

8 August 2022

OZ Minerals rejects Indicative Proposal from BHP

On 5 August 2022, OZ Minerals Limited (ASX: OZL) received an unsolicited, conditional and non-binding indicative proposal from BHP Group Limited (ASX: BHP) to acquire all shares in OZ Minerals for A\$25.00 per share in cash via scheme of arrangement ('**Indicative Proposal**').

The Indicative Proposal is subject to a number of conditions including:

- the completion of extensive financial, legal, technical and operational due diligence over a proposed 6-week timeframe;
- various financial assumptions;
- a unanimous recommendation of the OZ Minerals Board ('**Board**'); and
- entry into a scheme implementation agreement subject to a range of conditions including no material adverse change, regulatory, shareholder and court approvals and conduct of business restrictions.

The Board has also been advised by BHP that it has accumulated an interest in OZ Minerals shares via derivative instruments amounting to an interest of less than 5%.

The Board has carefully assessed the Indicative Proposal including with the assistance of its financial and legal advisers. The Board has unanimously determined that the Indicative Proposal significantly undervalues OZ Minerals and, as such, is not in the best interests of shareholders.

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

"We have a unique set of copper and nickel assets, all with strong long-term growth potential in quality locations. We are mining minerals that are in strong demand particularly for the global electrification and decarbonisation thematic and we have a long-life Resource and Reserve base. We do not consider the proposal from BHP sufficiently recognises these attributes".

In coming to its decision, the Board considered that the Indicative Proposal does not adequately compensate shareholders for:

- the unique nature of OZ Minerals' core business which represents a high-quality portfolio of copper and nickel assets, located in a Tier-1 mining jurisdiction with long mine lives, first quartile cost positioning and extensive strategic optionality;
- the unique investment proposition which OZ Minerals provides as the only primary copper company in the ASX100;

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- the low carbon intensity of OZ Minerals' assets relative to its peers with a defined and market-leading plan for further decarbonisation to meet our target of net zero Scope 1 and 2 operational emissions by 2030;
 - the high-quality nature of OZ Minerals' growth projects which include the West Musgrave Project (FID scheduled for H2 2022), the Carrapateena Block Cave and the Prominent Hill Extension which together are expected to generate significant production growth over the next 5 years;
 - the strong long-term outlook for both the copper and nickel markets underpinned by increasing geological scarcity, global electrification and accelerating decarbonisation, to which OZ Minerals is highly leveraged; and
 - the strong and consistent returns that the OZ Minerals management team has delivered with a total shareholder return of ~145% over the past 5 years.

In addition to the above, OZ Minerals would deliver significant synergies and other benefits to BHP which the Board considers are not reflected in the value of BHP's Indicative Proposal. These include:

- operational synergies in both South Australia (between Olympic Dam, Carrapateena and Prominent Hill) and in Western Australia (between Nickel West and West Musgrave); and
- the significant growth and diversification opportunity OZ Minerals represents for BHP's global copper portfolio.

The Board also considered that:

- the Indicative Proposal is highly opportunistic and has come at a time when the LME copper price and OZ Minerals share price have fallen from their recent peaks in March and January respectively;
- OZ Minerals has consistently traded above the proposed offer price for the equivalent of more than 5 of the last 12 months ; and
- the Indicative Proposal price represents a 13.1% premium to the volume weighted average price ('**VWAP**') for the 6 months prior to the Indicative Proposal, a 7.8% premium to the VWAP for the 12 months prior and a 14.4% discount to OZ Minerals' highest closing price in January 2022 of \$29.21.

OZ Minerals shareholders do not need to take any action in relation to the Indicative Proposal.

The OZ Minerals Board and management team acknowledge the strong ongoing support it has received from its stakeholders to date and will continue to work with them on building a best-in-class global copper business with the objective of maximising long term shareholder value.

OZ Minerals has appointed Macquarie Capital and Greenhill & Co as financial advisers and Gilbert + Tobin as legal adviser in relation to the Indicative Proposal.

This announcement is authorised for market release by OZ Minerals' Board.

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