

18 February 2021

## Strong performance sets foundation for next growth phase

- 30% increase in Net Profit After Tax to \$213 million on net revenue of \$1,342 million
- Underlying EBITDA of \$606 million with a strong 45% operating margin
- Earnings Per Share of 65 cents, an increase of 29% on the prior year
- Operating cash flows of \$550 million; net cash balance at \$32 million
- Fully franked final dividend of 17 cps (25 cps total dividend for 2020)
- New suite of metrics demonstrate how value is created for all stakeholders

OZ Minerals today released its Annual and Sustainability Report for the year ended 31 December 2020.

OZ Minerals Managing Director and Chief Executive Officer, Andrew Cole, said:

“2020 saw the OZ Minerals team rise to the challenges and deliver a strong operating and financial performance, continue to grow the company, create value for our stakeholders and advance our adaptive, innovative and collaborative culture.

“We delivered a sixth consecutive year of meeting or exceeding copper production guidance. Our strong performance allowed continued investment in growth activities and delivery of an increased net profit after tax of \$213 million (\$164 million in 2019) on net revenue of \$1,342 million (\$1,107 million in 2019). Underlying EBITDA grew to \$606 million (\$462 million in 2019) and the group’s operating margin increased to 45%.

“Operating cash flows were again strong at \$550 million and we ended 2020 with a net cash balance of \$32 million and significant liquidity available, positioning us well to move into our next phase of growth.

“With a strong operating cash position and the Board’s confidence in the Company’s operational performance and outlook, it has declared a final fully franked dividend of 17 cents per share in line with our policy of prioritising a sustainable ordinary dividend. Total fully franked dividends for 2020 are 25 cents per share.

“While dividends and share price growth is valued by shareholders, today we publish for the first time a suite of Stakeholder Value Creation Metrics which provide transparency on how we are creating value for all five of our stakeholder groups – employees, communities, governments, suppliers – as well as shareholders. We believe that generating value for all our stakeholders will create a sustainable and successful company. The metrics are a feature of this year’s Annual and Sustainability Report.

"Reflecting on the year, our culture enabled us to quickly adapt to the rapidly evolving COVID-19 environment, safely achieve our operational goals and advance our growth pipeline with the ramp up of our new Carrapateena Mine and study updates on the Carrapateena Expansion, Prominent Hill Expansion and the West Musgrave copper-nickel project.

"We continued to embed our Modern Mining culture and we advanced our strategic aspirations including:

- Flexible work with work life plans that allow our people to organise their work around their life
- Working towards net zero carbon emissions and waste, and minimising water use
- Being Agile by implementing The OZWay of operating, ensuring we can adapt quickly to future changes
- Making innovation easier where our people are further encouraged to develop ideas and collaborate with others outside the industry and with the crowd
- Being data driven, where we gather and use data and create insights into our business for faster, better, and more creative decision making, and to reduce manual processes.

"Carrapateena completed the ramp-up phase of the mine within 12 months, six months ahead of initial expectations. On the successful ramp-up of the sub level cave, along with learnings gained to date from cave management, the Board last month approved the block cave expansion. The expansion creates the potential for a world class multi-generational mining province considering its scale, production, mine life, low cost base and jurisdiction.

"Prominent Hill again met its copper production guidance while also meeting its increased gold production targets reinforcing its position as a low-cost reliable operation. The Prominent Hill expansion study demonstrated the potential to increase underground production and extend mine life by accessing deeper ore with a shaft haulage system.

"The Pre-Feasibility Study update for the West Musgrave copper-nickel project released in December 2020 outlined an increase in value with a 12 million tonne per annum (Mtpa) mine (previously 10 Mtpa) while maintaining the same 26 year mine life and powered by 70-80 per cent renewable energy. We also acquired our project joint venture partner, Cassini Resources, which provides us with flexibility regarding future development and funding options.

"Our Carajás hub strategy started to take shape with Pedra Branca ore being trucked to the Carajás East processing hub. In the Gurupi Province, we made progress, though not as much as we would have liked, towards removing the injunction on the CentroGold project.

"2021 will be a year where OZ Minerals will move into our next phase of growth with major growth catalysts at all of our assets. The focus will be on safe operational delivery, on starting early works on the Carrapateena block cave following Board approval, advancing the project studies at Prominent Hill, Carrapateena and West Musgrave, and developing out the Carajás Hub strategy in Brazil. We'll also be continuing our exploration activities where possible.

"We have a range of greenfield and brownfield options in the mature mining regions of Australia and Brazil and a strong balance sheet providing financial flexibility for growth opportunities.

"We will continue to focus on evolving the OZWay of working and our culture while continuing to drive value creation for our five stakeholder groups – employees, communities, governments, suppliers and shareholders."

#### **Financial result overview:**

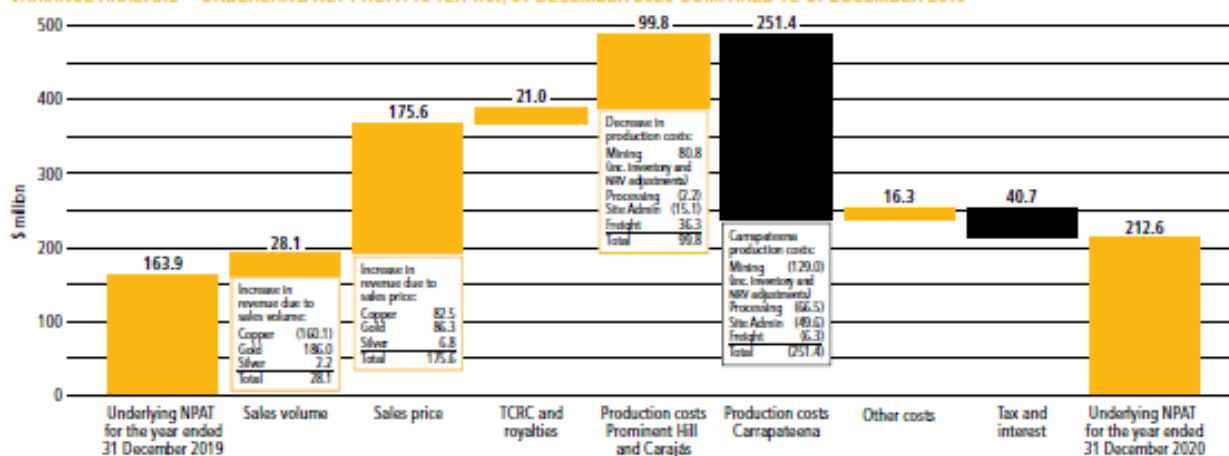
Gross revenue of \$1,378 million (after the impact of gold hedges), was higher than the previous year by \$204 million largely due to a higher volume of gold sales which more than offset a reduction in copper volumes

during the year. The realised \$A copper price was 11 per cent higher than the comparative period while the net \$A gold price was 20 per cent higher.

Underlying EBITDA of \$606 million at a robust operating margin of 45% resulted from reliable operational and cost performance at Prominent Hill which delivered a segment EBITDA of \$536 million - and the first year of operating at Carrapateena which ramped up to full production within 12 months of commissioning delivering a segment EBITDA of \$126 million. Investment of \$51 million was expensed in progressing the Carrapateena expansion studies, drilling and development studies in the Carajás and Gurupi provinces, and other projects in the growth pipeline.

Net profit after tax (NPAT) of \$213 million was 30 per cent higher than 2019, as a result of higher gold volumes accompanied by a stronger gold price. Copper sales were lower following the depletion of high-grade copper ore stockpiles and the prioritisation of processing high-grade gold stockpiles at Prominent Hill, however this was partially offset by the first year of production at Carrapateena. NPAT was also impacted by \$93 million of realised losses on gold hedges which matured during the year and an offsetting \$67 million net benefit from a value restatement associated with Prominent Hill's low-grade gold stockpile. Higher finance charges related to the planned utilisation of the debt facility, finance expenses recognised under AASB 16 Leases, and increased corporate costs, attributed to a higher depreciation charge upon revision of the useful life of certain information technology assets.

VARIANCE ANALYSIS – UNDERLYING NET PROFIT AFTER TAX, 31 DECEMBER 2020 COMPARED TO 31 DECEMBER 2019



Ore stockpiles of \$384 million recognised at the lower of cost or net realisable value will continue to be processed through to 2024, generating strong cash margins, with open pit-related costs already incurred. As the lower grade ore stockpiles are processed, the operating margins of Prominent Hill will reduce to the extent margins have been recognised in NRV.

Operating cash flows improved by 8 per cent to \$550 million due to higher revenue receipts from customers partially offset by increased absolute costs following the inclusion of Carrapateena in its first year of operation. Exploration and corporate development activities were on hold for most of the year due to COVID-19 restrictions resulting in lower cash outflows in those areas.

At the end of the year, the Company had a cash balance of \$132 million and a debt balance of \$100 million on its credit revolver. OZ Minerals extended its revolving debt facility to circa \$480 million in response to COVID-19 uncertainty, providing sufficient liquidity headroom for the business. The reduction in the cash balance year on year was a result of operating cashflows being offset by ongoing investment in Carrapateena and other growth activities as well as the payment of dividends. Strong expected future cash generation and confidence in the business has enabled the Board to reward shareholders with a fully franked final dividend of 17 cents per share. The Dividend Reinvestment Plan applies to the final dividend at a 1.5% discount.

<b>Income Statement Summary (\$M)</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>Variance</b>
Net revenue	1,342.0	1,107.0	235.0
<b>Underlying EBITDA</b>	<b>606.3</b>	<b>462.4</b>	143.9
Net depreciation	(283.4)	(228.9)	(54.5)
<b>Underlying EBIT</b>	<b>322.9</b>	<b>233.5</b>	89.4
Net finance income	(27.1)	(4.9)	(22.2)
Income tax expense	(83.2)	(64.7)	(18.5)
<b>Underlying NPAT</b>	<b>212.6</b>	<b>163.9</b>	48.7
Earnings per share (cents)	65.2	50.7	14.5

<b>Balance Sheet Summary (\$M)</b>	<b>December 2020</b>	<b>December 2019</b>	<b>Variance</b>
<b>Assets</b>			
Cash	131.7	134.0	(2.3)
Receivables	160.3	83.1	77.2
Inventories	518.7	537.6	(18.9)
Property plant & equipment and Exploration assets	3,129.3	2,808.4	320.9
Right of use assets	750.1	176.1	574.0
Other assets	65.9	74.8	(8.9)
<b>Total Assets</b>	<b>4,756.0</b>	<b>3814.0</b>	<b>942.0</b>
<b>Liabilities</b>			
Creditors	197.4	176.8	20.6
Tax liabilities	308.2	275.7	32.5
Provisions	122.0	98.4	23.6
Lease liabilities	755.8	183.9	571.9
Debt	100.0	-	100.0
Other liabilities	61.2	99.3	(38.1)
<b>Total Liabilities</b>	<b>1,544.6</b>	<b>834.1</b>	<b>710.5</b>
<b>Net Assets</b>	<b>3,211.4</b>	<b>2,979.9</b>	<b>231.5</b>

This announcement is authorised for market release by OZ Minerals' Managing Director and CEO, Andrew Cole.

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