

29 JULY 2013

ASX Release

Anticipated Impairment



As a result of impairment testing of the Prominent Hill operations in preparation of the financial statements for the six month period to 30 June 2013, OZ Minerals Limited today announces that an estimated non-cash charge for asset impairment in the range of \$200 million to \$240 million (after tax) is anticipated. This estimate is subject to further work to confirm the amount, to approval by the Board and to review by the auditors as part of the process of finalising the financial statements as at 30 June 2013, which are expected to be announced on 14 August, 2013.

The accounting standards require an asset impairment test at this time as the market capitalisation of the company is lower than the carrying value of assets.

The anticipated asset impairment has arisen due to a combination of factors, including:

- Lower expected prices for copper and gold, particularly in the near term. OZ Minerals relies on a consensus forecast to set these assumptions and recently there has been a significant reduction in forecast prices.
- Lower A\$/US\$ exchange rate forecast in line with the same consensus, which has had a beneficial effect.
- Higher asset values as a result of capitalisation of work towards developing the new Malu Underground mine, capitalisation of deferred waste movements in the Malu open pit which are currently at a peak level, and capitalisation of the work conducted to remediate the south wall overburden slip in the open pit. As a result, the carrying value of assets as at 30 June prior to impairment are expected to be in a range of \$1,585 million and \$1,625 million.
- The impact of six months' less production in NPV calculations, offset by realised cash flow, together with the impact of released working capital.

The impairment assessment has also considered further work on the development concepts for the potential new Malu Underground mine, leading to improved confidence of its expected value, and which has largely confirmed the value of the previous assessment. It should be noted that this work, which includes further drilling and stope design, is ongoing and is not expected to be completed until later in 2013.

OZ Minerals notes that in December 2008, an asset impairment charge of \$251 million (after tax) was taken against the Prominent Hill asset, following the impact on commodity price outlook following the GFC. This impairment was subsequently reversed in June 2010 when the outlook for commodity prices improved.

As noted, the anticipated asset impairment charges are non-cash in nature and significant remaining work is required to finalise the amount. As the company has no drawn debt,

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this will have no impact on its gearing level. The financial statements for the six month period to 30 June 2013 are expected to be released on 14 August, 2013, following Board approval and audit review. Further detail on this impairment will be provided in these financial statements.

For further information please contact

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