

MINCOR RESOURCES NL

Half-Year 2014/15
(31 December 2014)

FINANCIAL RESULTS

Financial Highlights of the Half-Year to December 2014

- First half loss of **\$1.89M** (1HFY14: \$0.03M Loss) after D&A of \$16.66M, exploration expensed of \$3.80M, negative provisional pricing adjustments of \$0.70M, and a one-off tax cost of \$0.43M;
- Healthy EBITDA of **\$14.87M** (1HFY14: \$14.4M) on the back of a strong operating performance;
- Directors declare a **2 cps fully franked interim dividend**;
- Major expenditures included \$6.7M in exploration (of which \$3.80M is expensed), \$11.6M in mine capital, \$7.0M in new mining equipment (lease financed) and \$3.8M in dividends;
- Strong balance sheet maintained, with \$55.1M in cash and receivables net of current interest-bearing liabilities, creditors and accruals (30 June 2014: \$61.3M).
- Cash at bank of \$53.6M (30 June 2014: \$50.6M).

Operational Highlights of the Half-Year to December 2014

- Production of 162,216 tonnes of ore grading 3.07% nickel for 4,986 tonnes of nickel-in-ore, at cash costs of A\$5.00/lb payable nickel;
- Mincor tracking towards the upper end of its production target range, and likely to outperform its cost target;
- Major equipment upgrade program completed;
- **Outstanding exploration results** – an enviable pipeline of organic growth opportunities emerging:
 - Cassini and Voyce – new high-grade discoveries
 - Burnett – reinvigorated North Miitel potential
 - Durkin North – Upgrade and Infill drilling underway
 - Full-year exploration budget lifted 40% to \$14M

Operational Results for the Half-Year to December 2014

	Dec Half' 14	Dec Half' 13	Dec Half' 12	Dec Half' 11	Dec Half '10
Ore Delivered (tonnes)	162,216	169,971	157,863	166,423	206,934
Nickel Grade	3.07%	3.31%	3.21%	3.12%	2.68%
Nickel-in-Ore (tonnes)	4,986	5,618	5,063	5,184	5,553
Nickel-in-Concentrate (tonnes)	4,395	5,006	4,516	4,632	4,900
Pounds Payable Nickel	6,297,643	7,173,165	6,471,311	6,626,096	7,003,043
Average Nickel Price (A\$/lb)	7.95*	7.01	8.26	9.20	11.01
Average Cash Cost (A\$/lb)	5.00	4.46	5.07	6.05	7.24
Average Cash Margin (A\$/lb)	2.95	2.55	3.19	3.15	3.77

*Excludes the impact of negative prior period nickel sales adjustment on the establishment of final nickel prices for April, May and June 2014 (\$0.70 million). Based on estimates of the nickel price for October, November and December 2014; 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 2014

	Dec Half' 14	Dec Half' 13	Dec Half' 12	Dec Half' 11	Dec Half '10
Revenues (\$M)	52.01*	52.99	55.53	62.44	80.38
EBITDA (\$M)	14.87	14.36	14.77	15.50	11.40
Net Profit/(Loss) After Tax (\$M)	(1.89)	(0.03)	(2.21)	0.35	(2.14)
Earnings/(Loss) per Share (CPS)	(1.0)	(0.0)	(1.2)	0.2	(1.1)
Interim Dividend per Share (CPS)	2.0	2.0	2.0	2.0	2.0

*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 2014 half-year accounts for the production months of October, November and December 2014 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 2014. As a result Mincor has recognised a negative sales revenue adjustment of \$0.70 million attributable to those production months. This negative adjustment is incorporated in the above figures.

Balance Sheet at 31 December 2014

	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
Assets (\$M)	137.49	131.55	169.37	193.96	247.57
Liabilities (\$M)	35.51	20.23	28.62	31.82	56.92
Shareholder's Equity (\$M)	101.98	111.32	140.75	155.83	189.74
Return on Equity (annualised)	0%	0%	N/A	0.4%	N/A

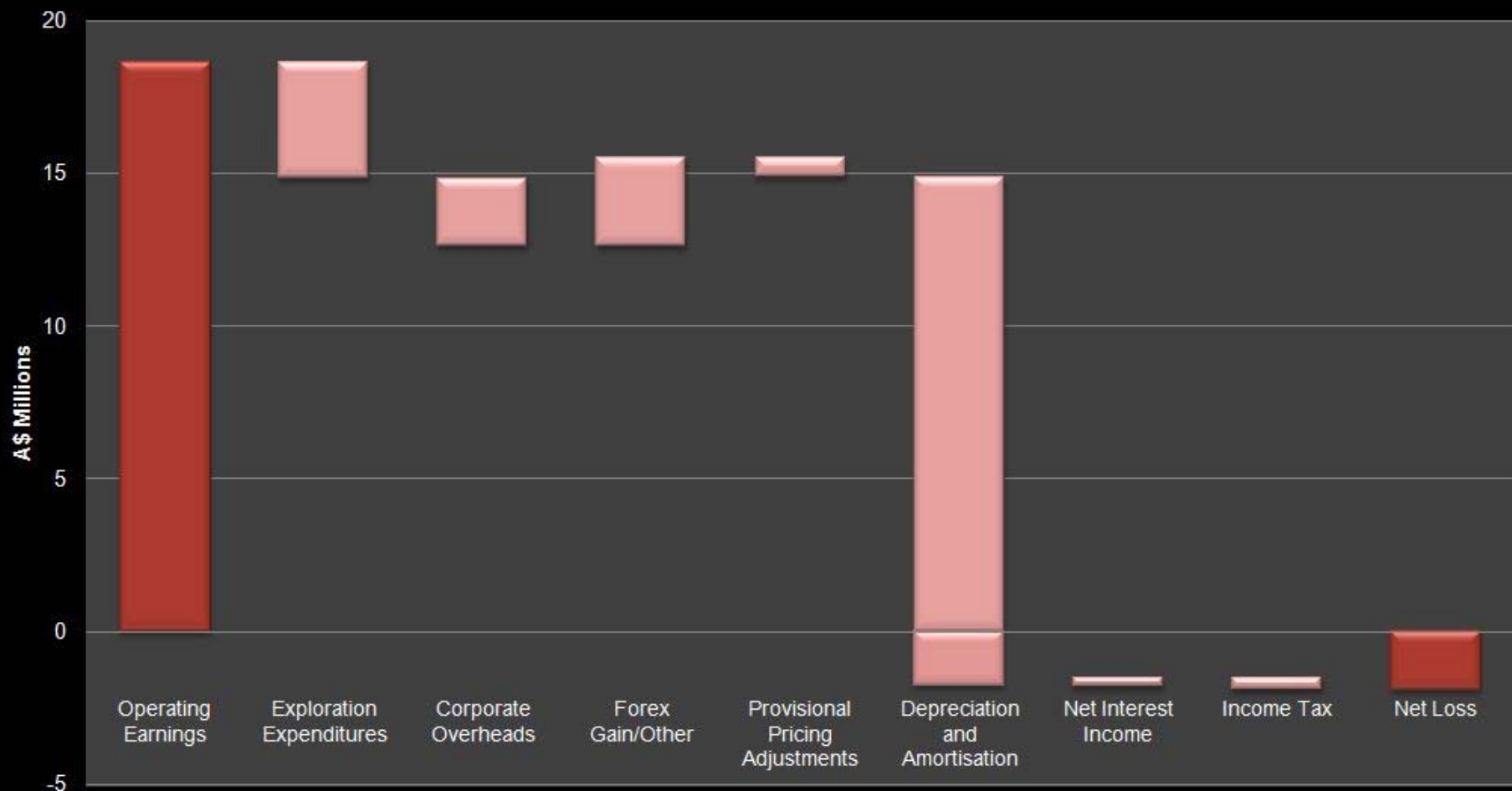
Note: Shareholder's Equity has been adjusted to remove the impact of cash flow hedges. The adjustment for 31 December 2014 was nil. Under the current AIFRS rules hedges must be fair valued with mark to market adjustments made against equity. As this fair value adjustment fluctuates with nickel and currency 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 2014

	Dec Half' 14	Dec Half' 13	Dec Half' 12	Dec Half' 11	Dec Half '10
Operating Earnings (Revenue less Cash Costs) (\$M)*	18.61	18.26	20.62	20.84	25.72
Less: Exploration Costs Expensed (\$M)	(3.80)	(1.71)	(2.85)	(2.20)	(3.28)
Less: Corporate Overheads (\$M)**	(2.21)	(2.27)	(2.56)	(2.98)	(2.61)
Less: Foreign Exchange Gain/(Loss)	3.27	0.67	(0.35)	2.46	(7.59)
Add: Other Income/Expenses	(0.36)	(0.18)	0.84	(0.60)	0.63
EBITDA before recognition of provisional pricing adjustments (\$M)	15.51	14.77	15.70	17.52	12.87
Add/(less) : Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2014 (\$M)	(0.64)	(0.41)	(0.93)	(2.02)	(1.47)
EBITDA (\$M)	14.87	14.36	14.77	15.50	11.40
Depreciation and Amortisation (\$M)	(16.66)	(14.61)	(18.24)	(15.98)	(16.27)
Impairment Loss (\$M)	-	-	-	-	-
EBIT (\$M)	(1.79)	(0.25)	(3.47)	(0.47)	(4.87)
Net Interest Income (\$M)	0.33	0.52	0.71	1.18	1.71
Income Tax Benefit/(Expense) (\$M)	(0.43)	(0.3)	0.55	(0.36)	1.02
Net Profit/(loss) after Tax (\$M)	(1.89)	(0.03)	(2.21)	0.35	(2.14)

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

Analysis of Earnings – Half-Year to December 2014



Analysis of Cash Flows – Half-Year to December 2014

	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Net Operating Cash Flow before recognition of provisional pricing adjustments	27,845	16,998	17,457	17,984	20,417
Add/(less): Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2014	(641)	(410)	(932)	(2,015)	(1,469)
Net Operating Cash Inflow	27,204	16,588	16,525	15,969	18,948
Income Tax (Paid)/Received	-	-	-	972	(9,689)
Lease Payments on New Equipment	(1,098)	-	-	-	-
Payment for Investment	(721)	-	(454)	(5,000)	-
Capital Expenditure (including near-mine exploration exp.)	(15,140)	(13,747)	(12,767)	(11,522)	(20,824)
Exploration Expenditure	(3,698)	(1,873)	(5,720)	(5,312)	(3,119)
Dividends Paid	(3,764)	(3,764)	(3,763)	(3,959)	(12,036)
Proceeds from Issue of Shares	-	-	-	-	359
Payment for On-market Share Buy-Back	-	-	-	(3,868)	-
Other	180	32	234	514	(346)
Net Cash Inflow/(Outflow)	2,963	(2,764)	(5,945)	(12,206)	(26,707)
Cash at 31 December 2014	53,610*	56,897	69,953	75,136	100,090

*Cash includes Cash and Cash Equivalents (\$28,610k) and Term Deposits (\$25,000k)

Analysis of Cash Flows – Half-Year to December 2014

