

MINCOR RESOURCES NL

Half-Year 2013/14
(31 December 2013)

FINANCIAL RESULTS

Financial Highlights of the Half-Year to December 2013

- First half loss of **\$0.03M** (1HFY13: \$2.21M Loss) driven by the low nickel price;
- However, strong operating performance generates healthy EBITDA of **\$14.36M**, consistent with pcp (\$14.77M) despite 15% lower nickel price;
- Operational cash flows of **\$16.59M**, well in excess of nickel exploration and capital development costs of \$13.75M;
- Robust operating performance allows directors to declare a **2 cps** fully franked interim dividend;
- Other major expenditures included \$1.71M in regional exploration and \$3.76M in dividends;
- Strong balance sheet maintained, with no debt and \$64.67M in cash and receivables net of creditors and accruals (30 June 2013: \$67.53M).

Operational Highlights of the Half-Year to December 2013

- Production of 169,971 tonnes of ore grading 3.31% nickel for 5,618 tonnes of nickel-in-ore, at cash costs of A\$4.46/lb payable nickel;
- Strong operating performance, the result of numerous improvement initiatives, including the move to a continuous roster in July 2013;
- Mincor on track to meet its full-year production target and outperform its cost target;
- Exciting exploration results highlight continued upside at both Miitel and Mariners Mines;
- Active regional exploration programs underway for nickel and gold.

Operational Results for the Half-Year to December 2013

| | Dec Half' 13 | Dec Half' 12 | Dec Half' 11 | Dec Half '10 | Dec Half '09 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Ore Delivered (tonnes) | 169,971 | 157,863 | 166,423 | 206,934 | 188,878 |
| Nickel Grade | 3.31% | 3.21% | 3.12% | 2.68% | 3.27% |
| Nickel-in-Ore (tonnes) | 5,618 | 5,063 | 5,184 | 5,553 | 6,175 |
| Nickel-in-Concentrate (tonnes) | 5,006 | 4,516 | 4,632 | 4,900 | 5,611 |
| Pounds Payable Nickel | 7,173,165 | 6,471,311 | 6,626,096 | 7,003,043 | 8,013,193 |
| Average Nickel Price (A\$/lb) | 7.01* | 8.26 | 9.20 | 11.01 | 10.59 |
| Average Cash Cost (A\$/lb) | 4.46 | 5.07 | 6.05 | 7.24 | 5.29 |
| Average Cash Margin (A\$/lb) | 2.55 | 3.19 | 3.15 | 3.77 | 5.30 |

*Excludes the impact of negative prior period nickel sales adjustment on the establishment of final nickel prices for April, May and June 2013 (\$0.45 million). Based on estimates of the nickel price for October, November and December 2013; see explanation on following page. This is the price realised by Mincor after taking into account Mincor's hedging.

Earnings for the Half-Year to December 2013

| | Dec Half' 13 | Dec Half' 12 | Dec Half' 11 | Dec Half '10 | Dec Half '09 |
|--|--------------|--------------|--------------|--------------|--------------|
| Revenues (\$M) | 52.99* | 55.53 | 62.44 | 80.38 | 94.36 |
| EBITDA (\$M) | 14.36 | 14.77 | 15.50 | 11.40 | 39.88 |
| Net Profit/(Loss) After Tax (\$M) | (0.03) | (2.21) | 0.35 | (2.14) | 14.17 |
| Earnings/(Loss) per Share (CPS) | (0.0) | (1.2) | 0.2 | (1.1) | 7.1 |
| Interim Dividend per Share (CPS) | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 |

*The nickel price received by Mincor for any month of production is the average LME spot price during the third month following the month of delivery. Therefore the nickel prices used in these December 2013 half-year accounts for the production months of October, November and December 2013 are estimates. The Company's policy is to base these estimates upon the 3 month forward nickel price at the end of each month of delivery. Revenue for October, November and December in this report has been estimated in this way, and is subject to an adjustment (up or down) when the final nickel price is known. Similarly, revenues for the half year have been adjusted to take account of the final nickel prices established for April, May and June 2013. As a result Mincor has recognised a negative sales revenue adjustment of \$0.45 million attributable to those production months. This negative adjustment is incorporated in the above figures.

Balance Sheet at 31 December 2013

| | 31 Dec 2013 | 31 Dec 2012 | 31 Dec 2011 | 31 Dec 2010 | 31 Dec 2009 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Assets (\$M) | 131.55 | 169.37 | 193.96 | 247.57 | 248.46 |
| Liabilities (\$M) | 20.23 | 28.62 | 31.82 | 56.92 | 51.47 |
| Shareholder's Equity (\$M) | 111.32 | 140.75 | 155.83 | 189.74 | 195.41 |
| Return on Equity (annualised) | 0% | N/A | 0.4% | N/A | 15% |

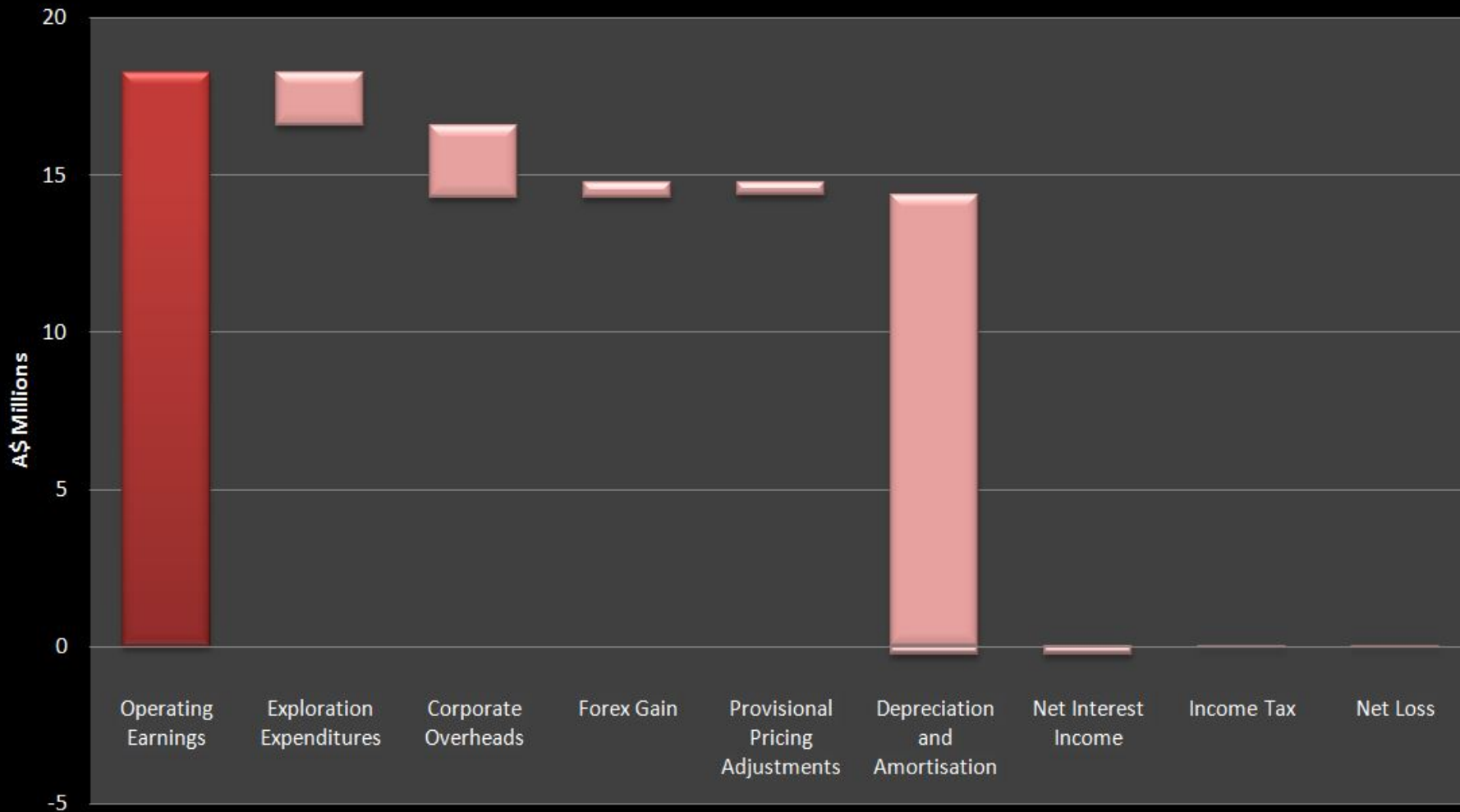
Note: Shareholder's Equity has been adjusted to remove the impact of cash flow hedges. The adjustment for 31 December 2013 was nil. Under the current AIFRS rules hedges must be fair valued with mark to market adjustments made against equity. As this fair value adjustment fluctuates with nickel and currency prices and has no impact on the Company's profit for the period, it has been removed from the above table. In addition, earnings for the half year have been annualised when calculating Return on Equity.

Analysis of Earnings – Half-Year to December 2013

| | Dec Half '13 | Dec Half '12 | Dec Half '11 | Dec Half '10 | Dec Half '09 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating Earnings (Revenue less Cash Costs) (\$M)* | 18.26 | 20.62 | 20.84 | 25.72 | 42.94 |
| Less: Exploration Costs Expended (\$M) | (1.71) | (2.85) | (2.20) | (3.28) | (2.99) |
| Less: Corporate Overheads (\$M)** | (2.27) | (2.56) | (2.98) | (2.61) | (2.30) |
| Less: Foreign Exchange Gain/(Loss) | 0.67 | (0.35) | 2.46 | (7.59) | (3.15) |
| Add: Other Income/Expenses | (0.18) | 0.84 | (0.60) | 0.63 | 0.47 |
| EBITDA before recognition of provisional pricing adjustments (\$M) | 14.77 | 15.70 | 17.52 | 12.87 | 34.97 |
| Add/(less) : Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2013 (\$M) | (0.41) | (0.93) | (2.02) | (1.47) | 4.91 |
| EBITDA (\$M) | 14.36 | 14.77 | 15.50 | 11.40 | 39.88 |
| Depreciation and Amortisation (\$M) Impairment Loss (\$M) | (14.61) | (18.24) - | (15.98) - | (16.27) - | (20.86) - |
| EBIT (\$M) | (0.25) | (3.47) | (0.47) | (4.87) | 19.02 |
| Net Interest Income (\$M) | 0.52 | 0.71 | 1.18 | 1.71 | 0.90 |
| Income Tax Benefit/(Expense) (\$M) | (0.3) | 0.55 | (0.36) | 1.02 | (5.75) |
| Net Profit/(loss) after Tax (\$M) | (0.03) | (2.21) | 0.35 | (2.14) | 14.17 |

*Excludes the impact of provisional pricing adjustments. ** "Corporate Overheads" include New Business Development costs.

Analysis of Earnings – Half-Year to December 2013



Analysis of Cash Flows – Half-Year to December 2013

| | 2013 \$'000 | 2012 \$'000 | 2011 \$'000 | 2010 \$'000 | 2009 \$'000 |
|--|----------------|----------------|-----------------|-----------------|----------------|
| Net Operating Cash Flow before recognition of provisional pricing adjustments | 16,998 | 17,457 | 17,984 | 20,417 | 45,911 |
| Add/(less): Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2013 | (410) | (932) | (2,015) | (1,469) | 4,915 |
| Net Operating Cash Inflow | 16,588 | 16,525 | 15,969 | 18,948 | 50,826 |
| Income Tax (Paid)/Received | - | - | 972 | (9,689) | (1,490) |
| Payment for Acquisition of GMM | - | - | - | - | (1,671) |
| Payment for Investment | - | (454) | (5,000) | - | - |
| Capital Expenditure (including near-mine exploration exp.) | (13,747) | (12,767) | (11,522) | (20,824) | (14,955) |
| Exploration Expenditure | (1,873) | (5,720) | (5,312) | (3,119) | (2,134) |
| Dividends Paid | (3,764) | (3,763) | (3,959) | (12,036) | (8,007) |
| Proceeds from Issue of Shares | - | - | - | 359 | 1,002 |
| Payment for On-market Share Buy-Back | - | - | (3,868) | - | - |
| Other | 32 | 234 | 514 | (346) | (13) |
| Net Cash Inflow/(Outflow) | (2,764) | (5,945) | (12,206) | (26,707) | 23,558 |
| Cash at 31 December 2013 | 56,897* | 69,953 | 75,136 | 100,090 | 99,359 |

*Cash includes Cash and Cash Equivalents (\$31,897k) and Term Deposits (\$25,000k)

Analysis of Cash Flows – Half-Year to December 2013

