

8 June 2019

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**Re: Australian mining companies tax transparency on its global operations**

Dear Lisa,

I refer to your email communication of Friday 31 May regarding the impending release of your paper on the “tax practices of some of Australia’s largest mining companies in developing countries” (the Report). We understand this Report has been prepared in conjunction with Oxfam Australia, Tax Justice Network Australia and the Uniting Church in Australia.

Thank you for providing OZ Minerals with an opportunity to sight this Report and provide a response prior to its release. We understand that the Report has been prepared based on the significant concerns of Oxfam that foreign communities are not benefitting from the taxes mining organisations are expected to contribute from their operations in those communities.

Whilst OZ Minerals is not directly referred to in this Report, we note the reference to Avanco Resources Ltd (ARL) as a “Tier 3” organisation, which is now a wholly owned subsidiary of the OZ Minerals group.

By way of background, OZ Minerals acquired the then ASX listed Avanco Resources Limited (“ARL”) in 2018. The acquisition of ARL resulted in the indirect acquisition of those assets held by ARL in Brazil, including its operating company (AVB Mineracao Ltda – the Antas Project), and a number of exploration projects in early phases of exploration or at pre-feasibility stage (i.e. non operational assets).

At the outset, OZ Minerals acknowledges and respects Oxfam’s concerns in relation to the issues raised. Although OZ Minerals is entitled to certain tax concessions in the ordinary course of its business, it has no appetite for seeking concessions that are motivated by the avoidance of tax. Rather, OZ Minerals supports Australian businesses and foreign subsidiaries of multinational organisations paying the appropriate level of tax on the profits generated in the jurisdictions in which they operate, in accordance with the relevant jurisdiction’s tax legislation and regulations - and as stated in our Annual and Sustainability Report. OZ Minerals does not support the use of artificial structures (e.g. via the use of tax havens) that have no commercial purpose.

OZ Minerals agrees that to address potential public misconceptions that organisations aren’t paying the appropriate levels of tax in the jurisdictions in which they operate, there is a need for strong tax transparency initiatives, as recommended in the Report. Accordingly, OZ Minerals voluntarily registered with the Australian Board of Taxation’s Tax Transparency Code (“TTC”) in 2018.

In accordance with the TTC, OZ Minerals publishes the following additional information in its Annual and Sustainability Report:

- Taxes paid and contributed by the organisation (for example: Income tax, Government royalties, Payroll taxes, etc.)

- Detailed reconciliations of accounting profit to tax expense and accounting profit to income tax paid/payable
- Detailed explanations of the Australian and Global effective tax rate where there are significant variations from the jurisdiction's corporate tax rate
- International related party dealings (if material).

As noted earlier, we understand that Oxfam's general concern is the lack of funding and support provided to the communities in which the Australian mining operations operate, of which tax is a significant component of this funding and support. Notwithstanding OZ Minerals' position on tax transparency and disclosure, aligned with Oxfam's own views, we note that a key element of our strategy includes our '5 Pillars of Value Creation', two of which are Communities and Government stakeholders. We again refer you to the OZ Minerals Annual and Sustainability Report which provides additional information on the following:

- Stakeholder engagement (page 74)
- Economic performance and socioeconomic contributions (page 74)
- Community investment and sponsorship (page 74)
- Local procurement (page 75).

For your reference, the 2018 OZ Minerals Annual and Sustainability Report can be accessed via the following link: [https://www.ozminerals.com/uploads/media/190227\\_ASX\\_Release\\_-\\_OZL\\_2018\\_Annual\\_and\\_Sustainability\\_Report.pdf](https://www.ozminerals.com/uploads/media/190227_ASX_Release_-_OZL_2018_Annual_and_Sustainability_Report.pdf)

Yours sincerely,



Andrew Cole  
**Chief Executive Officer**  
**OZ Minerals Limited**