAT</b>	<b>357.2</b>	14.4	405.7

## Income statement

Strong performance from the Prominent Hill operation generated revenue of \$589.9 million from sales of copper, gold and silver contained in concentrate which contributed \$472.7 million, \$109.4 million and \$7.8 million respectively.

The NPAT from the Prominent Hill operation, excluding the impairment reversal, was \$216.1 million, compared to a NPAT of \$13.6 million from the comparable period in 2009 (which represented only two months of production).

EBITDA and NPAT for the Prominent Hill operation was \$391.2 million and \$357.2 million respectively, with the latter number including the impact of the reversal of asset impairment being \$141.1 million after tax.

NPAT for the consolidated entity was \$405.7 million, comprising \$371.6 million from continuing operations, (including the asset impairment reversal after tax of \$141.1 million), and \$34.1 million from discontinued operations, which related to working capital and tax adjustments arising from activities prior to sale of assets in June 2009.

The reversal of \$201.1 million in relation to an impairment recognised in the December 2008 full year accounts was made due to a change in OZ Minerals' assessment of a range of economic and operating factors as required under accounting standard AASB 136 Impairment of Assets.

The factors leading to the impairment reversal were the improvement since December 2008 in the outlook for the global economy in general and the copper market in particular, the strong proven production and financial performance from the Prominent Hill mine, the improvement in the market valuation of Prominent Hill as reflected in the OZ Minerals' share price and the robust financial position of the Company.

The factors which contributed to the original impairment of the Prominent Hill asset in December 2008 included a pessimistic global economic outlook, significantly lower commodity prices, the risks associated with the very early stage of the Prominent Hill project and the fact that the asset was classified for accounting purposes as 'held for sale' at that time. The impairment reversal is a non-cash adjustment and does not form part of the operating earnings.

In addition to this, an impairment of \$10.7 million has been recorded with regard to certain resource evaluation expenditure capitalised in prior periods and now expensed in the first half in accordance with the Company's accounting policy.

Exploration expenditure for the period was \$18.2 million, with a further \$6.7 million of resource development and evaluation expenditure capitalised. The majority of expenditure related to activities around the Prominent Hill mine, the wider Prominent Hill region and in Cambodia. Total expenditure on exploration for 2010 is expected to be approximately \$55 million.

Net financing income for the period was \$10.2 million, including interest income of \$15.6 million earned on cash deposits and partly offset by interest expense of \$5.4 million, related to the convertible bond.

Corporate costs, which included employee costs, the projects and technical services group, insurance premiums for the Group and legal costs, were \$20.6 million for the June 2010 half. This amount is lower than the comparative period of June 2009 due principally to a smaller corporate office and lower level of activity following the sale of assets.

The depreciation charge of \$66.8 million for the continuing operations reflects the depreciation of mine property and mine development on a unit of production of ore mined basis and fixed processing plant and equipment and other long term assets depreciated on a unit of production of ore processed basis. The increase in the carrying value of the assets as a result of the reversal of asset impairment will add approximately \$25 million to the current annual depreciation of approximately \$134 million per annum.

A foreign exchange gain of \$40.8 million mainly arose from the revaluation of US dollar denominated cash balances.

The gain recorded on discontinued operations of \$34.1 million relates to non-cash adjustments to previous provisions for working capital and tax for activities of assets prior to their sale to China Minmetals.

Income tax expense of \$160.4 million includes \$60.0 million relating to the reversal of the Prominent Hill asset impairment of \$201.1 million, the impact of which is to increase deferred tax liabilities. With regard to the tax expense on the operating result, existing carry forward tax losses result in no tax being payable. Remaining carry forward losses at 30 June 2010 are estimated to be \$307 million. Based on consensus outlook for commodity prices and exchange rates, it is anticipated that these remaining tax losses will be recouped during 2011.

### **Cash flow statement**

OZ Minerals cash balance has increased to \$1,432.5 million at 30 June 2010, an increase of \$356.3 million for the half, which is comprised of \$317.2 million in increased cash held and \$39.1 million of foreign exchange gains.

Net cash inflows from operating activities for the half year were \$362.8 million. This includes \$10.0 million in net interest received and cash outflow of \$18.2 million for exploration activities.

Capital expenditure of \$29.7 million was relatively low and comprised of \$14.2 million on sustaining capital and growth projects, \$6.7 million for resource development drilling and mine development and \$8.8 million related to deferred waste stripping. \$15.6 million was paid in settlement of remaining working capital and tax obligations which arose in relation to assets prior to their sale in June 2009.

Of the \$135 million of planned pre-production capital expenditure on the Western Copper underground project, approximately \$30 million is expected to be spent in the second half of 2010 and approximately \$105 million in 2011. Thereafter, sustaining capital for the underground operation will be relatively low.

### **Balance sheet**

OZ Minerals held a cash balance of \$1,432.5 million as at 30 June 2010.

OZ Minerals' strategy is to hold cash in a balanced mix of Australian dollars and United States dollars, that is, in a range between 40/60 Australian dollars and 60/40 United States dollars. The closing cash position was made up of amounts denominated in US\$ of \$692.7 million (A\$ equivalent of \$816.9 million at 30 June spot rate), and amounts denominated in A\$ of \$615.6 million. This gave a US\$:A\$ currency ratio of 57:43 at 30 June.

This cash was only held with highly rated counterparties with ratings of S&P A-1+ or the equivalent, and was invested over a range of maturities to mitigate exposure to interest rate movements.

Offsetting this cash, OZ Minerals' only debt is the interest bearing convertible bonds with a coupon of 5.25% per annum and with a face value of US\$105 million.

Under the terms of the convertible bond, holders had the option to put the bonds back to the Company on 15 April 2010. No holders exercised this option and as such the convertible bonds were re-classified as a non-current liability. The bonds mature on 15 April 2012.

### **Dividend**

The Board has announced a dividend of 3c per share. The dividend will be unfranked. The record date is 7 September 2010 and the payment date is 21 September 2010.

The payment of a dividend has been reinstated with the strong financial results and cash balance reported today. The Company has adopted a policy of paying a dividend equivalent to 30-60% of underlying profits from normal operations on an annual basis, taking into account the cash available for payment of a dividend and the competing capital and growth requirements of the business. As a mining company,

profits and therefore dividends will vary with commodity prices, exchange rates, production and cost variations.

After having regard to the Company's financial position, the Board has resolved that the Dividend Reinvestment Plan will be suspended, effective immediately until further notice. With the suspension of the Dividend Reinvestment Plan, all shareholders will be paid dividends in the form of cash. Therefore, shareholders are encouraged to ensure their bank account details are up to date with OZ Minerals' share registry, Link Market Services by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

For further information please contact:

**Natalie Worley**

**Head of Investor and External Relations**

T: +61 3 9288 0345

M: +61 403 210 462

[natalie.worley@ozminerals.com](mailto:natalie.worley@ozminerals.com)

For personal use only

For personal use only



# **OZ MINERALS**

## **2010 HALF YEAR**

### **FINANCIAL RESULTS**

**TERRY BURGESS MANAGING DIRECTOR & CEO**  
**ANDREW COLES CHIEF FINANCIAL OFFICER**

**25 August 2010**

**[WWW.OZMINERALS.COM](http://WWW.OZMINERALS.COM)**



# IMPORTANT NOTICE



This presentation has been prepared by OZ Minerals Limited ("OZ Minerals") and consists of written materials/slides for a presentation concerning OZ Minerals. By reviewing/attending this presentation, you agree to be bound by the following conditions.

No representation or warranty, express or implied, is made as to the fairness, accuracy, or completeness of the information, contained in the presentation or of the views, opinions and conclusions contained in this material. To the maximum extent permitted by law, OZ Minerals and its related bodies corporate and affiliates, and its respective directors, officers, employees, agents and advisers disclaim any liability (including, without limitation any liability arising from fault or negligence) for any loss or damage arising from any use of this material or its contents, including any error or omission there from, or otherwise arising in connection with it.

Some statements in this presentation are forward-looking statements within the meaning of the US securities laws. Such statements include, but are not limited to, statements with regard to capacity, future production and grades, projections for sales growth, estimated revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside OZ Mineral's control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements which speak only as at the date of the presentation. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, OZ Minerals does not undertake any obligation to publicly release any updates or revisions to any forward looking statements contained in this presentation, whether as a result of any change in OZ Minerals expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

Certain statistical and other information included in this presentation is sourced from publicly available third party sources and has not been independently verified.

All figures are expressed in Australian dollars unless stated otherwise.

# CONTENTS



1. Highlights
2. Operational overview
3. Financial overview
4. Income statement
5. Commodity prices
6. Concentrate sales
7. Cashflow
8. Balance sheet
9. Cash / debt summary
10. Tax status
11. Impairment
12. Dividend
13. Summary
14. Appendix

## OVERVIEW



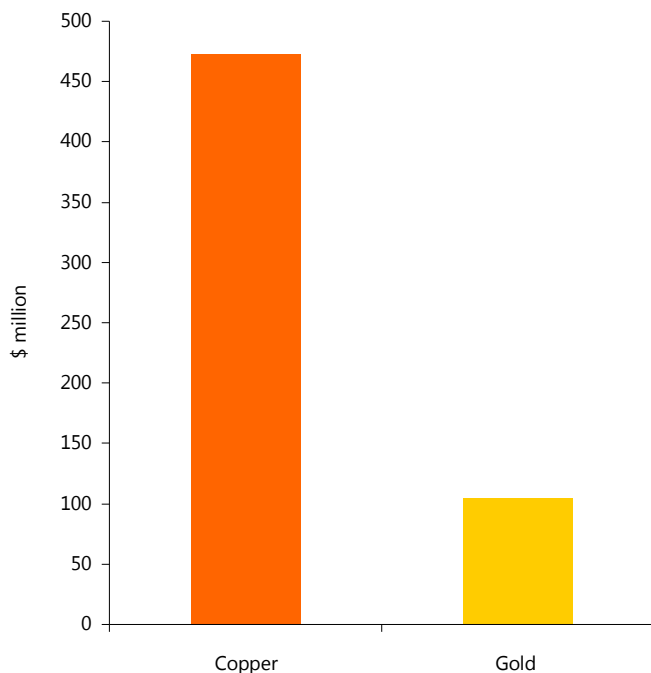
- Strong 6 months of production from Prominent Hill
  - 60,145t copper, 90,821oz gold.
  - Gold guidance increased to 160,000oz to 170,000oz for 2010.
  - Cash cost guidance lowered to US65-75c/lb for 2010.
- Competitive 'C1' cash costs of US49.1c/lb
- Underlying NPAT of \$230.5 million, (**excluding** reversal of impairment and discontinued ops).
- Cash balance of \$1.43 billion at June 30 2010.
- Development of Western Copper underground at Prominent Hill started in July.
- Exploration expenditure of \$24.9 million - majority in and around Prominent Hill.
- Acquisition of 19.9% of Sandfire Resources NL in July.
- Dividend of 3 cps, unfranked.

# PROMINENT HILL - FIRST HALF PERFORMANCE

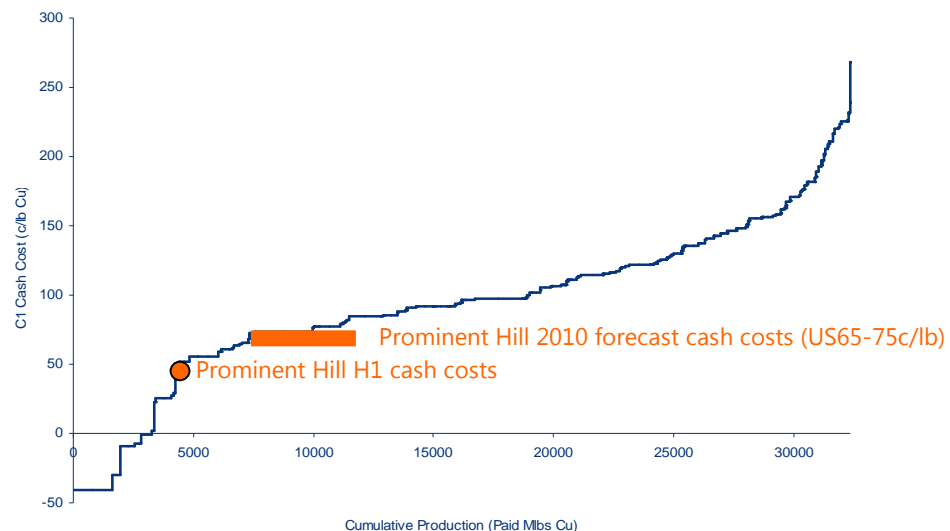


- Strong first half production from Prominent Hill of 60,145t of copper and 90,821oz of gold at competitive C1 cash costs of US49.1c/lb.
- Revenue from Prominent Hill of \$589.9 million for the first half of 2010.

**Revenue by commodity**



**Competitive cash costs**



Source: Brook Hunt, Macquarie

# WESTERN COPPER UNDERGROUND- MILESTONES



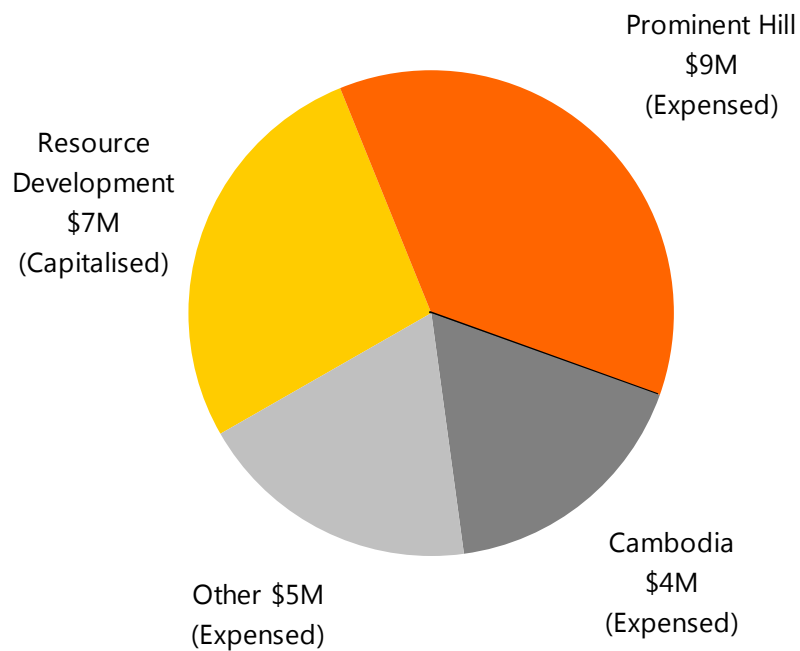
- Maximising the value of Prominent Hill
- Increases copper production ability, to maintain current production levels
- Pre-production expenditure \$135 million - \$30 million in H2, \$105 million in 2011
- Creates a platform for deeper exploration

<b>Vent Shaft Construction</b>	●									
<b>Portal Establishment</b>		●								
<b>Development Start</b>			●							
<b>First Ore</b>					●					
<b>First Stope</b>							●			
<b>Full Production</b>									●	
	Q3 2010	Q4 2011	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012

# EXPLORATION – ACTIVE PROGRAM



## 2010 H1 Exploration & Resource Development Spend



- Active exploration program
- Focussed on Prominent Hill
- \$25 million global spend in H1
- \$16 million spent at Prominent Hill H1
- Total budget for 2010 \$55 million
- Drilling to increase at Prominent Hill

## FINANCIAL HIGHLIGHTS



- Prominent Hill revenue of **\$589.9 million** for first half of 2010.
- Prominent Hill EBITDA of **\$391.2million** (**excluding** reversal of impairment).
- OZ Minerals recorded underlying NPAT of **\$230.5 million** (**excluding** reversal of impairment & discontinued ops).
- OZ Minerals' NPAT of **\$405.7 million** (**including** reversal of impairment of \$141.1 million after tax)
- Cash balance of **\$1.43 billion** at June 30 2010.
- Tax losses of \$307 million remaining at 30 June.

# INCOME STATEMENT - SUMMARY



For personal use only

	A\$M	Prominent Hill Mine	Other Continuing Operations	Group
Net of TC/RC				
Revenue		589.9	-	589.9
Cost of goods sold		(181.8)	(8.5)	(190.3)
Net foreign exchange gains		9.8	31.0	40.8
Exploration expense		(9.0)	(9.2)	(18.2)
Other expenses		(17.7)	(6.3)	(24.0)
<b>EBITDA</b>		<b>391.2</b>	7.0	398.2
Depreciation and amortisation		(66.6)	(0.2)	(66.8)
Reversal of impairment		201.1	-	201.1
Impairment of assets		(10.7)	-	(10.7)
<b>EBIT</b>		<b>515.0</b>	6.8	521.8
Net financing expenses		(0.5)	10.7	10.2
Income tax expense		(97.3)	(3.1)	(100.4)
Tax impact of impairment		(60.0)	-	(60.0)
<b>NPAT (before discontinued operations)</b>		<b>357.2</b>	14.4	371.6
Gain on discontinued operations after income tax		n/a	n/a	34.1
<b>NPAT</b>		<b>357.2</b>	14.4	405.7

Corporate and exploration excluding Prominent Hill

\* Gain on discontinued operations after income tax is mainly attributable to working capital and tax adjustments.

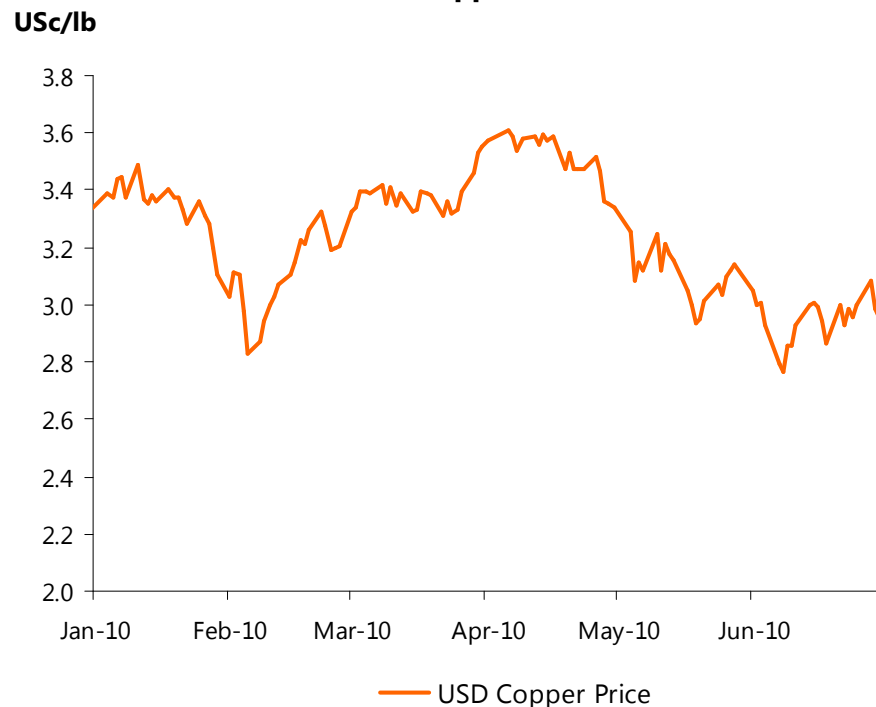


# COPPER & GOLD PRICES



For personal use only

### USD Copper Price



### USD Gold Price



- Average LME copper price of US\$3.23c/lb (US\$7,130/tonne) and gold price of US\$1,152/ounce for the June half.
- H1 revenue derived 80% from copper, 19% gold, 1% silver.

## PROMINENT HILL CONCENTRATE SALES



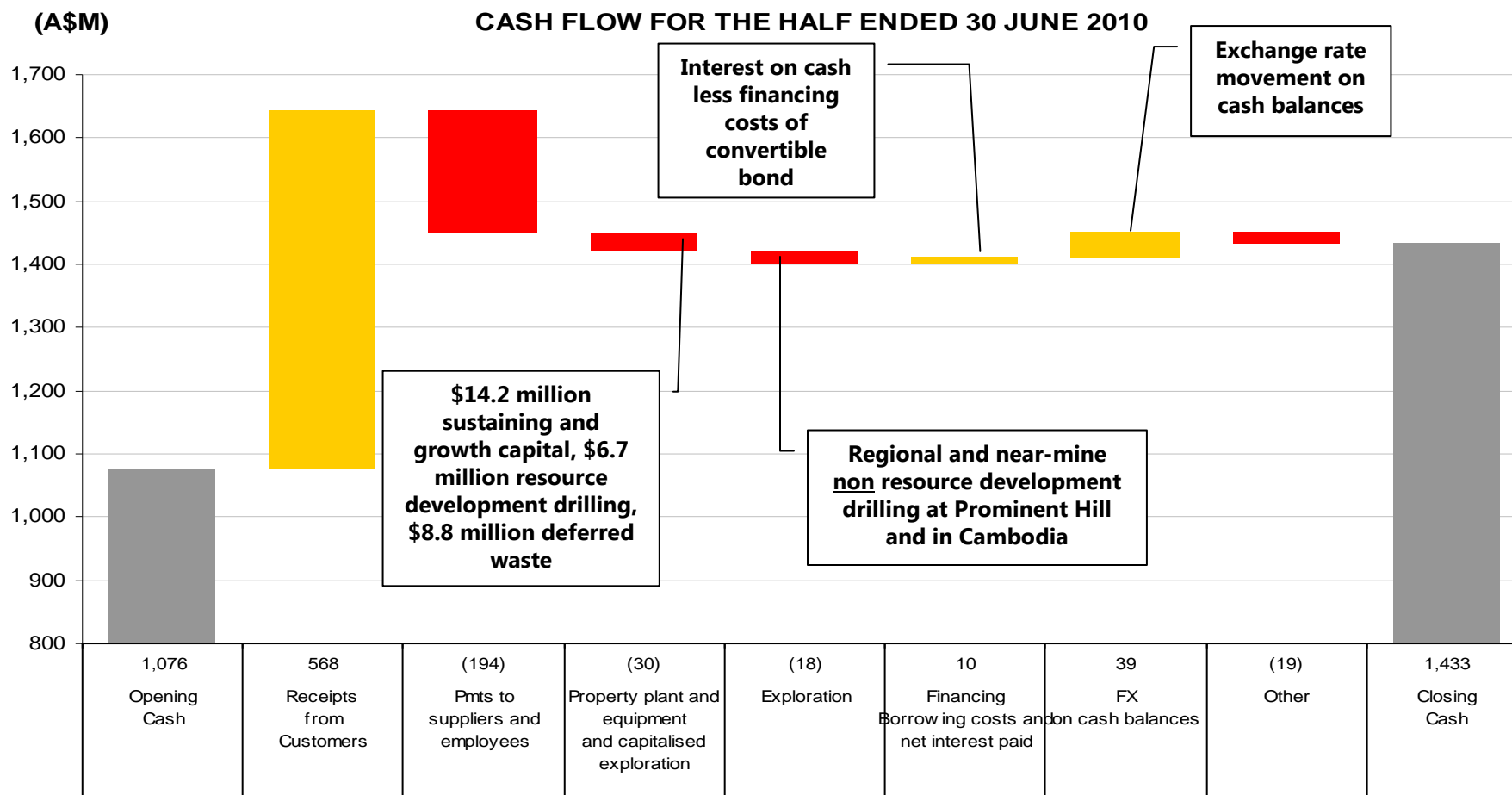
- Total sales of 60,703t copper and 78,592oz gold for the period.
- All sales within contract specification; copper grade remains the highest of all concentrates traded on the open market.
  - Higher gold content in concentrates has been incorporated into existing contracts
- All sales at or below the 2010 annual benchmark TC/RC of terms of US\$46.50/dmt and 4.65c/lb
  - Sales predominantly to Asia and also to Europe and Australia
  - All sales on near-dated monthly averages
- 90% of annual production committed to term contracts, balance in spot market.



# CASH FLOW H1 2010



For personal use only



# BALANCE SHEET - SUMMARY



A\$M	Consolidated Jun '10	Consolidated Dec '09
<b>Assets</b>		
Cash	1,432.5	1,076.2
Receivables	169.7	137.2
Inventories	186.4	206.0
Other	78.1	174.5
Property plant & equipment	1,354.3	1,203.3
<b>Total Assets</b>	<b>3,221.0</b>	<b>2,797.2</b>
<b>Liabilities</b>		
Creditors	59.6	107.2
Interest bearing liabilities	118.2	110.8
Net deferred tax liability	63.7	-
Provisions	11.2	14.5
<b>Total Liabilities</b>	<b>252.7</b>	<b>232.5</b>
<b>Net Assets</b>	<b>2,968.3</b>	<b>2,564.7</b>

Increase in cash of  
\$356.3 million

A\$M	H1 2010
Opening balance	1203.3
Cash additions	29.7
Other adjustments	-2.3
Reversal of asset impairment	201.1
Impairment of assets	-10.7
Depreciation	-66.8
Closing balance	1354.3

## CASH/DEBT SUMMARY



- Cash position A\$1,433 million at June
  - Cash holdings of US\$692.7 million (A\$816.9 million equivalent) & A\$615.6 million
  - Invested with highly rated counterparties with short term Standard & Poors rating of A 1+(or equiv.)
- Convertible bond terms
  - Face value US\$105 million
  - Interest: 5.25% p.a. payable semi-annually in arrears
  - Maturity Date: 15 April 2012; classified as a Non Current Liability.

## TAX STATUS



- Opening net deferred tax asset at 31 December 2009  
(Includes asset of \$177million = \$591million losses @ 30%) \$93 million
  
- Add:
- Tax expense on operating result & discontinued operations and adjustments for earlier periods (\$99 million)
- Deferred tax liability on reversal of impairment (\$60 million)
- Tax payment – franking deficit tax \$3 million
  
- Closing net deferred tax liability at 30 June 2010 (\$64 million)
  
- (Includes asset of \$92 million = \$307 million losses @ 30%)
  
- Remaining \$307 million tax losses expected to be recouped during 2011

## REVERSAL OF IMPAIRMENT



- Prominent Hill asset originally impaired in December 2008 Financial Report.
- Factors considered in determining reversal of impairment as at June 2010 included:
  - Improved outlook for the economy and copper market since Dec 2008.
  - Strong production and financial results at Prominent Hill.
  - Market valuation of Prominent Hill.
- Impairment reversal is in accordance with AASB 136 Impairment of Assets.
- Impairment reversal writes back Prominent Hill asset value by \$201.1 million, offset by deferred tax liability of \$60.0 million = Net P&L increase: \$141.1 million
- Adjustment is non-cash and does not form part of operating earnings
- Higher asset value will increase future accounting depreciation

## SENSITIVITIES



Sensitivities of Prominent Hill EBIT in \$ million for period July to December 2010

AUD:USD +/- 1c	Copper +/- 5%	Gold +/- 5%
6.1	20.4	6.4

**Based on prices as at June 30**

Copper      US\$2.96/lb  
Gold        US\$1,242/oz  
AUD:USD    0.8480



## DIVIDEND



- Dividend of 3 cents per share
- Dividends are unfranked
- Future dividends equivalent to 30-60% of underlying profits from normal operations.
  - Subject to cash available, competing capital and growth requirements, commodity prices, exchange rates, production and costs.
- Record date 7 September, Payment date 21 September
- DRP suspended.

## SUMMARY



- Continuing strong production at Prominent Hill – gold guidance increased, cash costs decreased.
- Competitive cost structure: H1 C1 cash costs at US49.1 c/lb.
- Significant cash holdings to support growth strategy.
- Acquisition of 19.9% of Sandfire in July.
- Western Copper Underground project at Prominent Hill approved in July 2010 to enable sustained production at current levels.
- Dividend of 3 cents per share, unfranked.
- Production of 100,000t to 110,000t copper and 160,000oz to 170,000oz gold at cash costs of US65c-US75c/lb expected for 2010.
- Positive outlook for copper and gold.

For personal use only

# APPENDICES



# OPERATING SEGMENT - PROMINENT HILL MINE



For personal use only

Increased revenue over H2 2010 due to higher commodity prices and gold production

A\$M	H1 '10	H1 '09*	H2 '09	2009
Revenue	589.9	89.6	518.9	608.5
Cost of goods sold	(181.8)	(27.7)	(150.6)	(178.3)
Net foreign exchange gains/(losses)	9.8	(16.9)	(7.7)	(24.6)
Exploration expense	(9.0)	-	(5.2)	(5.2)
Other expenses	(17.7)	(4.8)	(14.7)	(19.5)
<b>EBITDA</b>	<b>391.2</b>	<b>40.2</b>	<b>340.7</b>	<b>380.9</b>
Depreciation and amortisation	(66.6)	(20.8)	(59.4)	(80.2)
<b>EBIT (pre impairment)</b>	<b>324.6</b>	<b>19.4</b>	<b>281.3</b>	<b>300.7</b>
Reversal of impairment	201.1	-	-	-
Impairment of assets	(10.7)	-	-	-
<b>EBIT</b>	<b>515.0</b>	<b>19.4</b>	<b>281.3</b>	<b>300.7</b>
Net financing expense	(0.5)	-	(0.7)	(0.7)
Income tax expense	(157.3)	(5.8)	(91.6)	(97.4)
<b>NPAT</b>	<b>357.2</b>	<b>13.6</b>	<b>189.0</b>	<b>202.6</b>

No cash payment due to tax losses

\* 2 months of production only

- Competitive C1 cash costs of US49.1 cents due to strong gold by product credits associated with high gold grade, recovery and prices.

# CASH FLOW STATEMENT - DETAILED



A\$M	Consolidated 30 June 10
<b>Cash flows from operating activities</b>	
Receipts from customers	568.1
Payments to suppliers and employees	(194.4)
Payment for exploration and evaluation	(18.2)
Income taxes refund received/(paid)	(2.7)
Financing costs and interest paid	(3.0)
Interest received	13.0
Net cash inflows from operating activities	362.8
<b>Cash flows from investing activities</b>	
Payments for property, plant and equipment	(23.0)
Payment for capitalised exploration	(6.7)
Payments for investments	(0.4)
Payments related to assets sold to Minmetals	(15.6)
Proceeds from disposal of other investments	0.1
Net cash inflows from investing activities	(45.6)
Net increase in cash held	317.2
Cash and cash equivalents at 1 January	1,076.2
Effects of exchange rate changes on foreign currency denominated cash balances	39.1
Cash and cash equivalents at the end of the financial period	1,432.5

# BALANCE SHEET - DETAILED



A\$M	Consolidated 30 June 10
<b>Current assets</b>	
Cash and cash equivalents	1,432.5
Trade and other receivables	169.7
Inventories	127.6
Prepayments	7.8
<b>Total current assets</b>	<b>1,737.6</b>
<b>Non-current assets</b>	
Investments accounted for using the equity method	47.0
Inventories	58.8
Property, plant and equipment	1,354.3
Deferred tax assets	-
Other financial assets	23.3
<b>Total non-current assets</b>	<b>1,483.4</b>
<b>Total assets</b>	<b>3,221.0</b>
<b>Current liabilities</b>	
Trade and other payables	59.6
Interest-bearing liabilities	-
Provisions	3.2
<b>Total current liabilities</b>	<b>62.8</b>
<b>Non-current liabilities</b>	
Interest-bearing liabilities	118.2
Net deferred tax liabilities	63.7
Provisions	8.0
<b>Total non-current liabilities</b>	<b>189.9</b>
<b>Total liabilities</b>	<b>252.7</b>
<b>Net Assets</b>	<b>2,968.3</b>
<b>Equity</b>	
Issued capital	5,107.1
Reserves	106.0
Retained earnings	(2,244.8)
<b>Total equity</b>	<b>2,968.3</b>

For personal use only

