

ANNUAL REPORT 2010



Moon rising over Lake Zor while drilling at South Mital, July 2010 (photo by Stephen Jeffers, Mincor)

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Mula Mula found in the Widgiemooltha area (photo by Thanh Doan, Mincor)

COMPANY PROFILE

Mincor is a leading Australian nickel mining company. Mincor was formed in 1999 and opened its first nickel mine in early 2001. Since then Mincor has generated over a quarter of a billion dollars in net profits after tax from gross revenues of \$1.6 billion and has paid regular fully-franked dividends since 2003. Mincor is listed on the Australian Securities Exchange and forms part of the S&P/ASX 200 Index.

Mincor has a strong position in the Kambalda Nickel District of Western Australia. This is a world-class geological province with a total proven endowment to date of over 1.4 million tonnes of nickel. Mincor currently operates five mines in the Kambalda District and maintains an active exploration program throughout the district. To the end of June 2010 Mincor had produced 122,800 tonnes of nickel-in-ore, from 4.14 million tonnes of ore grading 2.97% nickel.

Mincor's key goal is the safe and responsible generation of Total Shareholder Returns. From a once-only equity raising of \$5 million in 2001 Mincor has generated cumulative profits after tax of \$258 million and paid or declared \$98.6 million in dividends. Mincor's share price has appreciated by approximately 40 times since the Company's formation in 1999, and shareholders also received the benefit of the successful spin-off of Mincor's subsidiary Tethyan Copper Company Ltd.

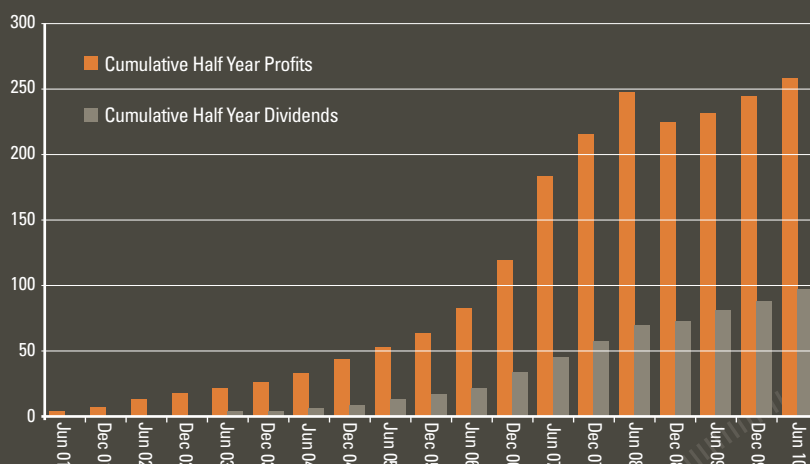
Mincor maintains a relentless focus on the safety and well-being of its employees and contractors. The Company has an excellent long-term safety record but continually strives to do better, and to place itself at the forefront of safety innovation in Australia. Mincor empowers its employees to take responsibility and 'ownership' of safety at its mine sites, never puts

profits before safety, and ensures that at least once a year it carries out an independent, third party audit of part or all of its safety systems and processes.

Mincor has a deep respect for the regional and rural communities in which it operates, and seeks wherever possible to offer local employment and to support local businesses. The Company is an enthusiastic supporter of local community organisations and has, over the years, been a very substantial donor to a wide variety of rural educational, sporting, charitable and other organisations.

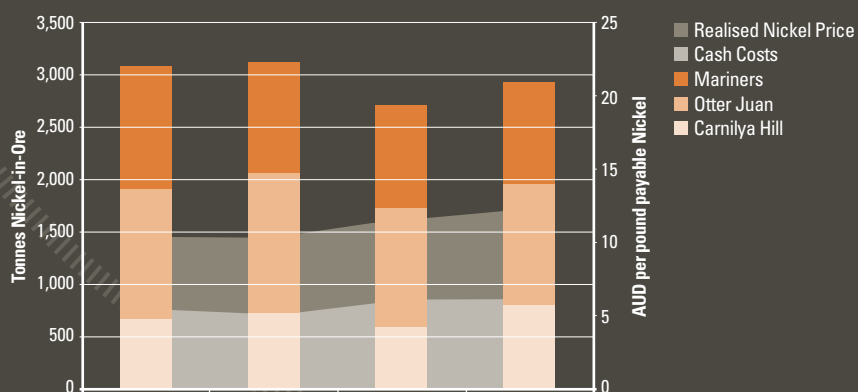
Mincor's vision for the future encompasses continued strong investment in its successful Kambalda business while striving to generate, through acquisitions or exploration, a pipeline of growth assets elsewhere in Australia or the world, in order to continue Mincor's growth to being Australia's leading mid-cap mining company.

Mincor places an exceptionally high value on its reputation for integrity and fair-dealing, and seeks to treat all parties – suppliers, contractors, business partners, employees, its own shareholders and the wider community – with fairness, respect, openness and honesty.



HIGHLIGHTS OF THE YEAR

QUARTERLY NICKEL PRODUCTION BY MINE WITH CASH COSTS AND REALISED NICKEL PRICE



Operational focus on margins over volumes generates **strong turn-around** in Financial Results after the loss induced by the Global Financial Crisis – reflecting the success of Mincor's operational strategy:

- **Net Profit After Tax: up \$44 million** to \$28.1 million
- **EBITDA: up 72%** to \$77.6 million
- **Year-end cash balance: up \$51 million** to \$126 million
- **Dividend: up 50%** to 9 cents per share
- **Four mines in production**, generating 371,159 tonnes ore @ 3.18% nickel for 11,793 tonnes nickel-in-ore
- Average cash cost of A\$5.66 per pound payable nickel
- Average cash margin of A\$5.45 per pound payable nickel
- Miitel Mine re-enters production late in the year **on budget and ahead of schedule**

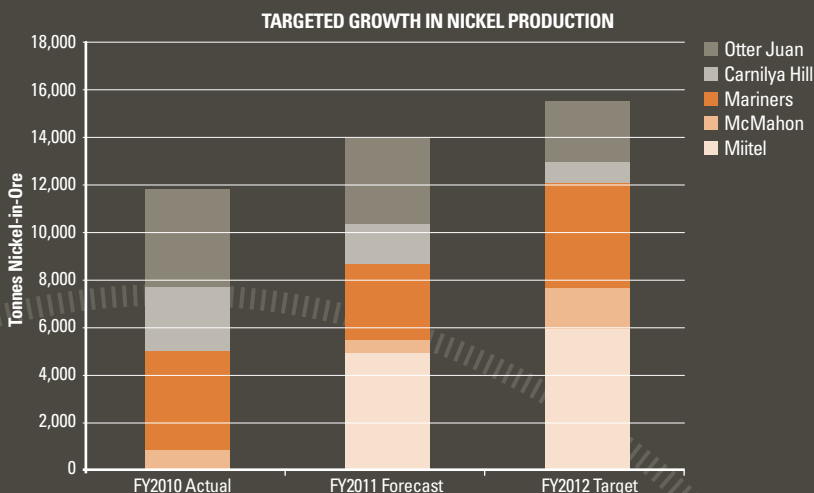
Redhill, Lake Lefroy, Kambalda (photo by Tanh Doan, Mincor)

OUTSTANDING EXPLORATION SUCCESS LAYS FOUNDATION FOR NEW PHASE OF PRODUCTION GROWTH:

Night shift drilling on the Kambalda Dome, May 2010 (photo by Tahir Doan, Mincor)

- **Breakthrough discoveries** at North and South Miitel creates strong new future for Miitel
- **Success at Mariners** converts 2009 discovery of N10 mineralisation into high-grade ore reserve, discovers potential N11 ore body
- Mincor's **Ore Reserves up by 37%** to 50,200 tonnes contained nickel metal
- Mincor's **Mineral Resources up by 8,700 tonnes** to 150,700 tonnes contained nickel metal

Mincor's managing director David Moore was awarded the prestigious GJ Stokes Memorial Award for his "contribution to the development of the resources sector in Australia" at the 2010 Diggers and Dealers Mining Forum. Mr Moore commented: *This award is really a tribute to all who have striven so successfully to create a thriving mining industry at Kambalda since 2001.* But we who have taken these assets forward over the past ten years are also conscious that we are **"standing on the shoulders of giants"** – all the men and women who discovered, developed and operated the Kambalda Nickel District and drove its success over the past 50 years.



AN UNBEATABLE EXPLORATION LINE-UP

Building on the successes of the past year, Mincor has an unbeatable line-up of exploration targets for the new financial year, an exploration budget of \$15 million, and an exploration team second to none:

- Drilling for an **Ultra-Sized Nickel Ore Body target** along the eastern corridor of the Kambalda Dome – a potentially game-changing exploration play.
- Systematic southward drilling of the **strong mineralised channel structure** at South Miitel – for as far as it will go.
- Testing of the **Miitel Extended concept** – another game-changing exploration play testing the concept that Miitel extends all the way to the Mariners Mine.
- Drilling of the emerging **new discovery at Burnett**, North Miitel, with strong potential for reserve additions.
- Drilling of the **potential new N11 discovery at Mariners** – could it be as strong as the N10?
- Drilling beyond the 50 Level Fault at Otter Juan – an exciting test of the unknown, with potential for a **whole new extension** to this 'Granddaddy' of Kambalda ore bodies.
- Drill testing of high-quality **early-stage nickel exploration targets** at Carnilya, Bluebush, Widiemooltha and West Kambalda.

- Drill testing of Mincor's **exciting copper discovery at Tottenham** in New South Wales.

- Drill testing of **copper/zinc targets at Bonaparte** in Western Australia and **Georgina** in Northern Territory.

“an exploration budget of \$15 million, and an exploration team second to none”

Drilling at South Miitel, May 2010 (photo by Tanh Doan, Mincor)





Ricky Grace with Students from Kununurra District High School (photo courtesy of Role Models and Leaders Australia)

SUPPORTING AUSTRALIA'S REGIONAL COMMUNITIES

SINCE MINCOR STARTED MINING IN 2001 THE COMPANY HAS BEEN AN ENTHUSIASTIC SUPPORTER OF LOCAL COMMUNITY ORGANISATIONS IN THE GOLDFIELDS AND OTHER PARTS OF RURAL AUSTRALIA.

During 2009/10 alone Mincor donated or committed \$124,000 to various educational, sporting and community organisations in rural and regional Australia. This brings to \$680,000 the total of voluntary donations made by Mincor over the past 9 years to worthy causes in rural Australia. During the past year Mincor has been proud to support the following organisations:

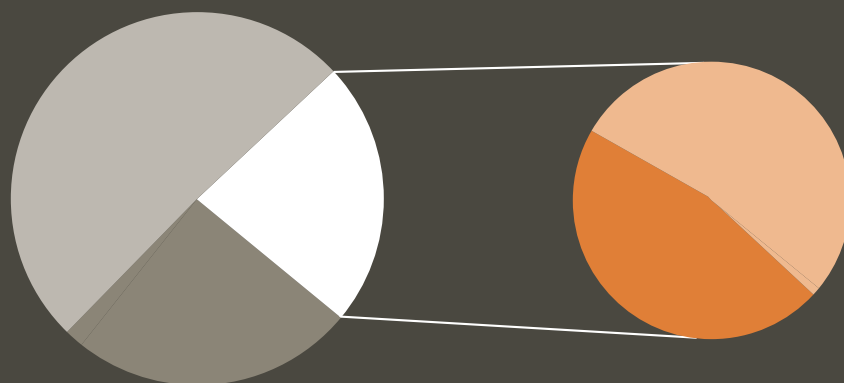
- The Eastern Goldfields Under 13 Rugby Team
- The Boulder Rotary Radio Auction
- Constable Care
- Kambalda Community Christmas Tree
- The Weld Square Primary Community Fair
- The Kambalda Primary School
- The West Kambalda High School
- The WA School of Mines
- The "Up 4 It" program to encourage school attendance
- The Kambalda Football Club
- The Princess Margaret Hospital
- The Kambalda Tee Ball Association
- The Kambalda Amateur Swimming Club

DELIVERING A 'FAIR SHARE'

Mincor believes its own past and continued existence is an unmitigated good for Australia. Mincor spends extremely high-risk shareholder capital to find ore bodies. Once found, Mincor commits further high-risk funds to evaluate and develop these ore bodies. If Mincor is successful in these endeavours, and successful in operating the resulting mine, and receives an adequate price for the commodity mined, Mincor and its shareholders make a profit. Along the way the entire nation benefits from the willingness of Mincor's shareholders to risk their capital. **The balance of risk and profit is critical in this equation.**

To the end of June 2010 this balance stood as follows:

- Total Shareholder Equity risked by Mincor: \$392 million
- Total operating costs spent by Mincor (injected into the economy): \$822 million
- Estimated Gross Export Earnings for Australia generated by Mincor's nickel: \$2 billion
- Mincor's Gross Revenues: \$1.6 billion
- Mincor's Gross Profit after capital and operating costs: \$397 million
- **Total taxes and royalties** paid to federal, state and local governments: **\$179 million** (45% of Gross Profit)
- Total remaining for Mincor's shareholders: \$218 million (55% of Gross Profit)



- Shareholder Equity Risked
- Operating Costs Incurred
- Proportion of Gross Profit paid to Local, State and Federal Governments
- Proportion of Gross Profit left for Shareholders



Chairman's Report

TO OUR SHAREHOLDERS

I am pleased to report that our financial results returned to normal and in 2009/10 we produced an excellent profit for our investors.

In explaining the results for the year under review, this annual report from the board and management contains a comprehensive discussion of all aspects of our business, including details of our relationship with the community within which we work, and of our safety record, our interaction with the physical environment and with our employees, contractors, customers and suppliers as well as our investors. The report merits your close attention.

Our profitability improved because the price realised for the nickel content of the ore we delivered to Nickel West increased by an average of 45%. We contained cost increases to a reasonable level and our hedging program remains effective.

Our future prospects were improved by the success of our capital expenditure, mine development and intensive exploration program. The exploration and development work led to an increase of 37% in our ore reserves. The increase in new reserves recorded in the year, substantially exceed the amount of ore mined in the year.

Our balance sheet, profits and the positive cash flows from operations are all strong, as are our human resources. With an encouraging economic and governance environment we have the resources to conduct further substantial exploration and investment in existing and new projects in Australia and, with renewed vigour, overseas. We continue to build our interests in key metals, in addition to nickel.

We are planning for future success, however it is clear that these plans can be materially and adversely affected at any time by policies and actions outside our control. I refer, in particular to our federal government and the so called 'mining super tax' proposal.

I fully endorse the comments of our managing director on the reckless, retrospective and punitive taxation proposals introduced without notice this year. The national reputation of Australia as an ethical, stable and fair country governed in a competent manner, has been severely damaged. It will take some years to repair and for mutual trust to return. There appeared a deep lack of understanding in the government and the public service of how productive industry works, of where goods and services are produced, of how employees and the public rely on the wealth that is distributed to them from production and of the need to accumulate funds to invest in the means of production.

At the date of writing this report the matter is by no means resolved, and there is still a threat from some powerful quarters. Hopefully the recent election will lead to a situation where balance, fairness and certainty are returned to the people of Australia.

As announced, and on the assumption stability and certainty will return, your directors have decided to declare a final dividend of 6 cents per fully paid ordinary share on a fully franked basis, on tax paid at 30%. This makes a total dividend for the year of 9 cents per share.

I again highlight the extraordinary efforts of David Moore and his team in producing the excellent performance reported here. They work in volatile and difficult times without pause or complaint. They enjoy the challenges of our business and the satisfaction their collaboration brings to all involved. It is noted that the shock of the attempted expropriation of the value created by the efforts of our team, and the absolute need to defend the company, absorbed a great deal of energy and time. Time which should have been available and would have been better spent directly on the development of our mining business.

DAVID J HUMANN

Mincor's board of directors (L-R): Ian Burston, David Moore, David Humann, Brian Lynn and Jack Gardner





Managing Director's Report

DEAR FELLOW SHAREHOLDERS

We have come to the end of another year that proved, in its own way, almost as tumultuous as the year before. Instead of the global financial crisis, the damage this year came from the Australian government, which, in one extraordinary afternoon, threw away Australia's hard-won reputation for investment stability with a reckless and punitive tax proposal.

While the impact of the proposal has been muted by later changes, the matter has not been resolved and the damage to Australia's reputation remains. Perhaps most disturbing of all was what the tax revealed about how Canberra sees the mining industry. Not as a world-beating, innovative industry that is driving prosperity in Australia through a time of threatening global change, but as an exploitative sector that does not pay its "fair share" and that needs to be "slowed down".

Needless to say most of us who work in the mining industry are horrified at this portrayal of our business. We believe that the industry is wholly a good thing for Australia, without any qualification whatsoever. We believe that its competitive and innovative spirit is something of which all Australians can be proud. We believe this vibrant sector of our economy pulled Australia through the global financial crisis, and that it will, government policy allowing, continue to provide lifetime opportunities to new generations of young Australian women and men.

However we also believe that our industry is under threat as never before. Other advanced economies have driven their mining industries to extinction, generally through a rising tide of regulation that finally made it prohibitive to mine all but the very richest deposits. Australia is walking down the same road. The government's tax proposal was merely a symptom of a broader malaise. This malaise is well in evidence in Western Australia, where, under pressure from hostile voices in the state parliament, an ever-rising tide of regulation threatens to swamp the industry, destroy its ability to innovate, and end its competitive position in the global mining business.

I am deeply concerned at this trend and I would urge all our shareholders to make themselves aware of what federal and state governments are doing in their name, and to engage in reasonable debate with those who, through ignorance or through ideology, wish to see an end to mining in Australia.

Turning to Mincor, the year was marked by our continued rapid recovery from the turbulence of the global financial crisis. Our operational strategy was thoroughly vindicated with a substantial profit turn-around built on lower production at stronger margins. Our excellent \$28 million profit is the bottom-line tribute to the skill of our miners and their management teams who after two years of dislocation and change have yet managed to deliver Mincor's fourth highest profit, ever.

The other big story for Mincor through the year was the success of our Kambalda exploration team. Mincor increased its ore reserves by 37% this past year, replacing some 140% of all the nickel it mined. Outstanding exploration success was achieved at Miitel and Mariners and a number of genuinely exciting new targets were developed that hold great promise for the year ahead.

Our regional exploration team suffered frustration as, just when the Company was again prepared to spend money after the prudent slow-down dictated by the global financial crisis, the government announced its tax proposal and Mincor immediately halted all regional exploration. We have now recommenced work but it is fair to say that Mincor's regional exploration programs are 12 months behind where they could have been.

However during the 2010/11 year much of this will be rectified, and in addition to the excellent suite of Kambalda nickel targets, Mincor expects to be at last drilling most of its promising regional targets, including our copper prospect at Tottenham in New South Wales, our zinc-lead-copper projects in the Bonaparte Basin of Western Australia, our zinc project at Georgina in the Northern Territory, and our exciting gold prospect at Lake Cowan south of our Kambalda operations.

The other element of our growth strategy – and Mincor remains, above all, a growth orientated company – is our search for an additional pipeline of advanced exploration assets. Given the increasing difficulties of exploring and mining in Australia, and the very real threat of further tax measures against the industry, Mincor is increasingly interested in off-shore assets, where the Company's proven skills can be effectively deployed to add value to advanced projects. I have great hopes that over the coming year this rather unsung element of our growth strategy will deliver the assets we seek.

In October 2009 Mincor celebrated its tenth birthday. Another milestone now looms – March 2011 will mark 10 years since we opened our first nickel mine in Kambalda. That event sparked the re-birth of Kambalda and our success since then has helped rebuild the District into the vibrant mining community that it is today. This is a great tribute not only to Mincor and the other companies that later joined us in the District, but also to the pioneering men and women who first discovered and developed the nickel deposits at Kambalda and who operated the mines for much of the latter half of the last century.

I want to thank all our employees in Mincor, for their skill, dedication, hard work and loyalty through the year. Mincor is singularly blessed with the quality of the people it employs and there is no doubt that they are our greatest asset. My thanks also to our contractors and various suppliers and business partners, for their unstinting efforts. My profound thanks to the good folk of Kambalda and the other communities in which we operate, for their support and understanding of the contingencies of mining and exploration. Finally my deep thanks to my fellow directors for their steady support and guidance through the year.

DAVID MOORE

Mincor's Kambalda Nickel Business

OVERVIEW AND OUTLOOK

The 2009/10 financial year was marked by continued production restraint from Mincor as the Company focused on margins and exploration at the expense of volume. This strategy proved extremely effective, with a 32% drop in production delivering a substantial turn-around in profit after the loss incurred during the global financial crisis; and outstanding exploration success delivering a 37% increase in ore reserves.

Mincor's operations are located in the world-class nickel district centred around the town of Kambalda, Western Australia. The Company operates two mining centres – Southern and Northern – each of which is headed by a General Manager who reports to Mincor's Chief Operating Officer. This structure allows Mincor to derive the benefits of owning multiple production sources while at the same time maximising synergies within and between the operational centres.

Mariners, Otter Juan, McMahon/Coronet and Carnilya Hill were in production throughout the year, while Miitel remained on care and maintenance until May 2010, when the decision to re-open the mine was taken.

The mines performed largely according to plan although ore tonnes were lower than expected from Mariners and Otter Juan. However, pleasingly, the grade of production was in line with the plan. The delivered grade was the highest since 2002/03, reflecting the strong focus on costs and margins.

Group production for the financial year was 371,159 ore tonnes at 3.18% nickel for 11,793 tonnes of nickel-in-ore and 10,673 tonnes of nickel-in-concentrate. This was lower than the previous year due to the lack of production from Miitel. Cash operating costs per pound of payable nickel were A\$5.66, a slight increase over the previous year.

Substantial exploration success was achieved through the year, with new discoveries at both North and South Miitel, significant reserve extensions at Carnilya Hill, and a potential new ore body (the N11) at Mariners. The standout result was the addition of 10,600 tonnes of high-grade nickel to Reserves in the N10 ore body at Mariners. Group Ore Reserves increased by 16,600 tonnes of nickel, a 37% increase over the previous year before production.

These results underpin Mincor's targeted 35% increase in production over the next two years, to between 13,500 and 14,500 tonnes of nickel-in-ore in 2010/11 and to between 15,000 and 16,000 tonnes of nickel-in-ore in 2011/12.

Over the coming year the key sources of production will be the Miitel, Mariners and Otter Juan mines. Production from Carnilya Hill will start to wane after December but will be progressively replaced by the ramp up of Miitel and, in the next financial year, by production from McMahon. Production from Mariners will be constrained throughout the new financial year until capital development provides access to the high-grade ore in the N10 ore body.

Capital development to access reserves will continue at Mariners, Miitel and McMahon during the financial year. Capital development at Otter Juan is currently on hold awaiting diamond drilling below the 50 level to locate economic reserves beyond a structural zone which appears to be offsetting and complicating the distribution of ore. Production from the mine beyond the next 30 months will hinge on the success of this drilling.

Mincor has budgeted \$35 million for capital and mine development during the 2010/11 financial year, and a further \$15 million for extensional and regional exploration.

Safety

Mincor places the highest priority on the safety and wellbeing of its employees and contractors. During the year our extensive safety program continued. Pleasingly the various programs resulted in a halving of the number of Lost-Time Injuries from 6 in 2008/09 to 3 in 2009/10. This resulted in a decrease in the 12 month moving average Lost-Time Injury Frequency Rate from 5.8 to 4.7. While this outcome is positive, the focus remains to eliminate injuries in the workplace and initiatives to drive the number of incidents down further remain a key focus.

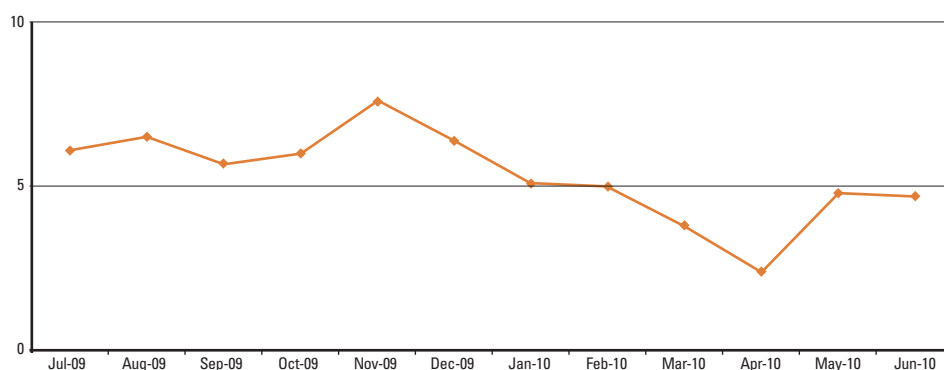
During the year the main thrusts of Mincor's safety program included the development and implementation of Major Hazard Standards, Supervisor Training, Accountability and Responsibility for Safety Workshops and the conduct of Task Observations. Other elements of the safety improvement program included:

- Safety-linked bonus/penalty system for key contractors
- Fitness for Work programs
- External third party auditing based on the Department of Mines High Impact Audit Standards; and actioning of audit findings
- Continued development of the safe work procedures
- Ongoing safety inspections and internal audits
- Emergency response capability

Safety requires an unrelenting focus and Mincor intends to continue to enhance its safety systems and culture with the goal of achieving its stated aim of 'Zero Harm'.

Emergency response training crew (photo by Tanh Doan, Mincor)

Figure 1 12 Month Moving Average Lost-Time Injury Frequency Rate



Ownership and Operation

All of Mincor's mines and tenements in the Kambalda Nickel District are owned 100% by Mincor, with the sole exception of Carnilya Hill, which is owned 70% by Mincor and 30% by View Resources Ltd. Mincor is the operator of the Carnilya Hill Joint Venture.

Mincor's South Kambalda Operations (**SKO**) comprises the operating Mariners Mine and recently re-opened Miitel Mine. It also includes the Redross and Wannaway mines which are now largely depleted although both still have remaining ore reserves.

During the year the mining contract for SKO was re-tendered, delivering an excellent outcome via a structurally competitive mining contract with Byrnes, which commenced in October 2009. Mincor thanks its previous contractor, Barminto, for their excellent and professional service over the five years since 2004.

Mincor's North Kambalda Operations (**NKO**) comprises the Otter Juan, Coronet, McMahon and Carnilya Hill mines located at and northeast of Kambalda. The Coronet and McMahon mines are run as satellite operations to the main production centre of Otter Juan. All Mincor's NKO mines are owner-operated.

Sales

Mincor has six different long-term Ore Tolling and Concentrate Purchase Agreements with BHP Billiton Nickel West, all of which continued to operate satisfactorily during the year. The initial term of four of these agreements expired during the year and Nickel West exercised its option to extend these agreements for a further nine years to 2019. The remaining two agreements extend to 2016 and 2019 respectively.

Under these agreements, ore produced at each of Mincor's nickel mines is transported to Nickel West's mill at Kambalda, where it is toll-treated and the resulting concentrate sold to Nickel West. Payment is made to Mincor in US dollars, based on the average LME spot nickel price during the third month after the month of delivery.

Metal Prices and Hedging

The LME spot nickel price for the financial year averaged US\$19,359/t, a significant 45% increase from the 2009 average of US\$13,367. The LME spot nickel price experienced volatility over the course of the financial year with a high of US\$27,600/t on 16 April 2010 and a low of US\$14,360 on 13 July 2009. The closing nickel price was US\$19,430/t on 30 June 2010.

In Australian dollar terms the average nickel price realised by Mincor, net of hedging, increased by nearly 32% to A\$11.11/lb, compared to A\$8.39/lb the previous year. Combined with Mincor's successful cost control, this led to an 80% increase in Mincor's average cash margin.

Mincor derived approximately 2.7% of its gross revenue from the sale of by-product copper and cobalt, in line with the preceding year (2.9%).

Royalty costs for the year totalled \$4.34 million, or \$0.36 per pound payable nickel (2009: A\$0.36/lb payable nickel).

Mincor's Kambalda Nickel Business (continued)

OPERATIONAL RESULTS

Table 1 Operational results				
	South Kambalda Operations ⁽¹⁾	North Kambalda Operations ⁽²⁾	Total for Financial Year 2009/10	Preceding Financial Year (2008/09) Total
Ore Tonnes Treated (DMT)	143,106	228,053	371,159	573,124
Average Nickel Grade (%)	2.90	3.35	3.18	3.08
Nickel-in-Concentrate Sold (tonnes)	3,651.9	7,020.8	10,672.6	15,768.1
Copper-in-Concentrate Sold (tonnes)	348.2	459.8	808.0m	1,248.6
Cobalt-in-Concentrate Sold (tonnes)	68.7	81.7	150.4m	257.2
Sales Revenue* (A\$)	60.09m	113.29m	173.38m	194.67m
Direct Operating Costs** (A\$)	32.66m	52.13m	84.79m	119.72m
Royalty Costs (A\$)	2.25m	3.24m	5.49m	7.80m
Operating Surplus*** (A\$)	25.18m	57.92m	83.10m	67.15m
Capital Costs**** (A\$)	18.06m	9.89m	27.95m	38.94m
Costs Per Pound Payable Nickel				
Payable Nickel Produced (lbs)	5,181,673	10,004,750	15,186,423	22,513,131
Mining Costs (A\$/lb)	3.52	3.47	3.48	3.17
Milling Costs (A\$/lb)	1.17	0.85	0.96	0.93
Ore Haulage Costs (A\$/lb)	0.31	0.08	0.16	0.17
Other Mining/Administration (A\$/lb)	1.31	0.85	1.00	0.99
Royalty Cost (A\$/lb)	0.43	0.32	0.36	0.36
By-product Credits (A\$/lb)	(0.39)	(0.26)	(0.30)	(0.25)
Cash Costs (A\$/lb Nickel) – Full Year	6.35	5.31	5.66	5.37

⁽¹⁾ Production from Mariners only.

⁽²⁾ Production from Otter Juan, Coronet and McMahon and Mincor's 70% interest in the Camilya Hill Mine.

* Sales Revenue – estimate, awaits the fixing of the 3 month nickel reference price – see "Note on Provisional Pricing and Sales Revenue Adjustments" below.

** Direct Operating Costs – mining, milling, ore haulage, administration.

*** Operating Surplus – provisional and unaudited, excludes corporate overheads and other corporate costs, excludes regional exploration costs, excludes depreciation, amortisation and tax.

**** Capital Costs – includes mine capital and development costs and extensional exploration costs. Excludes regional exploration costs and capital development costs for Camilya Hill and McMahon.

Operating Surplus - Note on Provisional Pricing and Sales Revenue Adjustments

The nickel prices received by Mincor for any month of production is the average LME spot price during the third month following the month of delivery. For period-end reporting the Company determines provisional prices based on the 3 month forward nickel price at the end of each month of delivery. This estimate is subject to an adjustment (up or down) when the final nickel price is known.

Table 2 Production by mine site, 2009/10				
Mine	Tonnes	Grade	Nickel-in-ore	Nickel-in-concentrate
Miitel	1,564	2.64	41	36
Mariners	141,541	2.91	4,115	3,616
Otter Juan	114,929	3.56	4,095	3,769
Coronet	13,800	3.10	427	393
McMahon	17,243	2.01	346	318
Camilya Hill	82,081	3.37	2,769	2,541
Totals	371,158	3.18	11,793	10,673



Massive ore stope (photo by the late Jim Reeve)

NORTH KAMBALDA OPERATIONS

Production and Costs

Production from North Kambalda Operations (NKO) was sourced principally from the Otter Juan and Carnilya Hill mines with a modest contribution from Coronet/McMahon.

Production from Otter Juan was primarily from level development and air-leg stoping of the F62 ore body between the 43 and 49 levels. Remnant mining operations higher in the mine also made a contribution. Production was largely in line with plan although the mine did suffer a period of approximately five months during which production grades were lower than expected. This appears to have been the result of natural variations in the ore body, and reduced annual production by about 3% against plan.

The emerging structural complexity ahead of production at Otter Juan was confirmed during the year with the identification of the 50 Level Fault, which appears to disrupt the ore body beyond the 50 Level. Drilling beyond this fault proved difficult and late in the year it was decided to suspend the development of the decline to allow a full-scale drilling program from the base of the decline in a footwall position.

This drilling will take place in the first half of the new financial year, and its success or otherwise will define the future of mine production beyond the current ore reserves.

Stoping continued at McMahon and Coronet but by the end of the year the majority of developed reserves were mined out. The McMahon decline has now been re-started and development will continue throughout the year, with first access to the high-grade MMN3 ore body expected late in the financial year.

Carnilya Hill made a strong contribution to production, with higher tonnes and grades than the previous year. Stoping of the B01C ore body was undertaken from the 14 level to the 19 level and development occurred on the 16, 17, 18, 19 and 20 levels. The decline was completed to the bottom of currently defined ore reserves in the second half of the year. Drilling and development at Carnilya added incremental but valuable ore reserves.

Cash operating costs per pound of payable nickel for NKO increased by 7% over the previous year, to A\$5.31/lb. This was due largely to the lower grades from Otter Juan, as well as general cost pressures.

Outlook

Stoping activity at Otter Juan in the coming year is expected to continue largely unchanged. Air-leg slot stoping will continue on the developed levels and progress over time down to the 50 level. Level development will be completed on the 50 level in the first half. Capital development and further level development below the 50 level is contingent on the outcome of the drilling program now underway to identify economic ore below the 50 level.

Decline development to access the high-grade MMN3 ore body at McMahon is underway and is expected to reach the ore body early in the 2011/12 financial year. In the interim limited production will be derived from the Coronet 'Flame' structures.

Level development at Carnilya Hill is expected to be complete by the second quarter of this year at which time production will start to wane as the ore reserves are depleted. Flat-back, long-hole and air-leg stoping of the developed ore will continue during the year.

Evaluation of additional resources at Ken South and Gellatly, both adjacent to McMahon, and studies into the viability of mining these resources as well as Durkin North, will be undertaken during the year.

SOUTH KAMBALDA OPERATIONS

Production and Costs

Production for the year from South Kambalda Operations (SKO) was sourced almost entirely from Mariners. Operations at Miitel were re-commenced late in the year making a small contribution to production in June. Redross and Wannaway remained on care and maintenance.

Production from Mariners was lower than the previous year due to productivity constraints in the period immediately following the contractor change-over, and due to generally lower grades in the lower levels of the NO9 ore body.

Intensive drilling at Mariners during the year proved extremely successful, both expanding the mineral resource on the N10 surface and adding 10,600 tonnes of high-grade nickel to ore reserves in these ore surfaces.

In early May the decision was taken to re-commence operations at Miitel. Activities started immediately and by the end of the month equipment and personnel were mobilising to site. Production ramp-up commenced in June, one month ahead of schedule. The safe, timely and cost-effective re-start of production at Miitel is a signal tribute to the skill and dedication of Mincor's site management and our contractor, Byrneecut.

Despite maintaining strong cost management and a new mining contract with a lower cost structure, the lower production and lower nickel grades from SKO compared to the previous year resulted in operating cash costs per pound of payable nickel increasing by approximately 11% to A\$6.35.

“The outstanding exploration results during the past year continue Mincor’s track record of reserve and resource replacement.”

Mincor’s **Kambalda Nickel** Business (continued)

Outlook

Production from SKO for 2010/11 is forecast to rise considerably due to the re-commencement of mining at Miitel combined with ongoing production from Mariners.

Mariners will continue to produce from flat-back and long-hole stoping from the 1600 to the 1300 levels. Production will be derived from long-hole open and avoca stopes with only a modest contribution from level development. Production is expected to be constrained through the 2010/11 year due to the generally thinner and lower grade nature of the ore body on these levels. However the decline will continue to advance and by early in the 2011/12 financial year will start to provide access to the high-grade N10 ore body, after which production will rise substantially.

Diamond drilling of several targets will be undertaken during the year including further testing of the N11 inferred resource and testing of the Miitel contact in the footwall of the Mariners contact.

Production and development at Miitel is ramping up in advance of the original plan and full production rates are likely to be achieved in the second quarter of the year. Level development in the South Miitel N18 ore shoot has commenced and will continue throughout the year. Development of the main decline at South Miitel will continue in order to provide access to lower levels in the N18. The N29 decline is also being developed to provide access to the N29 ore shoot and to provide ventilation and a second means of egress.

Stoping in the N25 and N26 ore shoots at North Miitel will commence shortly and access development to the N27 and N28 ore shoots will commence late in the first quarter.

Diamond drilling to extend the N18, N29 and N30 ore bodies will be undertaken during the year.

ORE RESERVES AND MINERAL RESOURCES

During the 2009/10 financial year Mincor maintained its outstanding record of continually replacing mined production and/or adding to resources and reserves. For the year to 30 June 2010, Mincor added 16,600 tonnes of nickel metal to its Ore Reserves, before depletion for production of 11,793 tonnes. This means that Mincor replaced 140% of the nickel that it mined during the year.

Mincor’s updated Ore Reserves stand at:

1,746,000 tonnes @ 2.9% nickel for 50,200 tonnes of contained nickel metal
(2009: 45,400 tonnes contained nickel)

This represents a very healthy 37% increase in Ore Reserves before production.

Similarly, the Company added 8,700 tonnes of nickel metal to its Mineral Resource, again before mining depletion.

Mincor’s updated Mineral Resource is:

4,048,000 tonnes @ 3.7% nickel for 150,700 tonnes of nickel metal
(2009: 153,700 tonnes nickel)

The full tabulation of Mincor’s updated Mineral Resources and Ore Reserves is presented in Tables 3 and 4.

The standout result for the year was the successful conversion of the 2009 discovery of the Mariners N10 Inferred Resource into a strong, high-grade Ore Reserve. Infill drilling completed since September 2009 increased the N10 Mineral Resource by 49% to 324,000 tonnes @ 4.9% nickel for 15,800 tonnes of nickel, from the previously published Inferred Resource containing 10,600 tonnes of nickel. With appropriate mining parameters the N10 resource converts into a high-grade Ore Reserve of 299,000 tonnes ore @ 3.5% nickel for 10,600 tonnes of contained nickel metal.

Mincor also enjoyed exploration success at its Miitel Mine, where drilling is currently underway testing for further extensions. To date only the new N29 ore body has been added to Reserves, while the total of new Mineral Resources discovered during the year at North and South Miitel is 310,000 tonnes @ 3.9% nickel for 12,000 tonnes of contained nickel metal.

For the first time since coming under Mincor’s ownership, Otter Juan failed to increase its resource base during the course of the year. This is due to the presence of the 50 Level Fault (as described above) and the lack of drilling positions from which to test beyond the fault. However the major drilling program now commencing from footwall positions below the ore body is expected to resolve this situation over the coming months.

The outstanding exploration results during the past year continue Mincor’s track record of reserve and resource replacement.

Mincor commenced mining at Kambalda in 2001 with a total Ore Reserve of 25,400 tonnes of nickel metal. To the end of June 2010, the Company had mined 122,800 tonnes of nickel metal and had a further 50,200 tonnes in Reserve. Adding mined production and un-mined reserves shows that Mincor has increased its starting Ore Reserve by nearly sevenfold over the past nine years.

Durkin head frame, September 2009 (photo by Tanh Doan, Mincor)

Table 3 Mineral Resources as at 30 June 2010

Resource		MEASURED		INDICATED		INFERRED		TOTAL		
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni Tonnes
Mariners	2010	100,000	3.5	542,000	4.2	62,000	3.3	704,000	4.0	28,500
	2009	178,000	3.5	316,000	3.3	213,000	5.0	707,000	3.9	27,200
Redross	2010	31,000	5.1	138,000	2.9	67,000	2.9	236,000	3.2	7,500
	2009	31,000	5.1	138,000	2.9	67,000	2.9	236,000	3.2	7,500
Burnett	2010	-	-	-	-	250,000	3.7	250,000	3.7	9,400
	2009	-	-	-	-	161,000	3.1	161,000	3.1	4,900
Miitel	2010	51,000	4.0	550,000	3.9	98,000	3.6	699,000	3.8	26,800
	2009	152,000	3.5	476,000	3.7	28,000	4.2	656,000	3.7	24,200
Wannaway	2010	-	-	123,000	2.6	16,000	6.6	139,000	3.0	4,200
	2009	-	-	123,000	2.6	16,000	6.6	139,000	3.0	4,200
Carnilya Hill	2010	48,000	5.0	99,000	3.5	-	-	147,000	4.0	5,900
	2009	29,000	5.3	139,000	4.4	-	-	168,000	4.5	7,600
Otter Juan	2010	113,000	4.3	289,000	3.0	83,000	2.4	485,000	3.2	15,500
	2009	241,000	4.4	238,000	3.6	104,000	2.5	583,000	3.7	21,700
McMahon/Ken	2010	-	-	249,000	2.9	79,000	6.2	328,000	3.7	12,200
	2009	26,000	3.1	269,000	3.3	93,000	6.3	388,000	4.0	15,600
Durkin	2010	-	-	251,000	5.2	127,000	5.0	378,000	5.1	19,400
	2009	-	-	251,000	5.2	127,000	5.0	378,000	5.1	19,400
Gellatly	2010	-	-	29,000	3.4	-	-	29,000	3.4	1,000
	2009	-	-	29,000	3.4	-	-	29,000	3.4	1,000
Stockwell	2010	-	-	557,000	3.1	-	-	557,000	3.1	17,100
	2009	-	-	557,000	3.1	-	-	557,000	3.1	17,100
Cameron	2010	-	-	96,000	3.3	-	-	96,000	3.3	3,200
	2009	-	-	96,000	3.3	-	-	96,000	3.3	3,200
Grand Total	2010	343,000	4.2	2,923,000	3.6	782,000	4.0	4,048,000	3.7	150,700
	2009	657,000	4.0	2,632,000	3.5	810,000	4.3	4,099,000	3.8	153,700

Notes:

- Resources are inclusive of Reserves.
- Figures have been rounded and hence may not add up to the given totals.
- Resources shown for Carnilya Hill are those attributable to Mincor – that is, 70% of the total Carnilya Hill Resource.

The information in this Public Report that relates to Mineral Resources is based on information compiled by Mr Robert Hartley, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hartley is a permanent employee of Mincor Resources NL. Mr Hartley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hartley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mincor's Kambalda Nickel Business (continued)

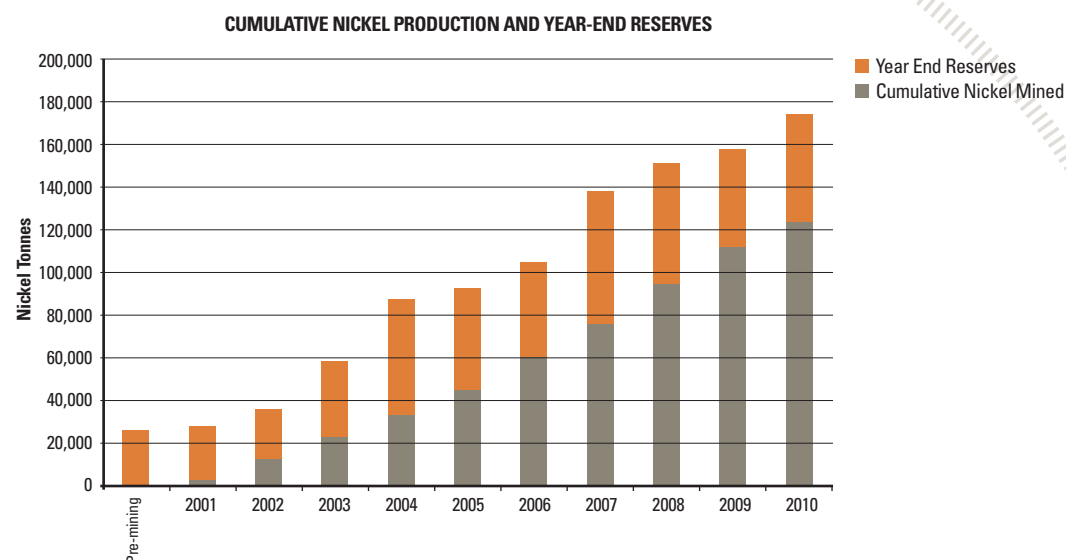
Table 4 Ore Reserves as at 30 June 2010

Reserve		PROVED		PROBABLE		TOTAL		
		Tonnes	Nickel (%)	Tonnes	Nickel (%)	Tonnes	Nickel (%)	Nickel Tonnes
Mariners	2010	77,000	2.4	447,000	3.2	524,000	3.1	16,300
	2009	138,000	2.8	203,000	2.6	340,000	2.7	9,000
Redross	2010	33,000	3.5	-	0.00	33,000	3.5	1,200
	2009	33,000	3.5	-	0.00	33,000	3.5	1,200
Miitel	2010	28,000	2.6	585,000	2.7	613,000	2.7	16,400
	2009	28,000	2.6	440,000	2.7	468,000	2.7	12,400
Wannaway	2010	-	-	39,000	2.9	39,000	2.9	1,100
	2009	-	-	39,000	2.9	39,000	2.9	1,100
Carnilya Hill	2010	52,000	3.5	30,000	3.1	83,000	3.3	2,800
	2009	54,000	3.1	74,000	3.3	127,000	3.2	4,100
Otter Juan	2010	109,000	3.6	104,000	2.9	212,000	3.2	6,900
	2009	185,000	3.4	123,000	3.5	307,000	3.4	10,500
McMahon	2010	-	-	242,000	2.3	242,000	2.3	5,600
	2009	23,000	2.3	269,000	2.4	291,000	2.4	7,100
Grand Total	2010	299,000	3.2	1,447,000	2.8	1,746,000	2.9	50,200
	2009	460,000	3.1	1,147,000	2.7	1,607,000	2.8	45,400

Notes:

- Figures have been rounded and hence may not add up to the given totals.
- Reserves for Carnilya Hill are those attributable to Mincor – that is, 70% of the total Carnilya Hill Reserve.

The information in this Public Report that relates to Ore Reserves is based on information compiled by Mr Stephen Cowle, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Cowle is a permanent employee of Mincor Resources NL. Mr Cowle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cowle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.





A gecko tiptoeing across an exploration map (photo by Tanh Doan, Mincor)

KAMBALDA NICKEL EXPLORATION

Mincor's Nickel Exploration Strategy

Mincor's focused exploration efforts delivered outstanding results through the year and generated high-quality new targets that will be pursued over the next 12 months.

Mincor's exploration goals in nickel may be summarised as follows:

- Continually expand reserves and resources through sustained extensional exploration.
- Discover new ore systems in the Kambalda Nickel District.
- Develop and test 'game-changing' exploration concepts in Kambalda.
- Discover new nickel districts outside Kambalda.

Mincor's exploration team drives a philosophy of continuous improvement, investing in new technologies and the latest in geological thinking. Over the past year this has included the following:

- A large investment in various in-mine electromagnetic (EM) techniques. The key aim is the location of hidden mineralisation close to underground development. Importantly, Mincor's trial used some of the best EM tools available. At Otter Juan a substantial investment was made in the establishment of permanent in-mine EM loops.
- Other geophysical datasets: Mincor continues to extract information and ideas from its ground-breaking 3D seismic survey over North Kambalda completed with BHP Billiton during the 2009 financial year, and has also made extensive use of advanced airborne VTEM surveys, as well as bore hole radar.

- Mincor continues to benefit from its pioneering development of underground directional drilling, which it first used at Otter Juan and which played a major part in the discovery of both the N10 and the N11 ore bodies at Mariners. The technique is currently being employed in the exploration for Ultra-Sized Nickel Ore Bodies around the Kambalda Dome.

Building on these technologies and past successes, Mincor's Kambalda Nickel exploration efforts over the coming year will focus on, among other things, the following:

- **Continued testing of the US-NOB target in the eastern corridor of the Kambalda Dome:** A potentially 'game-changing' concept focused on the discovery of an Ultra-Sized Nickel Ore Body (>100,000 tonnes contained nickel at > 3.5% nickel) in one of the best 'addresses' for big, high-grade nickel sulphide ore bodies in Australia. Drilling is underway.
- **Systematic follow-up drilling at South Miitel:** Exploration success during 2009/10 highlighted the continuous nature of the ore system at South Miitel. Two clearly-defined channel structures are now being systematically drill-tested, and have the potential to add very substantially to the life of Mincor's flagship operation.
- **Testing of the Miitel Extended concept:** Another 'game-changing' idea – the concept that the Miitel ore system extends all the way to the Mariners Mine – will be tested during the year. Success would double the size of Mincor's most prolific ore system, and potentially enable the doubling of production from that ore system.
- **Follow-up of the breakthrough results at Burnett:** Drill results during 2009/10 changed perceptions of the ore system at this northern extension of Miitel. The potential for a substantial new high-grade ore body will be drill-tested during the coming year.
- **Looking beyond the 50 Level Fault at Otter Juan:** Apart from its potential impact on production, the presence of the 50 Level Fault is also a major exploration opportunity – with potential for the discovery of a new high-grade ore body and the bonanza-grade ore shoots that often accompany such structural complexity. A major underground drilling program is commencing now.
- **The emerging N11 discovery at Mariners:** An outstanding opportunity to add substantial new resources at Mariners, with a full drill program planned for later in the year when the decline has advanced to a point where ideal underground drill locations are available.
- **Ongoing drill-testing of regional targets at Bluebush, Carnilya and Widgiemooltha:** Mincor has a large ground holding in the prolific Kambalda District, covering many kilometres of the strike of the prospective 'Basal Contact'. Numerous targets were worked up during 2009/10 and will be drilled during 2010/11.
- **Testing of the exciting VTEM targets at Kambalda West:** Environmental approvals are in place to test a number of highly conductive 'bull's-eye' EM conductors on coincident magnetic highs.

Mincor's Kambalda Nickel Business (continued)

Near-mine Exploration – Northern Operations

Otter Juan Ore System

Based on its known nickel endowment, Mincor's North Kambalda tenement is perhaps the single most prospective area in Australia for high-grade nickel sulphides. The largest ore system in the Kambalda district is Otter Juan. It has been mined near-continuously for 40 years over a plunge extent of more than 3 kilometres, producing more than 300,000 tonnes of nickel metal.

The metal distribution across this world-class ore body is not uniform, but is made up of numerous ore surfaces. This variability is both primary (formed when the ore body formed, through variations in nickel deposition from the flowing lava) and a later structural over-print caused by movements in the earth's crust that affected the ore system, moving it around and in places squeezing massive sulphides into narrow high-grade zones.

All these factors interact to create complex shapes to the ore surfaces and in the basal contact and can directly affect the quality of mineralisation. Nevertheless when looking at all Otter Juan's ore surfaces in plan projection they line up remarkably well within a corridor 300 metres wide with a north/northwest orientation.

At the base of the Otter Juan Mine additional complexity has been introduced with the newly encountered 50 Level Fault. This west-over-east fault displaces the basal contact that contains the main F62 and S62 ore bodies. The net effect is a doubling up of the basal contact. The area is further complicated by porphyry intrusions that stope out the prospective contact.

Although mineralisation has been intersected on the basal contact on the other side (the hanging-wall side) of the 50 Level Fault (in the newly-named N63 surface), drilling is sparse as only very poor drill locations have been available to date. However two very important drilling positions have now been developed, one in the footwall and one in the hanging-wall. A major drilling program has just commenced from these positions, designed to discover the location of the Otter Juan ore system on other side of the 50 Level Fault.

Serp Trough

While these drill platforms were being developed, exploration focused on a number of surfaces to the east of the 62 surfaces. The 'Serp Trough' is a large deeply-incised embayment in the basal contact immediately east of the main ore body and parallel to the F62 surface. Two mineralised surfaces have been discovered within the Trough – the N65 (Western Ledge) and E65 (eastern Pinch-out).

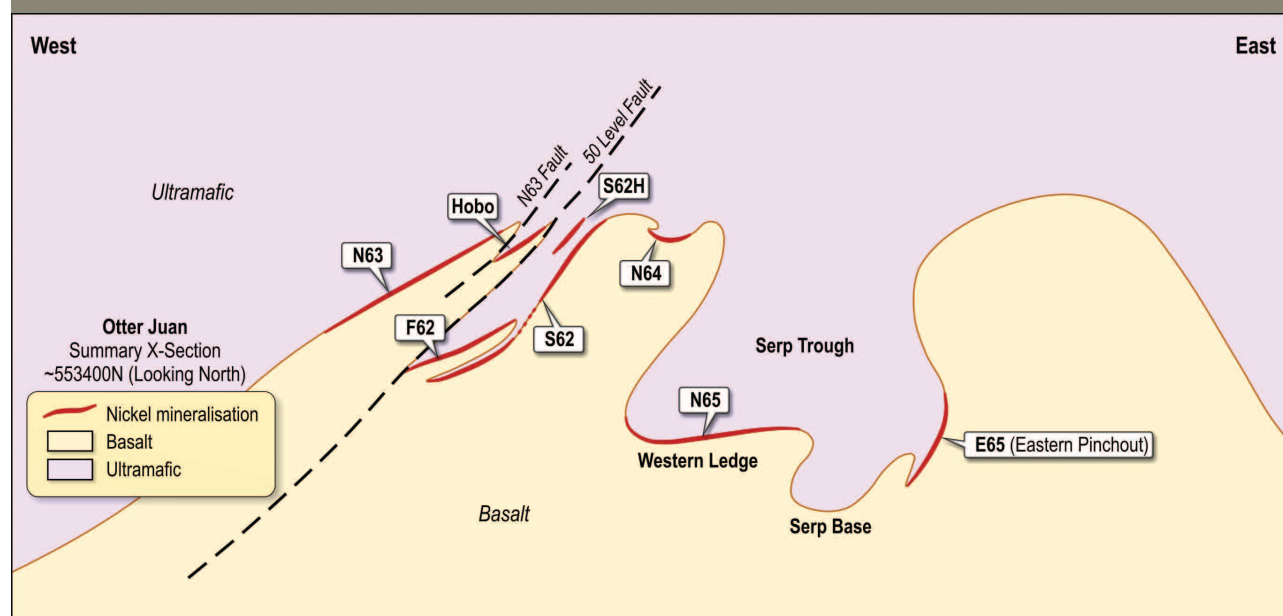
The trough has been only sparsely drilled over a strike length of 1,200 metres. Below the 44 Level drive the Serp Trough widens and deepens and it is in this area that attention has focused. The area was also surveyed by an in-drive Transient Electromagnetic Survey (TEM) over the Serp Trough down-plunge from the 44 Level drive to the 49 Level.

A number of drill-holes have returned encouraging grade and thickness including:

JS48-051A	1.7 metres @ 6.81% nickel from 84.09 metres
JS48-050	1.2 metres @ 5.55% nickel
JS47-023	1.1 metres @ 8.96% nickel
JS48-042	1.5 metres @ 3.52% nickel

(all intervals reported as estimated true width)

Figure 2 Otter Juan - Idealised Cross Section Interpretation





Importantly these better intersections have also intersected massive sulphides. Unfortunately a number of intersections in this surface had poor core recoveries and must be redrilled. Further drilling is planned.

N64 Surface

The N64 mineralisation is a narrow, moderately incised channel 60 metres east of and parallel to the S62 ore body. This ore position contains a number of mineralised intersections:

JS48-027	2.4 metres @ 8.23% nickel from 119 metres
JS48-027	3.2 metres @ 4.49% nickel from 127.34 metres
JS49-008	0.6 metres @ 4.08% nickel from 98.15 metres
JS49-009	0.5 metres @ 8.40% nickel from 72.81 metres

(all intersections are estimated true width)

The N64 is considered an excellent target for further exploration due to the quality of the intersections and the presence of a trough structure. It appears to be entirely open down-plunge. Further drilling is planned.

Carnilya Hill Ore System

The Carnilya Hill Mine is one of the most structurally complex ore bodies in Kambalda. The mine geology team has identified a number of small-scale structures that can attenuate or thicken the ore. This evolving structural interpretation has been used to build an exploration model that has been successful in discovering numerous small but high-grade and valuable reserve extensions.

The main mine trend at Carnilya Hill is offset by a large scale fault in the west. This offset was first identified in 2007/08. Mincor drill-hole CMD26 (3.11 metres @ 3.66% nickel (estimated true thickness)) is believed to be the continuation of the mine trend south of this fault. A surface drilling program was undertaken to test for extensions of this mineralisation.

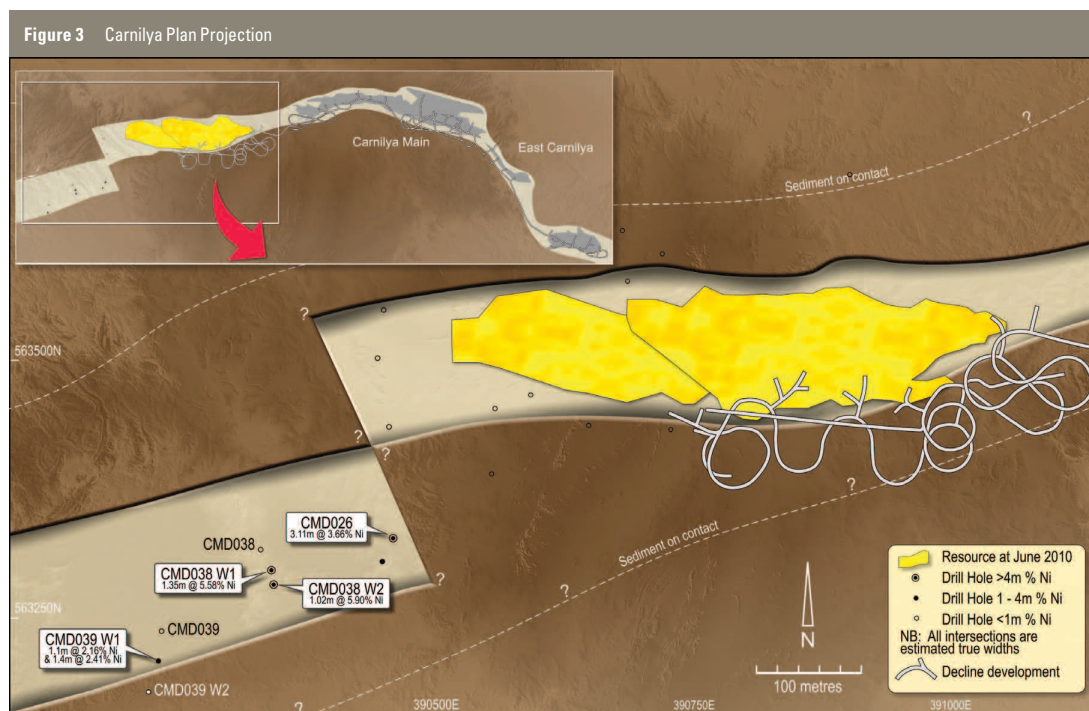
Initial success was achieved with the intersection of mineralisation some 320 metres beyond the western end of the current mineral resource:

CMD38W1	1.35 metres @ 5.58% nickel from 744.53 metres down-hole
CMD38W2	1.02 metres @ 5.90% nickel from 748.38 metres down-hole

(all intersections are estimated true width)

Based on these results it was decided to step out a further 120 metres down-plunge from CMD038. A full and detailed section of drilling was completed, but encountered only sub-grade mineralisation. These disappointing results suggest that the main Carnilya ore system does not remake beyond the fault. No further work is planned in this area.

Figure 3 Carnilya Plan Projection



“... substantial new discoveries made by Mincor over the past 12 months - discoveries that have completely re-opened the Miitel ore system to the north and south.”

Mincor's Kambalda Nickel Business (continued)

Near Mine Exploration – Southern Operations

Miitel

Miitel is one of the largest of the known ore systems in the Kambalda District. The mine has a flat plunge and a vertical dip and as such is capable of high rates of low-cost mechanised production. The ore is not continuous along the channel structure and this means that persistence is required when barren sections of the channel structure are encountered. Such persistence led to the discovery of the North and South Miitel ore bodies by Mincor over the past several years. Further persistence has now produced the substantial new discoveries made by Mincor over the past 12 months – discoveries that have completely re-opened the ore system to both the north and the south.

South Miitel

Intensive drilling continued throughout the quarter at South Miitel, with considerable success. Three separate and potentially significant discoveries are emerging – two well-mineralised and parallel sub-channels and an intermittently mineralised intra-channel zone.

N29

Drilling has confirmed the significant discovery first announced in the September quarter when UMI-09-007 returned an intersection of 1.75 metres @ 8.76% nickel (estimated true width). The surface parallels and is located directly up-dip of the N18 surface.

Mincor has inferred an upper parallel channel for many years but this hole was the first significant intersection in that surface. Further intersections have now been achieved outlining the northern end of a new ore body, with a vertical dimension of approximately 50 metres and drilled, so far, over a strike length of 200 metres.

The N29 has a number of strong intersections which exhibit good grade and geological continuity, with geological characteristics typical of those found in other ore bodies along the prolific Miitel trend.

The six intersections achieved to date are as follows (all given as estimated true width):

UMI-09-007	1.75 metres @ 8.76% nickel (discovery hole)
UMI-09-010	No significant assay
UMI-09-011A	2.21 metres @ 2.89% nickel
UMI-09-012	1.92 metres @ 6.27% nickel
UMI-09-014	10.14 metres @ 3.17% nickel
UMI-09-016	5.25 metres @ 3.1% nickel
UMI-09-017	1.29 metres @ 2.29% nickel
UMI-09-018	awaiting assays
UMI-09-019	awaiting assays
UMI-09-020	0.75 metres @ 3.19% nickel and 4.76 metres @ 3.11% nickel

(all intersections are estimated true width)

All of the above holes were drilled from underground. One of the final holes in the underground program, UMI-10-001A was a directional platform hole aimed to test the continuation of the N29 surface some 250 metres to the south of UMI-09-014. The directional hole successfully hit nickel mineralisation and clearly showed the persistence of the Miitel system. A decision was then made to construct a lake causeway enabling access for surface drill rigs to test this southern extension to the Miitel system.

N29 Extended Mineralisation

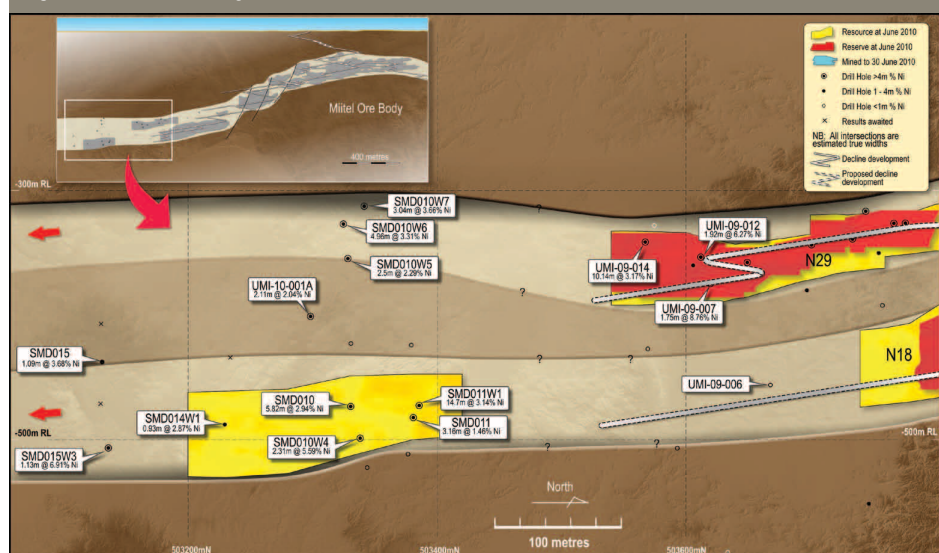
Drill-holes SMD010W6 and SMD010W7 are upward wedges off parent hole SMD010, and intersected the interpreted location of the N29 sub-channel about 215 metres south of the current N29 Ore Reserve. Both holes intersected strong high-grade mineralisation:

SMD010W6	6.06 metres @ 3.31% nickel from 664.55 metres (estimated true width 4.96 metres)
SMD010W7	3.24 metres @ 3.66% nickel from 663.30 metres (estimated true width 3.04 metres)

Both intersections comprise a typical Kambalda profile of massive, matrix and strongly disseminated sulphides within an embayed basal contact. The mineralisation remains open up-dip as well as to the north (back towards the current N29 Ore Reserve) and to the south.

While further infill drilling will be required to test continuity between these intersections and the N29, the new intersections highlight the potential to double the strike length of the N29 ore body.

Figure 4 South Miitel – Long Section



Drilling at South Miitel (photo by Tanh Doan, Mincor)

N30 Surface

The parent hole in the initial surface step-out drilling program designed to pursue the southwards extensions of the new N29 ore surface discovered another, and potentially larger, ore position. Drill-hole SMD10 intersected 10.15 metres @ 2.94% nickel (estimated true width 5.82 metres) from 789 metres down-hole, some 420 metres beyond the boundary of the current N18 Mineral Resource (i.e. the main South Miitel ore body).

The intersection lies well below the projected extension of the N29 ore surface and appears to represent a re-make of mineralisation within the main (N18) Miitel ore channel. The N18 channel is not likely to be continuous with the N18 mineralisation (which is closed off by at least one barren drill-hole) but it appears to be the same channel structure. The new mineralised zone within this channel has been named the N30.

The locations of these intersections are shown in Figure 4. The emerging interpretation has two parallel sub-channels within the overall Miitel ore system, both of which contain strong mineralisation along the basal contact. Additional mineralisation is present on the intra-channel 'flank' zone, though this is less continuous.

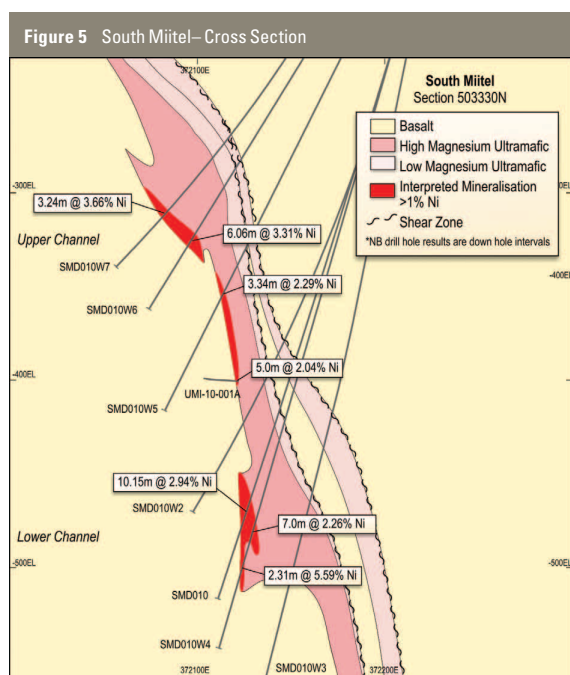
This interpretation is supported by the detailed cross-sectional information available from the eight pierce points derived from parent hole SMD10, its wedges, and underground hole UMI-10-001A (refer Figure 5).

Both the N29 and the N30 remain completely open to the south, and drilling is continuing.

The latest drill-hole into this channel (SMD15W3) lies on the most southerly section line yet drilled, and intersected strong mineralisation at a location some 600 metres south of the N18 ore body and more than 200 metres south of the mineralisation intersected in SMD10. The system remains completely open to the south.

Intersections in this lower N30 surface now include:

SMD010	10.15 metres @ 2.94% nickel (estimated true width 5.82 metres) from 789 metres down-hole
SMD011W1	22.9 metres @ 3.14% nickel (estimated true width 14.7 metres) from 783 metres
SMD010W4	2.31 metres @ 5.59% nickel from 820.69 metres (estimated true width 1.3 metres) at the basal contact; and 7.0 metres @ 2.26% nickel (estimated true width 4.5 metres) from 808.71 metres in hanging-wall ultramafic rocks
SMD011	6.32 metres @ 1.46% nickel (estimated true width of 3.16 metres) from 804.3 metres
SMD010W5	3.34 metres @ 2.29% nickel from 685 metres (estimated true width 2.5 metres) flanking position
SMD014W1	1.13 metres @ 2.87% nickel from 806.87 metres (estimated true thickness of 0.93 metres) on the basal contact; and 0.82 metres @ 1.85% nickel from 809.91 metres (estimated true thickness of 809.91 metres)
SMD015	1.33 metres @ 3.68% nickel from 759.2 metres (estimated true thickness of 1.09 metres) flanking position
SMD015W3	1.82 metres @ 6.91% nickel from 822.38 metres (estimated true width 1.13 metres)



Mincor's **Kambalda** **Nickel** Business (continued)

North Miitel – Burnett

At North Miitel, mineralisation in the Burnett Zone was first identified by surface and underground drilling during 2008. This work highlighted the presence of a mineralised channel but did not fully resolve the geological interpretation of the area. Mincor recommenced drilling at Burnett in January 2010, and to date has completed six holes and/or wedges.

One of these, MDD173W2, intersected strong, high-grade mineralisation, returning 4.78 metres @ 4.86% nickel (estimated true width of 2.74 metres) from 701.56 metres, and may provide the key to unlocking the interpretation of this mineralised zone.

The new intersection comprises brecciated massive sulphides on the basal contact grading 12.85% nickel, followed by matrix and disseminated mineralisation. Apart from the width and grade, the significance of this intersection lies in its location, which suggests a southerly plunge to the mineralised channel.

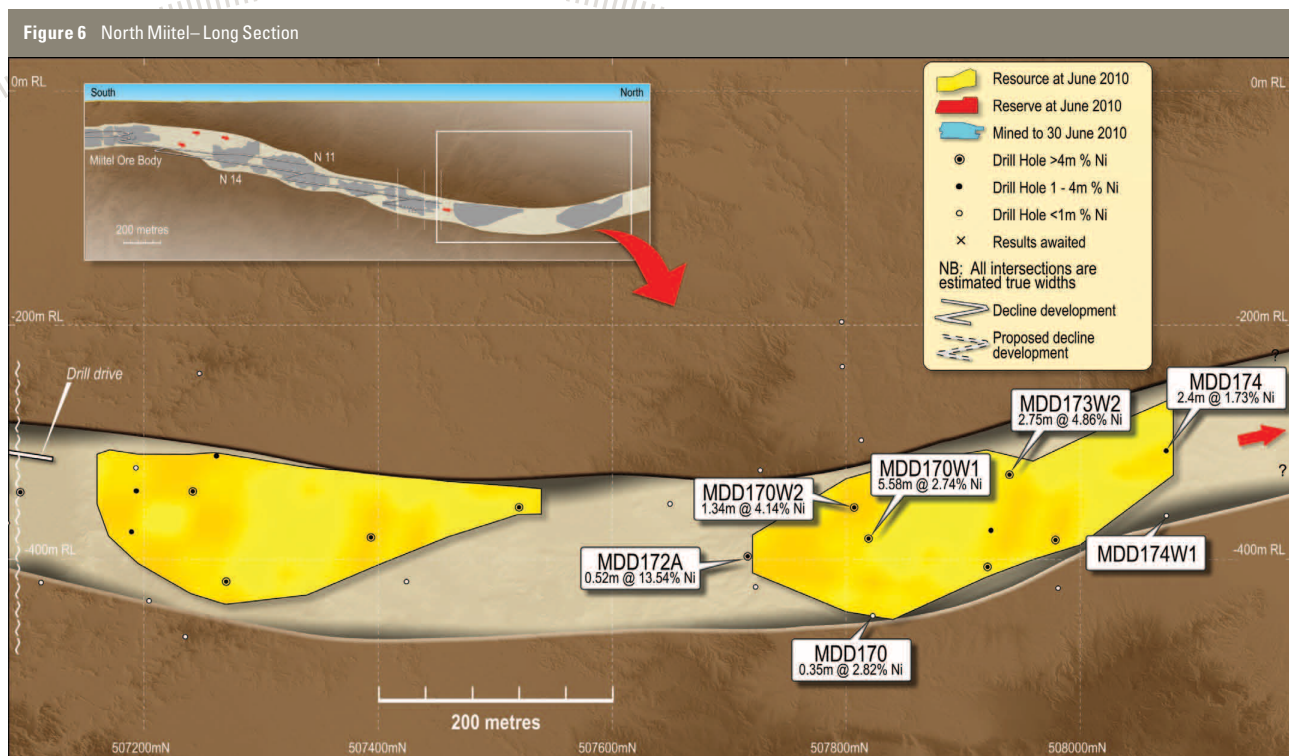
In turn, this suggests that the mineralised channel has not been tested in either the southern or the northern direction, contrary to the earlier interpretation. If this is the case, the mineralisation intersected in this hole is open in both directions and becomes a high priority new target.

A down-hole EM survey was completed on MDD173W2 and identified a strong conductor up-dip and to the north.

A follow-up wedge off MDD173W3 was drilled targeting 40 metres up-dip of MDD173W2. However the hole intersected the contact earlier than planned, in an upper flanking position with no significant mineralisation. A down-hole EM survey completed on the new wedge confirms a strong conductor just below the hole and extending to the north.

Mincor also completed one parent hole (MDD174) and a wedge (MDD174W1) drilling 120 metres north of MDD173W2. MDD174 intersected a shear-zone obscured contact. It has a thick disseminated nickel sulphide profile and sub-grade off-contact nickel sulphide mineralisation.

A downward wedge MDD174W1 intersected a barren lower flank on contact and nickeliferous sedimentary rocks in the hanging-wall. The information in these holes show the channel position remains open up-dip and a further wedge is planned to test this position.



Some of the Mariners team, May 2010 (photo by Robert Whittam, Mincor)

Mariners Ore System

Mariners has become an exceptionally successful mine for Mincor. The N09 ore body discovered three years ago has proved to be of higher grade than any previous ore body in the mine and amenable to productive, mechanised and low-cost mining. This success, and the evident improvement of the grade with depth, led Mincor to focus on the outstanding further down-plunge potential of the Mariners ore system.

A bold exploration strategy was adopted, designed to create a vision of production at Mariners extending several years beyond the then current mineral resource. This led to the discovery of the N10 ore body through the use of directional underground drilling techniques. A maiden resource for the N10 was released in October 2009, containing an estimated 10,600 tonnes of nickel metal.

Through the 2009/10 financial year continued exploration at Mariners focused on two key objectives – extending and infilling the N10 discovery, and drilling below the N10 in search of the postulated N11 ore body. Mincor was successful on both these fronts.

The infill program confirmed the N10 as a major high-grade discovery. The Mineral Resource was increased by 49% to 15,800 tonnes of contained nickel. By the end of the year this had been converted to a very robust, high-grade Ore Reserve of: 299,000 tonnes @ 3.5% nickel for 10,600 tonnes nickel metal.

Drilling to search for another ore body below the new N10 ore body was initiated with a deep contact-parallel hole designed to be the parent to three or more directional wedges – providing up to four pierce points at intervals down to around 200 vertical metres below the lower boundary of the N10 ore body. This ambitious program was successfully completed, achieving

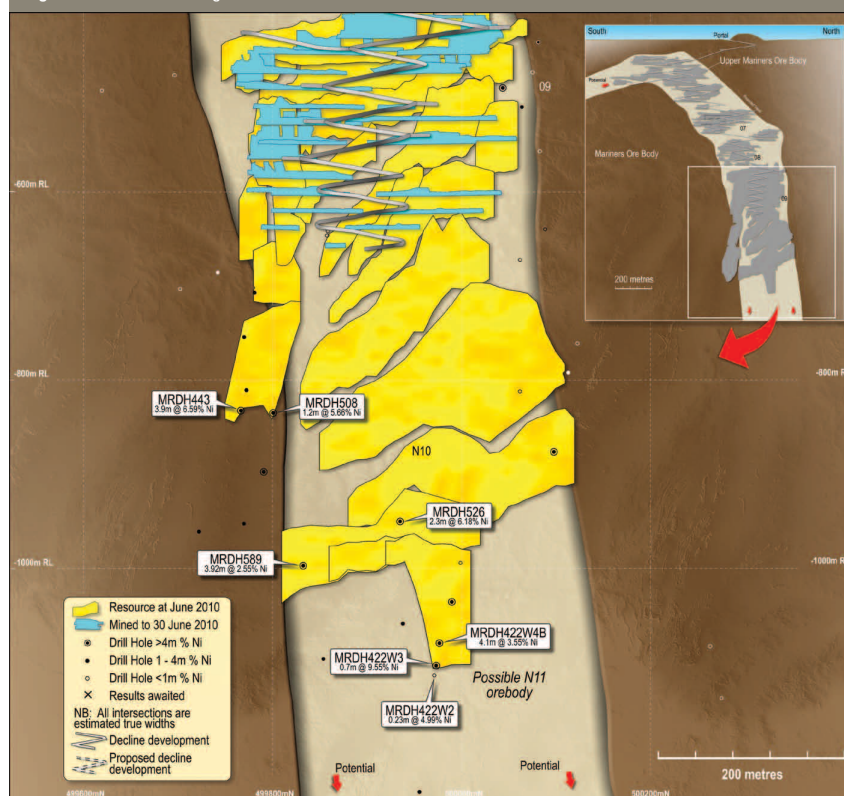
several intersections down to a depth of approximately 1,400 metres below surface and 600 metres below the existing mine workings.

The best intersection achieved was in wedge 4 (MRDH422W4B), which intersected a typical mineralised profile of massive, matrix and disseminated mineralisation over 13.5 metres down-hole, grading 3.55% nickel. The true width is estimated at 4.1 metres. This outstanding result was supported by a number of other mineralised intersections, including 0.70 metres @ 9.55% nickel, 0.23 metres @ 4.99% nickel, and 2.5 metres @ 2.06% nickel (all true width).

These intersections appear to represent a typical Mariners-style ore zone, with strong, high-grade ore pods located in a broad zone of sub-grade mineralisation. Further drilling will be required to demonstrate the economic significance of these results, and whether they do indeed represent the postulated N11 ore body.

Mincor intends to continue its drilling of the 'N11' mineralisation later in the current (2010/11) financial year, when the decline has advanced to a position where such drilling can be effectively carried out with lower-cost conventional underground drilling.

Figure 7 Mariners – Long Section



Mincor's Kambalda Nickel Business (continued)

Exploration for Ultra-Sized Nickel Ore Bodies

North Kambalda

The greater Kambalda area is a world-class nickel district that has produced over 1.4 million tonnes of nickel metal to date. Most of this has come from Ultra-Sized Nickel Ore Bodies (US-NOBs) located around the Kambalda Dome. Mincor's Northern Kambalda tenements cover the northern third of this Dome and have produced nickel from seven ore systems to date, including the single largest high-grade nickel sulphide ore body in Australia – Otter Juan. It is an extraordinary fact that around two thirds of the prospective basal contact – the stratigraphic location of all Kambalda's nickel ore bodies – on Mincor's North Kambalda tenements have not been drill tested. This remarkable prospectivity explains Mincor's sustained focus on the discovery of

new US-NOBs in this area. In this endeavour Mincor has important advantages over previous owners of these tenements, including access of underground infrastructure that extends down to a depth of 1.5 kilometres, and improvements in exploration and mining technologies.

The structural complexity of the North Kambalda Dome can be seen on the cross section interpretation (Figure 8). The basal contact is in places faulted to shallower positions via thrust faults resulting in the doubling of the contact in plan view. This doubling up of the contact increases the area of fertile contact on Mincor's tenements. It is possible that further thrust faults occur in the undrilled portions of the tenement, moving the basal contact closer to surface.

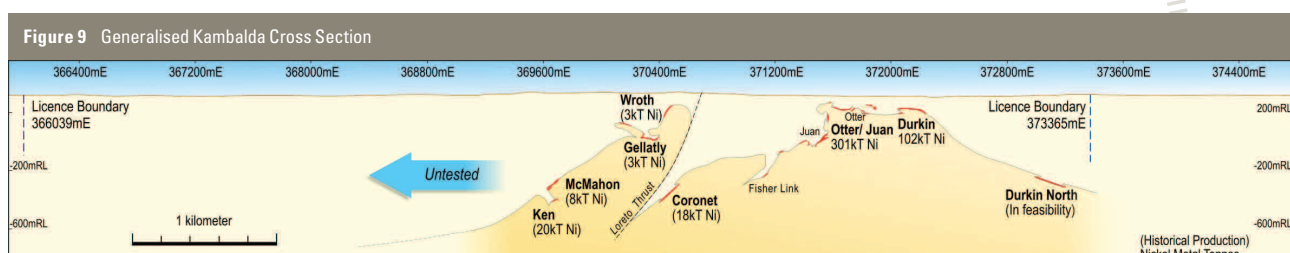
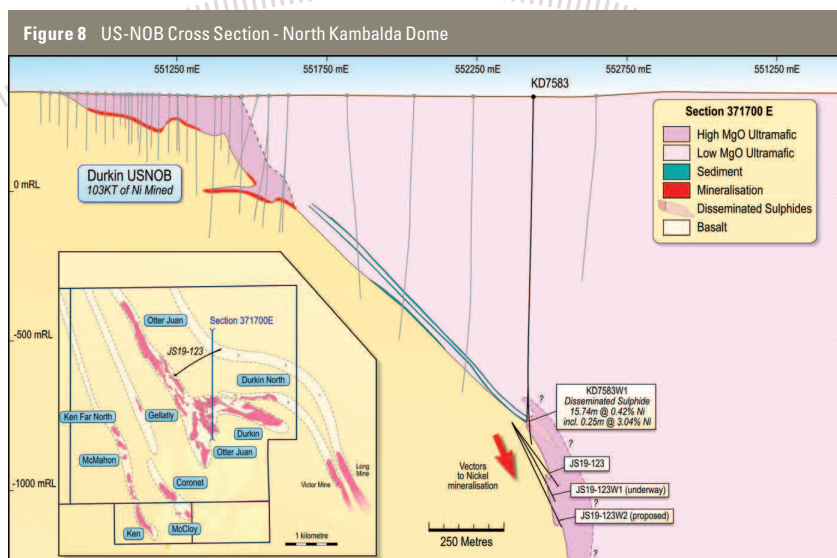
During December 2008 Mincor completed a high resolution 3D seismic survey in a joint initiative with BHP Billiton, Mincor's tenement neighbour to the north. The purpose

of the seismic survey was to identify the prospective basal contact at depth and identify structures within the contact that could represent the channel structures that hold US-NOBs. Interpretation of the vast quantity of seismic data is likely to continue for several years, as new information allows for continual refinement of the model.

At present Mincor's efforts are focused on a US-NOB target to the east of Otter Juan where the seismic survey results have added support to a strong geological target. Mincor's detailed geological interpretation has identified the area down-dip and west of a deep historical drill-hole as an outstanding target, possibly the continuation of the Long ore body, a known US-NOB. The historical drill-hole, one of the deepest in the region that actually intersects the basal contact, intersected a number of ore body 'indicators' derived from well established geological models at Kambalda, including a thick zone of disseminated mineralisation in the hanging-wall ultramafic rock, a possible re-entrant structure in the basal contact, and fertile high-magnesium ultramafics in the important basal lava flow.

Mincor's intention is to test this target at a number of locations in a major exploration program that could extend over several years due to the depth and technical complexity of the drilling. The first drill-hole in this program, which was designed as the parent hole to a number of follow-up wedges, intersected the basal contact late in the past financial year. The hole, JS19-123, intersected the basal contact 140 metres down-dip of the historical hole KD7583. The length of the hole is 1.11 kilometres from its collar to the basal contact.

The hole intersected fertile high MgO ultramafic rock in the basal flow on the contact, with isolated blebs of sulphides and enhanced geochemical indicator ratios compared to KD7583. This suggests that the



Otter Juan shaft at sunset, September 2009 (photo by Tanh Doan, Mincor)

system is 'building' to the east, providing a vector towards possible mineralisation further down-dip. Importantly, the hole shows that the basal contact has steepened markedly between KD7583 and JS19-123 – possibly indicating the kind of structural complexity in the basal contact that is associated with channelised mineralisation. The first follow-up wedge off this parent hole is now underway.

To the west of Otter Juan the seismic data has enabled the resolution of the complex thrust structures on the western side of the Kambalda Dome. Of critical importance to Mincor is the identification of the basal contact within this thrust stratigraphy, as this basal contact hosts substantial ore bodies in the up-plunge direction, including the Coronet, McMahon, Ken, McCloy, Wroth and Gellatly ore bodies. The initial interpretation of this western half of the seismic data

suggests that the basal contact may be discernible within the thrust blocks, and that drill-testing of targets to be derived in this area is easily achievable from underground positions in Otter Juan. Further interpretation is underway and is likely to be followed up by stratigraphic drilling in due course.

Miitel Ore System

South Miitel Extended Concept

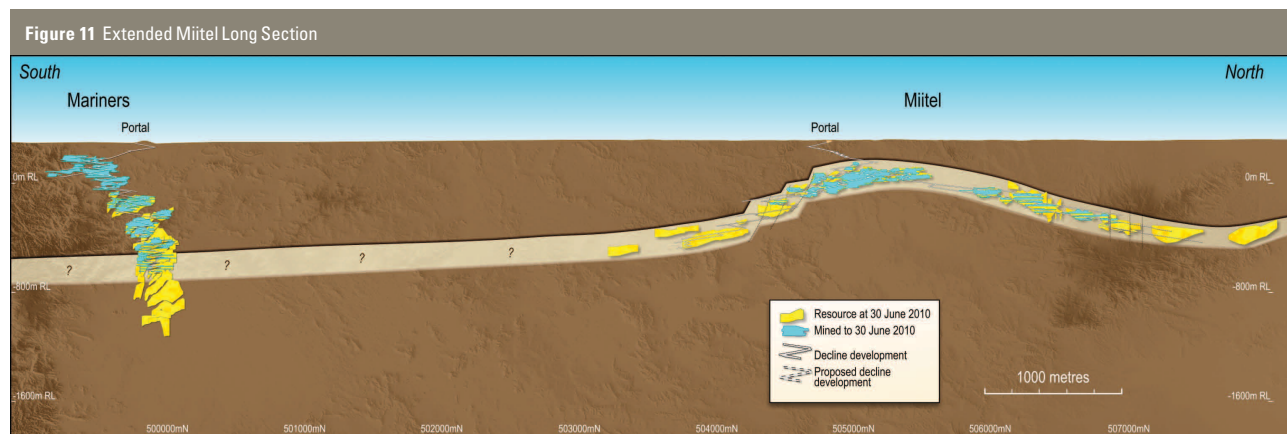
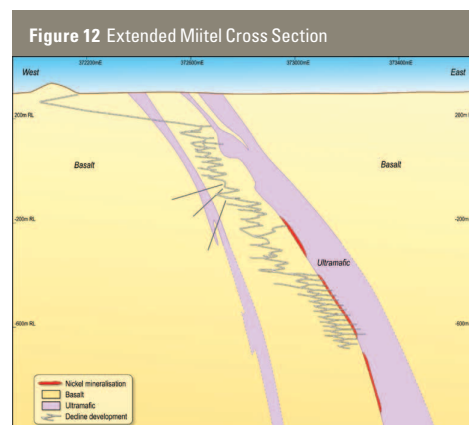
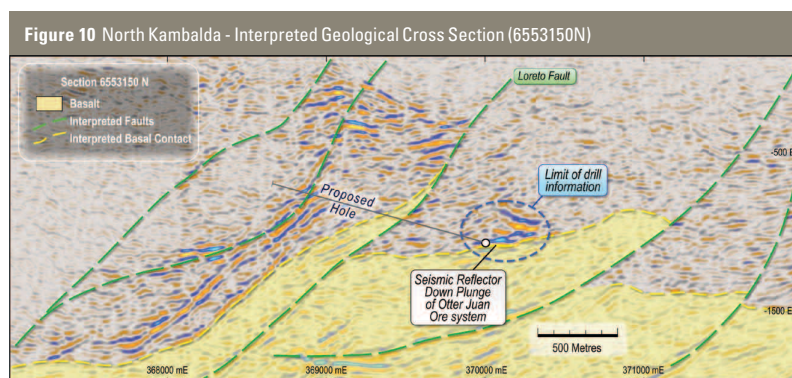
The Miitel ore system comprises a mineralised channel structure that has now been shown to persist over a strike length of 4.8 kilometres. It remains open to both the north and south.

The Miitel ore system is hosted in the 'inner' of two ultramafic rock units which wrap around the Widgiemooltha Dome. The outer unit hosts the Mariners nickel

mine some 5 kilometres south of Miitel. The continuity of the two ultramafic units has been confirmed by previous drilling.

Mincor's latest drilling at South Miitel has shown that the plunge of the Miitel ore system may be much shallower than previously thought. If this is the case, and if the channel persists for a further 4 kilometres, it could be discoverable (and accessible) from the Mariners Mine.

While this is purely a conceptual target, it is one that would produce very significant upside for both nickel inventory and production rates if proved correct. Mincor plans to test the theory early in the new financial year with a series of drill-holes from underground positions in the Mariners Mine.



“... Mincor’s exploration philosophy is to continuously rank and explore targets along basal contacts in parallel with its near-mine exploration programs.”

Mincor’s Kambalda Nickel Business (continued)

Regional Kambalda Nickel Exploration

Mincor controls a cumulative total of 120 kilometres of strike of the all-important ultramafic-basalt (basal) contact in the Kambalda District. This is the stratigraphic position along which all of Kambalda’s nickel ore deposits are developed. Mincor’s basal contact holdings are distributed across four tenement packages in the Kambalda District – Widgiemooltha (60 km), Carnilya Hill (16 km), Bluebush (40 km) and North Kambalda (6 km). Nickel ore bodies and nickel mineralisation is present in all these areas. This is a very large area of high prospectivity and Mincor’s exploration philosophy is to continuously rank and explore targets along all these basal contacts in parallel with its near-mine exploration programs.

Regional Widgiemooltha

Along the Miitel-Mariners-Redross trend, the basal contact is structurally duplicated, forming two parallel zones, both equally prospective. Mariners Mine is situated on the outer (Mariners) contact and the Miitel and Redross Mines are situated on the inner (Mittel) contact. Known fertile basal contacts are also present approximately one kilometre to the west of Miitel, the Dordie contact, and on the western side of the Widgiemooltha Dome, the Wannaway contact. Mincor has also identified a prospective contact at Railways and Dordie Far West located 2 to 4 kilometres west of the Dordie Contact.

Exploration programs planned include further drill testing down-plunge of the North Dordie Open Pit, drill testing of the David Zone, geochemical anomalies along the Railways and Dordie Far West contacts and follow-up of an isolated regional nickel sulphide intersection on the Mariners Contact.

Bluebush Line Tenements

The Bluebush Tenements represents a recent expansion of Mincor’s nickel exploration portfolio in the Kambalda District. The tenements cover approximately 40 kilometres of the strike and contain numerous high-grade nickel sulphide intersections from historic drilling along the length of the tenements.

Stockwell/Grimsby Nickel Resource

The Stockwell Project was drilled by WMC Resources Ltd in the late 1990s. Based on the results of 51 drill-holes drilled by WMC and 21 infill drill-holes by Mincor, the global mineral resource estimated at Stockwell/Grimsby currently stands at 557,000 tonnes @ 3.1% nickel. This mineralisation lies less than 300 metres below surface, making it among the shallowest unexploited nickel deposits currently known in the Kambalda District.

The ore trends at Stockwell/Grimsby have a shallow plunge with a variable dip and appear to be influenced at depth by a fault structure. The mineralisation is of typical Kambalda style, consisting of matrix and disseminated nickel sulphides lying directly on the basal contact. The average true width of the mineralisation is 1.2 metres. There is potential to join the Grimsby 1 and Grimsby 2 ore pods with further drilling. Grimsby 2 remains open down-plunge.

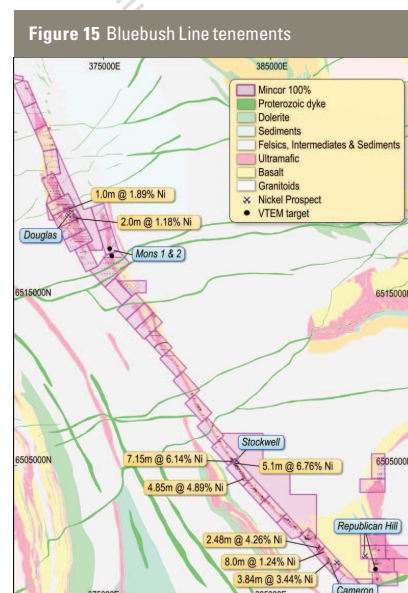
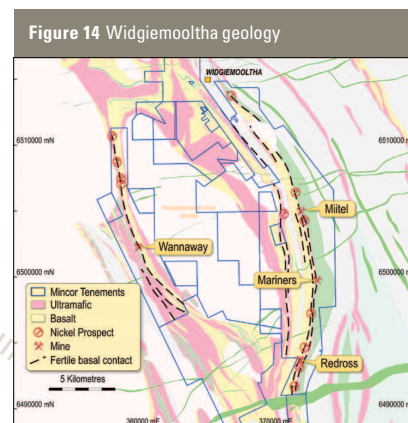
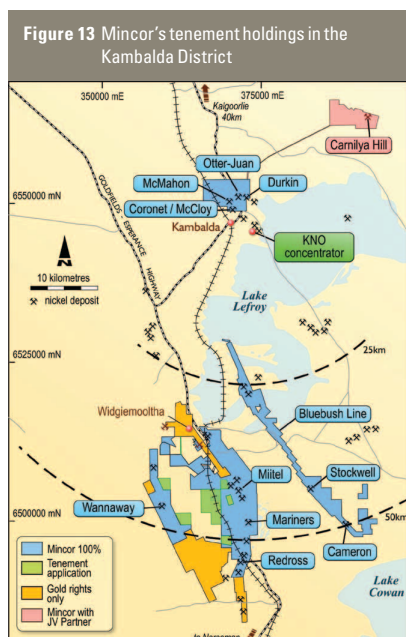
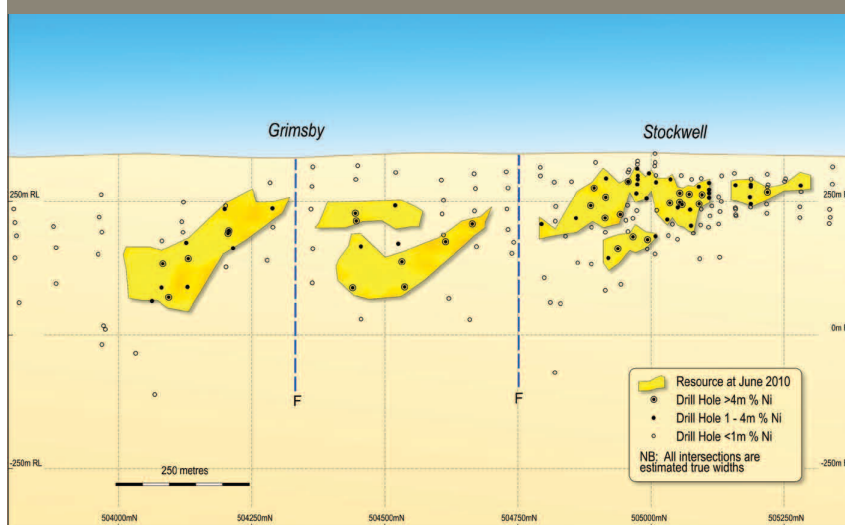




Figure 16 Long Section of the Stockwell mineralised system



Cameron

The Cameron Prospect is located 7 kilometres south of Stockwell. The prospect is sparsely drilled with better historic intersections including:

BD111	4.83 metres @ 3.45% nickel
BD104	2.90 metres @ 3.25% nickel
BCD003	2.54 metres @ 7.75% nickel including 1.02 metres down-hole of massive sulphides grading 13.30% nickel

The prospect has a moderate southerly plunge defined by the overall mineralised trend and a sediment-free window on the basal contact. The prospect has a significant structural overprint with a number of oblique faults that appear to stack the basal contact. One drill-hole (BMD004) completed in 2009/10 was located 75 metres to the north of the current resource boundary and intersected 2 metres @ 1.31% nickel from 153 metres on the basal contact and remains open to the north and up-dip.

Regional Bluebush Targets

During 2008/09 Mincor carried out a 582 line kilometres, helicopter-borne, B-Field, Versatile Electromagnetic Survey (VTEM) covering approximately 35 kilometres of prospective basal contact. The survey generated 12 high-priority anomalies along the fertile Bluebush ultramafic rock suite. A surface EM survey was completed in order to precisely locate and validate these conductors. Eight anomalies were confirmed (CS2, CS3, Mons1, Mons2, Republican Hill, North Stockwell, Druid and Oblisk).

Five of these targets have now been drill tested with negative results. Three remain to be tested (Mons1, Mons2 and Republican Hill) and this is planned for the 2010/11 financial year.

Other targets include untested magnetic highs interpreted to be on the basal contact that are situated under lake cover. These magnetic highs could be related to thickened ultramafics. These make excellent nickel exploration targets and drill testing is planned.

Lawry and Cameron are located 2 kilometres apart on a distinct magnetic high that is 2.8 kilometres long. The magnetic high has a large coincident nickel/copper soil anomaly. Field validations confirm a very thick sequence of high magnesium ultramafics sub-crops directly

over this magnetic high. When projecting all the drilling onto a long section the area remains sparsely drilled outside the main mineralised trends. A detailed surface EM program is being considered over this area. A drilling program is then planned either to test directly unexplained conductors and/or drilling the basal contact at a set depth at regular intervals in this fertile area followed up with DHEM.

Exploration for New Nickel Districts

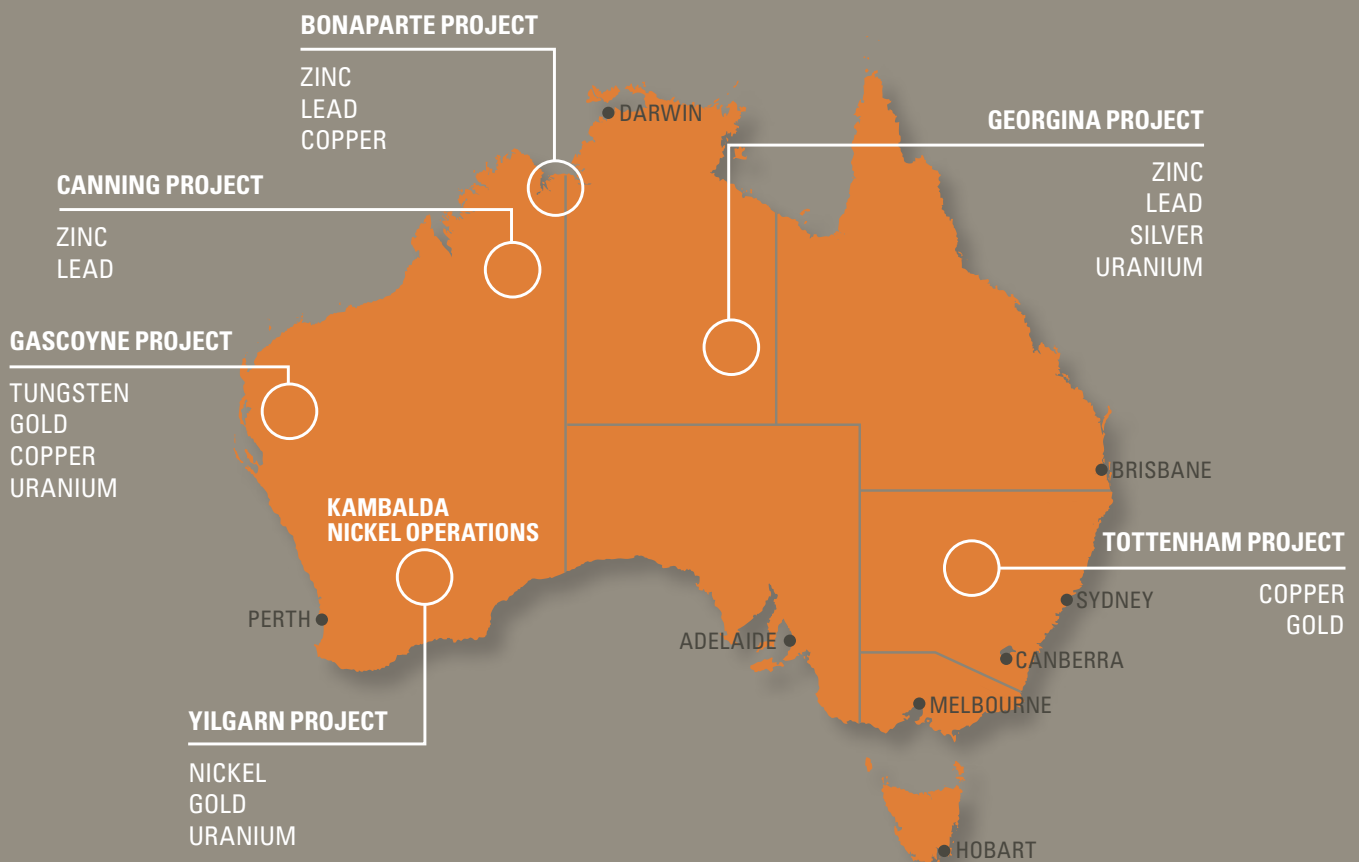
West Kambalda Exploration (Mincor 51%, Earning to 70%)

In November 2006 Mincor negotiated a farm-in agreement with Image Resources Ltd covering a suite of tenements south of Coolgardie and west of Mincor's Widgiemooltha leases. These areas cover aeromagnetic trends that are believed to reflect ultramafic rocks, mostly on ground where the geology is hidden by younger cover. The prospectivity of the tenements is supported by the presence of the nearby Nepean Nickel Mine and the Queen Victoria Rocks nickel prospect. The area also contains the major Ida Fault that separates Coolgardie from the Southern Cross geological domains. What may be of geological importance is that the Ida Fault flexures from north-south to a southeast direction in this area. Mincor's work on these tenements is aimed at discovering new mineralised ultramafic belts – whole new nickel districts. Mincor has earned a 51% interest in the joint venture and has the right to earn up to a 70% interest.

A VTEM survey was completed in 2007/08 over a number of the joint venture tenements. This generated ten regional targets. Five of these were drill-tested during 2008/09, with negative results. During 2009/10 shallow reconnaissance Rotary Air Blast (RAB) drilling and ground EM surveys were used to define drill targets at the remaining five anomalies. These five targets will be drill tested by RC drilling early in the new financial year.

"Mincor is stepping up regional exploration and plans to systematically test new targets this year."

Other Gold and Base Metal Exploration



TOTTENHAM COPPER PROJECT (Mincor 100%)

Mincor's previous work at Tottenham identified a near-surface resource of copper mineralisation in volcano-sedimentary rocks of the Girrilambone Group. Mincor's target is a Besshi-type volcanogenic massive sulphide deposit which may have formed in a small back-arc ocean basin during Ordovician times. This is believed to be the mineralisation style represented by the copper deposits at Tritton and Girrilambone, which occur in the same rock suite.

Mincor's exploration work at Tottenham was interrupted during the 2008/09 financial

year by the global financial crisis, and during the 2009/10 financial year by the threat of a punitive new mining tax in Australia. Despite this, important advances were achieved during the past year, including soil geochemistry, detailed modelling of airborne electromagnetic (VTEM) data, fixed-loop ground EM, additional heli-magnetics and geological mapping.

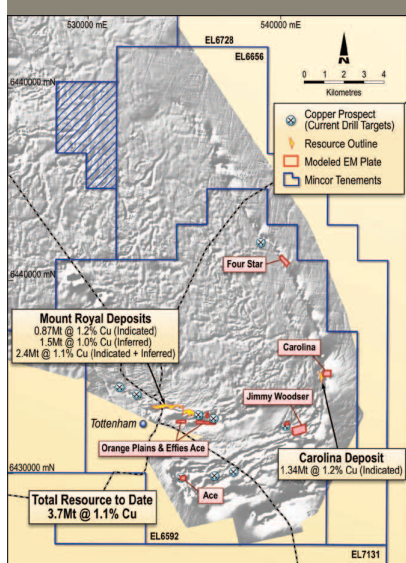
Soil sample traverses comprising over 3,500 samples were completed. These covered known and projected extensions of a quartz magnetite unit that is the main host for copper mineralisation in the area. A new heli-magnetic survey covering 6,000 line kilometres with 50 metre line spacing was completed over the north-western part of the area and will be used to evaluate the potential there for oxide copper potential associated

with quartz magnetite as well for targeting of deeper sulphide copper mineralisation.

Attention is focused on the discovery of a significant sulphide copper deposit beneath the oxide zone, similar to the Tritton Copper Mine (13 million tonnes @ 2.4% copper) which is located 120 kilometres northwest of Tottenham. Encouraging VTEM targets at Orange Plains and adjacent Effies Ace (possibly indicating sulphide potential beneath the Orange Plains oxide resource) have been better defined using fixed-loop ground EM surveys and are ready for drill testing. Other VTEM targets that require ground EM follow-up prior to drilling are located at Carolina, Ace, Jimmy Woodser and Four Star (refer Figure 17) and these will be surveyed early in the new year. Drill testing of all targets is planned for the 2010/11 financial year.

Meeting on site with Miriwung Gajerrong Traditional Owners re the Bonaparte exploration program, August 2009 (photo by Richard Hatfield, Mincor)

Figure 17 Magnetic intensity image and priority EM targets at Tottenham



BONAPARTE COPPER AND ZINC PROJECT

(Mincor 100%, JOGMEC sole funding to earn up to 40%)

Mincor, together with Japanese joint venture partner JOGMEC, is exploring for sedimentary hosted zinc, lead and copper deposits within the onshore Bonaparte basin. Little work has been carried out in the past, with the most recent drilling dating back to 1992. Mincor is the first company to have successfully negotiated an access agreement with the Traditional Owners.

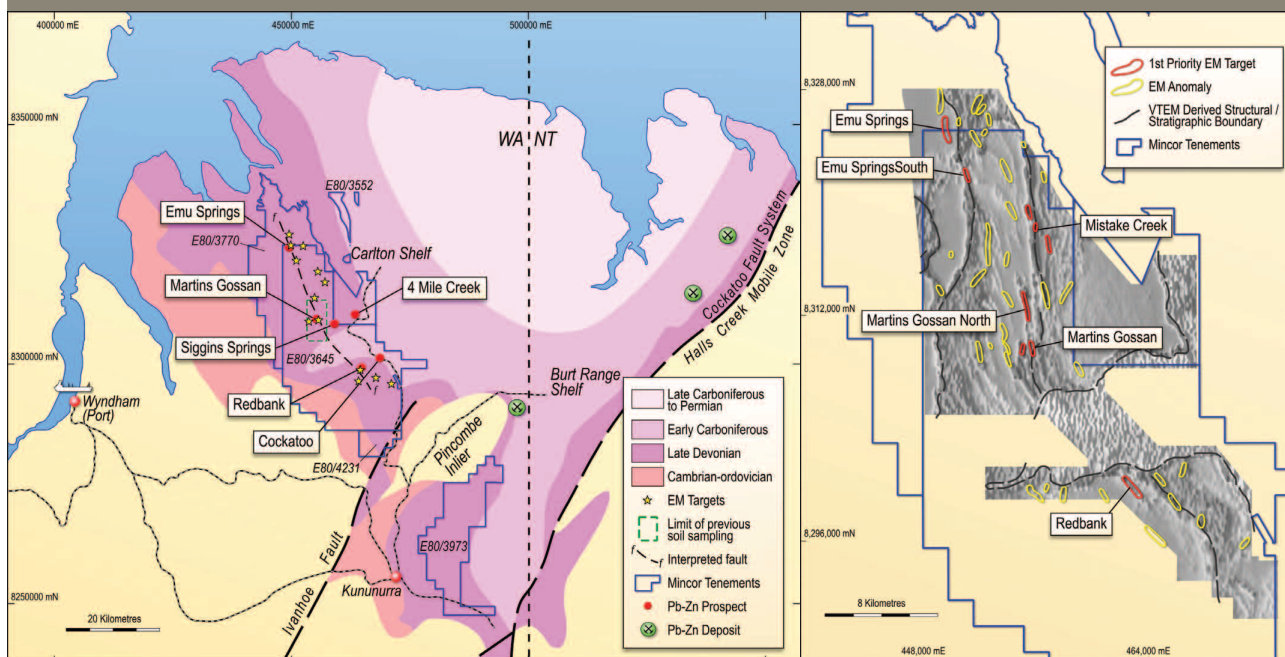
The area is underlain by prospective Devonian and Carboniferous rocks with numerous zinc, lead and copper occurrences as shown in Figure 18. Previous work focused on the Redbank Hills prospect, targeting surface gossans and sporadic copper and zinc

mineralisation in Devonian sandstones and shales. However this is only one of numerous targets and Mincor is working up a broad suite of geochemical and geophysical anomalies.

In September 2009 Mincor completed a VTEM survey comprising 1,616 line kilometres along lines spaced 300 metres apart. The survey yielded 19 anomalies, 6 of which have been assigned a high priority for follow-up. Fieldwork currently underway comprises ground EM follow-up of VTEM anomalies in order to better define the targets, detailed geological mapping and regional soil sampling of an area extending from north of Emu Springs to just south of Redbank Hills (Figure 18).

Mincor also has consent from the Traditional Owners to commence drill testing of EM targets at Emu Springs and Martins Gossan with a program of approximately 1,200 metres of diamond drilling scheduled to commence early in the new financial year.

Figure 18 Bonaparte Project – Regional setting and prospect locations. The enlargement on the right shows VTEM coverage and EM target locations.



Other **Gold** and **Base Metal** Exploration (continued)

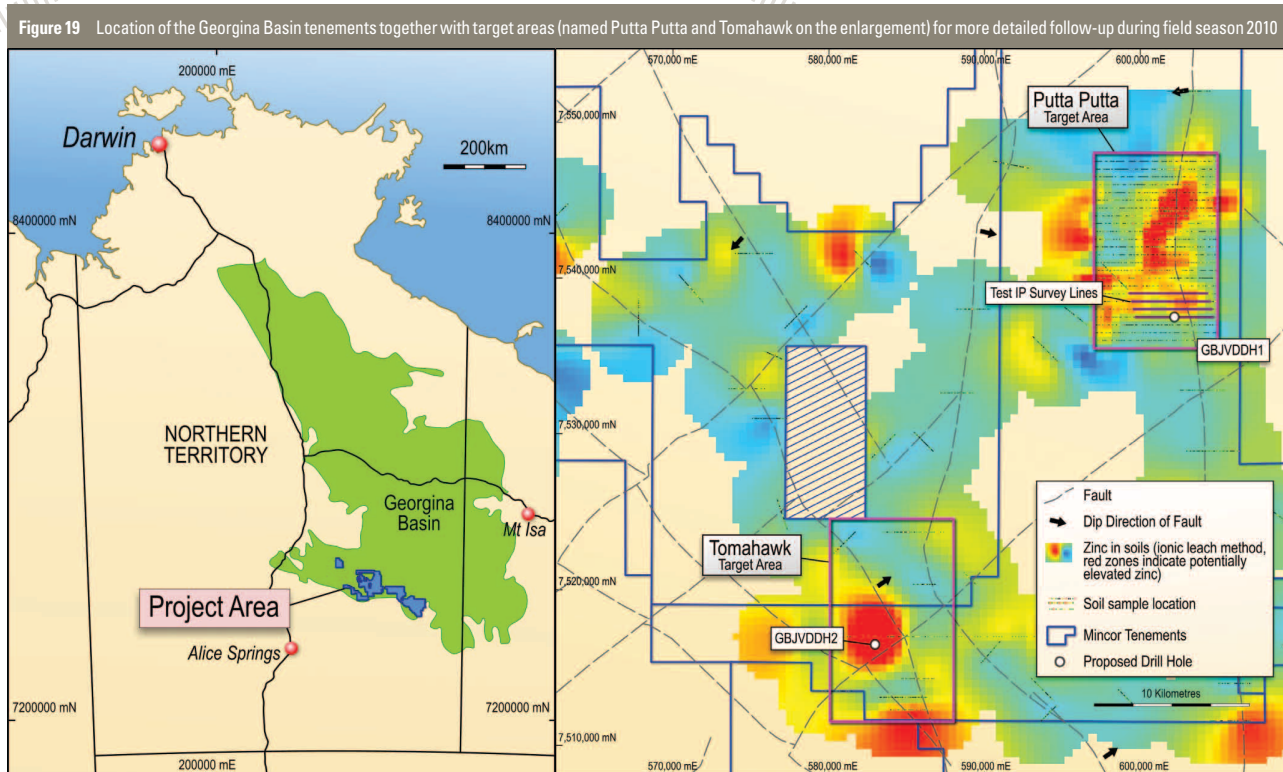
GEORGINA ZINC PROJECT (Mincor 100%, JOGMEC sole funding up to 40%)

Together with its joint venture partner JOGMEC, Mincor will be taking the conceptual Georgina Basin lead-zinc project to the next stage during the coming field season.

Work to date has focused on establishing the potential of the area to host a new lead-zinc province. Work has included the completion of a new gravity survey over the entire area, reinterpretation of existing magnetic data, re-logging of deep petroleum drill core, extensive geophysical, geological and fluid flow modelling and regional geochemical surveys over modelled structures that are interpreted to have been fluid conduits.

The current phase of work focuses on two selected areas of approximately 100 square kilometres each (Putta Putta and Tomahawk – refer Figure 19). Work underway includes detailed soil sampling and induced polarisation (IP) surveys and this is expected to lead to diamond drilling as a first step towards directly targeting mineralisation. The diamond drilling will also serve to test or refine geological interpretations.

A test IP survey comprising 20 line kilometres along four lines spaced 500 metres apart has been completed over an area of elevated zinc in ionic leach soil samples that is coincident with potential fluid movement associated with the Putta Putta fault. Results of this survey are being processed. The total tenement area has been reduced to 5,953 square kilometres.



CANNING PROJECT (Mincor 100%, under application)

Following the successful negotiation of a Native Title Access Agreement with the Kurungal and Gooniyandi Traditional Owners, the tenements that make up this project area are expected to be granted in the near future. The 1,700 square kilometres area represents a compelling conceptual target aimed at the discovery of large zinc-lead ore bodies in the world-class Lennard Shelf zinc district (Figure 20).

Empirical evidence suggests that the largest of the known Lennard Shelf deposits are associated with cross faults ('transfer structures') that cut across the 'frontal fault' that is the overriding control on mineralisation elsewhere in the district. One such transfer structure is interpreted to control the location of Pillara (23 million tonnes @ 7.12% zinc and 2.2% lead) which is the largest of the Lennard Shelf ore bodies. At Bohemia, Mincor is targeting similarly large-scale zinc mineralisation associated with a geological setting that is interpreted to mirror that of Pillara (Figure 21).

Figure 20 Location of the Canning Project tenements

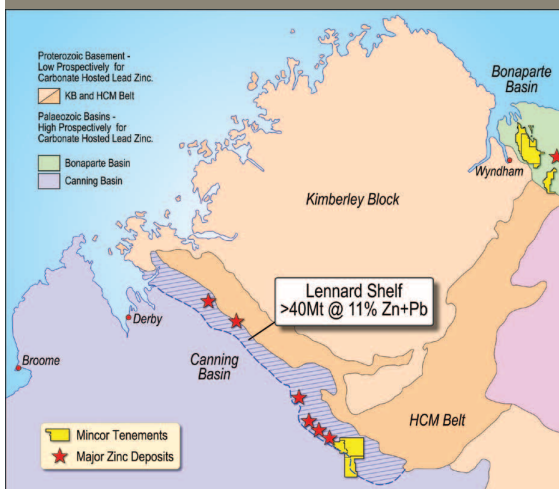
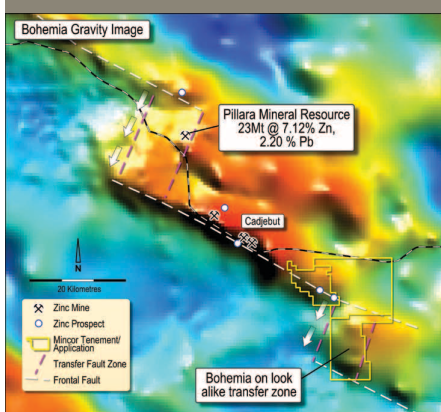


Figure 21 Canning Project - Regional gravity image showing the location of the Bohemia target

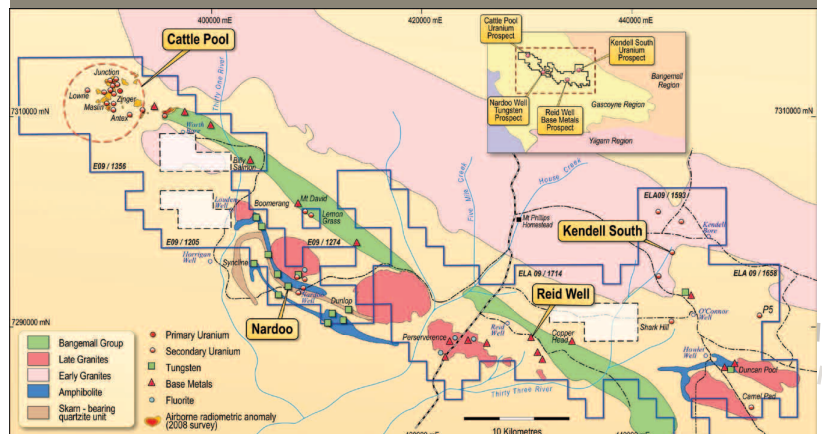


GASCOYNE URANIUM PROJECT (Mincor 100%)

Mincor has continued to consolidate its land position in the Gascoyne and now has a strong tenement holding covering uranium potential in the older metamorphic basement as well as tungsten and base metal potential in both the basement and the younger Bangemall cover sequence (Figure 22).

Fieldwork this year focused on the Cattle Pool uranium project where secondary U3O8 mineralisation (U-K vanadates) occurs in a variety of settings and has been observed to occur in association with sheared basement gneiss. Previous air-core drilling showed that the secondary mineralisation generally starts within the top 2 metres from surface but can be more than 8 metres deep in areas of low radiometric response. The presence of deeper mineralisation, not detectable by surface radiometric techniques, is indicative of further potential. During the year, a detailed RadonX emanometry survey was completed over the Cattle Pool area. Results provided a better definition of uranium targets under soil cover, and correlate well with blind uranium mineralisation detected in air-core drilling. The data also enhanced confidence in predicting buried uranium mineralisation at a number of new localities at Cattle Pool including Lowrie East, Maslin North, Onslow North and Amoeba.

Figure 22 Gascoyne Project area showing regional geology and prospect locations



Acronyms and Definitions

ACRONYMS

3D	three-dimensional
EM	electromagnetic (a geophysical prospecting technique that uses the electrically conductive nature of massive sulphides to aid in their discovery)
DHEM	down-hole electromagnetic (use of this technique via a probe inserted in a drill-hole)
JOGMEC	Japan Oil, Gas and Metals National Corporation
LTIFR	Lost-Time Injury Frequency Rate (the standard measure of mine safety performance)
MgO	magnesium oxide
Ni	nickel
NKO	North Kambalda Operations
RAB	rotary air blast (a form of rapid, low cost, near-surface prospecting drilling)
RC	reverse circulation (percussion drilling with improved recovery and lower contamination due to the configuration of the drill stem. Generates chips of rock, not core)
SKO	South Kambalda Operations
US-NOB	Ultra-Sized Nickel Ore Body (defined by Mincor to be a nickel ore body containing more than 100,000 tonnes of nickel metal at mineable grades better than 3.5% nickel)
TEM	transient electromagnetic (a form of EM geophysical survey)
VTEM	versatile electromagnetic survey (a helicopter-borne airborne EM survey)
U308	the most commonly occurring natural form of uranium

Tarlton Downs, in the Georgina Basin project area, September 2009 (photo by Bruce Groenewald, Mincor)

Wildflowers at Widgiemooltha, August 2009 (photo by Tanh Doan, Mincor)

DEFINITIONS

air-leg stoping	Production mining between tunnels with hand-held compressed air drills mounted on a compressed air-leg manually operated by an air-leg miner.
Archaen	On the geological time scale, this term refers to the era before 2.5 billion years ago.
avoca stopes	A cut and fill mining method – production mining between ore tunnels using a long-hole drill, charging and firing these long holes and using loaders with tele-remote controls to remove the ore and backfill the waste rock.
basal contact	In the Kambalda District, this term refers to the contact between two rock types – the overlying ultramafic rocks (representing ancient lava flows) and the underlying basalt (being the surface upon which the lava flowed). Every significant Kambalda nickel ore body discovered to date occurs at or close to this contact.
basal lava flow	Refers to the lowermost lava flow, the one that flowed directly upon the basalt, from which nickel sulphides may have precipitated.
Besshi-type	A form of massive sulphide deposit (copper-zinc-lead plus gold and silver). Typically larger and lower grade than the related Kuroko-type massive sulphide deposits.
brecciated massive sulphides	Massive sulphides present in a broken, fragmentary form.
contained nickel metal	Nickel contained in the ore, before any metallurgical recoveries are applied.
disseminated sulphides	A form of mineralisation where the economic sulphide mineral is finely disseminated through the rock.
flat-back stoping	A cut and fill mining method – ramp and flat tunnel production mining over the top of ore development tunnels using a jumbo drill, charging and firing these jumbo holes and using loaders to remove the ore and backfill the waste rock.
fold hinge	The peak or apex of a fold structure in a unit of rock that has been folded by tectonic forces in the earth's crust.
footwall basalt	The basalt rock that occurs in the footwall of nickel ore bodies – the same rock unit whose contact with the ultramafic rock forms the basal contact.
Girrilambone Group	The formal name of a sequence of rock formations in New South Wales, dated to Ordovician times.
gossans	Oxidised (weathered) forms of naturally occurring sulphides, often forming the weathered (outcropping) portion of a sulphide ore body.
hanging-wall	A mining term that refers to the rock unit lying stratigraphically and/or physically directly above an ore body. In most Kambalda mines the hanging-wall is the ultramafic lava that lies directly above the nickel ore body on the basal contact.
long-hole stoping	Production mining between ore tunnels using a long-hole drill, charging and firing these long holes and using loaders with tele-remote controls to remove the ore.
massive sulphides	A rock type comprised wholly of sulphide minerals.
matrix sulphides	A net-textured rock type composed of intermixed sulphide and non-sulphide minerals.
Mineral Resources	Is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such a form, quantity and quality that there are reasonable prospects for eventual economic extraction. The location, quality, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
nickel-in-concentrate	Nickel contained in a concentrate of sulphide minerals formed after processing the ore through a concentrator plant. Typically a Kambalda nickel concentrate will contain about 12-13% nickel (upgraded from ore containing about 3% nickel). Some nickel is lost in this process, and so nickel-in-concentrate will typically be approximately 88-93% of the nickel-in-ore. Nickel-in-concentrate is the material that Mincor actually sells.
nickel-in-ore	This refers to nickel contained in the ore that Mincor mines, before metallurgical recoveries are applied. Nickel-in-ore is the nickel Mincor refers to when quoting mineral resources and ore reserves. After taking into account metallurgical recoveries of 88-93%, nickel-in-ore converts to nickel-in-concentrate, which is the material Mincor actually sells.
Ordovician	Refers to the geological time period from between 500 million years ago and 435 million years ago.
Ore Reserves	Is the economically mineable part of a Measured and/or Indicated Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out that demonstrate at the time of reporting that extraction could be reasonably justified.
palaeo-channel	An ancient river channel cut into older rock and filled with younger overlying sedimentary rocks.
porphyry intrusion	A form of igneous rock that has, in a molten state, intruded (cut through) pre-existing rock units. In Kambalda such intrusions can adversely affect both the exploration for and the mining of nickel ore bodies.
quartz magnetite unit	A distinctive rock unit comprising quartz and magnetite, often formed in association with submarine volcanism.
Radon emanometry	Indirect prospecting method for uranium, relying on the measurement of the concentration of naturally occurring radon gas
skarn/granite/amphibolites	Skarn: rock types, often associated with economic mineralisation, that are created through physical and chemical alteration caused by the intrusion of a nearby granite. Granite: a commonly-occurring, coarse-grained igneous rock rich in quartz and feldspar. Occurs in a variety of intrusive settings and styles. Amphibolite: a metamorphic rock consisting mostly of amphibole minerals.
stratigraphy	The study of stratified rocks (sedimentary and volcanic rocks), their sequence in time, their characteristics, and their correlation in different localities.
sub crops	An 'outcrop' in an exposure of a rock unit that is 'in place' (i.e. not just loose debris). A sub-crop is the same except that the actual exposure is covered by younger, unconsolidated soils, sands or gravels.
syncline	A basin-shaped fold in a rock formation.
ultramafic rocks	Igneous rocks consisting mostly of ferromagnesium minerals to the virtual exclusion of quartz and feldspar. They are comparatively rare in the earth's crust. Ultramafic lavas, such as occur at Kambalda, are particularly rare and are hardly known to have formed at all since the end of Archean times.

Statement of Health, Safety and Environmental Policies

VISION AND MISSION

Vision

Mincor's stakeholders include its shareholders, employees, local residents and the wider community. Mincor recognises its responsibilities to all its stakeholders and will ensure that its Health, Safety and Environmental standards are second to none.

Mission

- Mincor will carry out its business in a responsible manner, and will protect and cherish the natural environment.
- Mincor will ensure that its employees are protected from all occupational injuries and diseases.
- Mincor will provide a safe working environment for its employees, will ensure that Health and Safety are management's top priority and that its workforce is fully trained in Health and Safety matters.

POLICY STATEMENT

Mincor attaches the greatest value to the health and safety of its employees; it is every manager's and supervisor's duty to do everything in his or her power to avert damage, occupational injuries and occupational diseases, and it is also everyone's personal duty to avert damage and occupational injuries and occupational diseases, both in respect of himself or herself and of his or her fellow-workers.

PRINCIPLES AND VALUES

Mincor subscribes to the following eleven self-explanatory principles and values:

- All injuries, occupational diseases and damage can be prevented.
- Preventing injuries, occupational diseases and damage makes good business sense.
- Everybody occupying a managerial or supervisory position is personally responsible for the safety and health of those working under them.
- Everybody in Mincor's employment carries personal responsibility for his or her own and his or her fellow workers' health and safety.
- Training is an essential element in ensuring the safety and health of employees.
- Safety and health audits are carried out regularly, participatively and meaningfully, with the emphasis on the modification of attitudes.
- Every shortcoming in the field of occupational health and safety is rectified immediately and permanently.
- All injuries, occupational diseases and damage are investigated thoroughly and participatively, not only to determine the direct causes but also to uncover underlying causes.
- People are the most important element of Mincor's occupational health and safety program.

- Following best practices elsewhere in the world, supervisors spend at least 20% of their time on matters directly related to the protection of their subordinates' health and safety.
- Contractor's personnel are viewed as Mincor employees for health and safety purposes. Mincor's safety principles and values apply equally to contractor's personnel.

Deviations from these principles and values and from required conduct are unacceptable.

OBJECTIVES

- Elimination of unsafe environments and unsafe working conditions.
- Elimination of unsafe acts.
- Maintenance of high safety awareness among all employees.
- Continual safety training at all levels.
- Comprehensive induction of part-time and casual employees.
- Insistence on similar safety standards from contractors.

Grevillea found in the Kambalda region (photo by Tanh Doan, Mincor)



Financial Report

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Mincor Resources NL and its subsidiaries. The financial statements are presented in the Australian currency.

Mincor Resources NL is a company incorporated and domiciled in Australia.

Its registered office is:

Level 1, 56 Ord Street

West Perth, Western Australia, 6005 Australia

The financial statements were authorised for issue by the Directors on 18 August 2010. The Directors have the power to amend and re-issue the financial statements.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Mincor Resources NL (“the Company”) is responsible for corporate governance of the Company. The Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. The Board continually reviews its governance practices to ensure they remain consistent with the needs of the Company. Some of these policies and procedures are summarised in this statement.

Commensurate with the spirit of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“**ASX Principles and Recommendations**”), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company’s corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company’s corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the “if not, why not” reporting regime.

The following table sets out where the Company has followed the recommendations or provided “if not, why not” reporting.

	ASX P&R ¹	If not, why not ²		ASX P&R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4 ³	✓	
Recommendation 1.3 ³	✓		Recommendation 5.1	✓	
Recommendation 2.1	✓		Recommendation 5.2 ³	✓	
Recommendation 2.2	✓		Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2 ³	✓	
Recommendation 2.4	✓		Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6 ³	✓		Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4 ³	✓	
Recommendation 3.2	✓		Recommendation 8.1	✓	
Recommendation 3.3 ³	✓		Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3 ³	✓	
Recommendation 4.2	✓				

¹ Indicates where the Company has followed the ASX Principles & Recommendations.

² Indicates where the Company has provided “if not, why not” disclosure.

³ Indicates an information-based recommendation. Information-based recommendations are not adopted or reported against using “if not, why not” disclosure – information required is either provided or it is not.

Further information about the Company’s charters, policies and procedures may be found at the Company’s website at www.mincor.com.au, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the recommendations to which they relate, are set out below.

	Recommendation(s)
Charters	
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on Continuous Disclosure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

DISCLOSURE – PRINCIPLES AND RECOMMENDATIONS

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2009/2010 financial year (“**Reporting Period**”).

PRINCIPLE 1 – Lay Solid Foundations for Management and Oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Board’s objectives are to:

- (a) increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company’s shareholders; and
- (b) ensure the Company is properly managed.

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Board delegates responsibility for running the Company’s affairs and implementing the policies and strategy set by the Board to the Managing Director, who is accountable to the Board. The Company has established the functions delegated to senior executives which are set out in its Board Charter.

Senior executives are responsible for supporting and assisting the Managing Director to conduct the general operations and financial business of the Company in accordance with the delegated authority of the Board and to progress the strategic direction provided by the Board.

The Board holds at least 4 meetings per annum and on other occasions as required. Senior managers of the Company are invited to attend meetings of the Board. Non-executive Directors may meet independently of the Executive Directors, although during the Reporting Period no such meetings occurred. At each meeting of the Board, time is allocated for consideration of strategic planning issues.

Senior executives are responsible for reporting all matters which fall within the Company’s materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Managing Director is responsible for evaluating the performance of senior executives by conducting formal interviews with each of the senior executives. The Managing Director documents the evaluations and reports the outcome of those evaluations to the Board when required.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure:

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed at Recommendation 1.2.

PRINCIPLE 2 – Structure the Board to Add Value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

During the year the Board comprised a majority of independent directors (including the Chairman). Details of the Directors (including details of their skills, experience, expertise and term of office) are set out in the Directors' Report.

The Board has adopted a policy for assessing the independence of directors. This policy provides that when determining the independent status of a director the Board should consider whether the director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;
- has within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a director.

The Board also considers the Company's materiality thresholds when assessing the independence of directors. The materiality thresholds are set out in the disclosures under Recommendation 2.6 below.

Messrs DJ Humann, IF Burston and JW Gardner are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Mr DCA Moore is the executive Managing Director and is therefore not independent.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The independent Chair of the Board is Mr DJ Humann.

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure:

The Managing Director is Mr DCA Moore who is not Chair of the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

The Board has established a Nomination Committee.

The Nomination Committee has a separate charter which describes its role, composition, functions and responsibilities. A copy of the charter is set out on the Company's website.

Details of the number of meetings held and attendance at each Nomination Committee meeting during the Reporting Period are detailed below.

Name	No. of meetings held	No. of meetings attended
DJ Humann (Independent)	1	1
DCA Moore	1	1
IF Burston (Independent)	1	1

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Board's *Process for Performance Evaluation* (available on the Company's website) states that the Chairman is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. It further states that the Nomination Committee is responsible for evaluating the Managing Director and that other senior executives are evaluated by the Managing Director. These evaluations occur annually, or as required, on an informal basis.

During the year, the Chairman (in conjunction with the Nomination Committee) reviewed the performance of the Board as a whole. The review was undertaken by way of round-table discussions relating to how the Board functions and operates effectively. No significant adverse issues were identified. The process applied during the year followed the disclosed process.

During the year, the Chairman (in conjunction with the Board) reviewed the performance of the Audit Committee, Remuneration Committee and Nomination Committee. The reviews were undertaken by way of round-table discussions relating to how the committee's functioned and how effectively they operated. No significant adverse issues were identified. The process applied during the year followed the disclosed process.

The Managing Director was evaluated by the Chairman and the Board by way of informal discussion. The Managing Director's performance was also subject to continuous review through ongoing discussions with the Chairman. The process applied during the year followed the disclosed process.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

Disclosure:

The following additional information is provided with respect to reporting on Principle 2.

Company's Materiality Thresholds

When assessing Company matters, the Board considers the following quantitative and qualitative materiality thresholds, which are set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset;
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more;
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%; and
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

If a Director considers it necessary to obtain independent professional advice to properly discharge their responsibilities as a director, then, provided the Director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Corporate Governance Statement

Retirement and Re-election of Directors

The Company's constitution requires one third of directors (other than the Managing Director and alternate directors) to retire from office at each Annual General Meeting. Directors appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of directors to retire by rotation at the Annual General Meeting.

Directors cannot hold office for more than 3 years following their appointment without submitting themselves for re-election. Retiring directors are eligible for re-election by shareholders. Re-appointment of directors is not automatic.

Appointment of New Directors

No new directors were appointed during the last financial year. The Board (subject to member's voting rights in a general meeting) is responsible for selection of new members and succession planning. The Nomination Committee evaluates the range of skills, experience and expertise of the existing Board. In particular, the Nomination Committee identifies the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board. A potential candidate is considered with reference to their skills and expertise in relation to other Board members. New directors are invited to join the Board by the Chairman, who makes the invitation based on recommendations made by the Nomination Committee and approved by the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting. The Policy for selection and appointment of new directors is available on the Company's website.

PRINCIPLE 3 – Promote Ethical and Responsible Decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a comprehensive Code of Conduct which is set out in full on the Company's website. The purpose of the code of conduct is to establish practices to maintain confidence in the Company's integrity, set in place practices to take account of its legal obligations and the reasonable expectations of its stakeholders and outline practices for the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. This code of conduct sets out the standards which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, shareholders, and the broader community.

The Board supports the highest standards of corporate governance, and requires its members and the staff of the Company, to act with integrity and objectivity in relation to:

- Compliance with the law;
- Record keeping;
- Conflicts of interest;
- Confidentiality;
- Acquisitions and disposals of the Company's securities; and
- Safe and equal opportunity employment.

The Board and management are also conscious of and aim to ensure fulfilment of the wider obligations of the Company and its staff to people affected by its operations, and for responsible management of the environment.

The Company's Code of Conduct states that the Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman in the case of a Director, or the Managing Director in the case of a member of management, or a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Board has established a policy and procedure on dealing in the Company's securities by directors, officers, employees and consultants which prohibits dealing in Company securities when those persons possess inside information. The policy contains a blackout period for directors, officers and senior accounting employees and also prohibits short-term or speculative trading of the Company's securities. A copy of the Company's policy for trading in Company securities is set out on the Company's website.

Recommendation 3.3:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

Disclosure:

A copy of the Company's Code of Conduct and policy for trading in Company securities is set out on the Company's website.

PRINCIPLE 4 – Safeguard Integrity in Financial Reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit Committee. The main responsibilities of the Audit Committee are to:

- Monitor and review the integrity of the financial reporting of the Company, including reviewing significant financial reporting judgments;
- Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- Monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- Monitor and review compliance with the Company's Code of Conduct; and
- Perform such other functions as assigned by law, the Company's Constitution or the Board.

In fulfilling its responsibilities, the Audit Committee receives regular reports from management and the external auditors. It also meets with the external auditors at least twice a year – more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Audit Committee and the Chairman of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- *consists only of non-executive directors*
- *consists of a majority of independent directors*
- *is chaired by an independent Chair, who is not Chair of the Board*
- *has at least 3 members.*

Disclosure:

The members of the Audit Committee, their status and the number of times they met during the Reporting Period are outlined in the following table.

Name	No. of meetings held	No. of meetings attended
IF Burston (Chairman, Independent, non-executive)	4	4
DJ Humann (Independent, non-executive)	4	4
JW Gardner (Independent, non-executive)	4	4

Corporate Governance Statement

The qualifications of each director are set out in the Directors' Report. Mr Burston has over 30 years experience in the extractive and related industries and therefore possesses the requisite industry knowledge to participate on and act as Chairman of the Audit Committee. Mr Humann is a Chartered Accountant and therefore possesses the requisite financial literacy and expertise to participate on the Audit Committee. Mr Gardner is an Independent Director with requisite financial and industry knowledge.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Audit Committee operates under an established Audit Committee Charter which is available on the Company's website. The charter describes the Audit Committee's role, composition, functions and responsibilities.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

Disclosure:

The following additional information is provided with respect to reporting on *Principle 4*.

Selection, Appointment and Rotation of External Auditor

The Company has established procedures for the selection, appointment and rotation of its external auditor which are available on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

PRINCIPLE 5 – Make Timely and Balanced Disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

The Company understands the importance of ensuring the market has full and timely information available to all on an equal basis. For this reason the Company has detailed compliance procedures for ASX listing rule disclosure requirements which covers the following areas:

- Providing guidelines for identifying disclosure material and monitoring share price movements;
- Guidelines for trading halts;
- Guidelines for decision making processes;
- Details on record keeping, confidentiality, education of executives and staff, release of disclosure material; and
- Updating of procedures.

To ensure accountability at a senior executive level the Company has appointed an officer responsible for ensuring compliance with this policy. A summary of the Company's ASX continuous disclosure procedures is available on the Company's website.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

Disclosure:

A summary of the Company's Policy on Continuous Disclosure is available on the Company's website.

PRINCIPLE 6 – Respect the Rights of Shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company values its relationship with shareholders and understands the importance of communication with them in accordance with the requirements of the ASX. As disclosed above, the Company has a Policy on Continuous Disclosure to ensure it is in compliance with the continuous disclosure obligations of the ASX. The Company also has a Shareholder Communication Policy for keeping shareholders up to date with Company information.

To keep shareholders informed the Company maintains a website at www.mincor.com.au, on which the Company makes the following information available:

- Company announcements for the last 3 years;
- Information briefings to media and analysts for the last 3 years;
- Notices of meetings and explanatory materials;
- Financial information for the last 3 years; and
- Annual reports for the last 3 years.

The Company sends a copy of its quarterly report to all Shareholders. It also sends copies of significant announcements to Shareholders and any other person who registers with the Company as an 'Interested Party'. The Company also encourages shareholder participation at general meetings. A copy of the Company's Shareholder Communication Policy is available on the Company's website.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

Disclosure:

A copy of the Company's shareholder communication strategy is available on the Company's website.

PRINCIPLE 7 – Recognise and Manage Risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Company has an established Risk Management Policy, a summary of which is available on the Company's website.

The Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of these systems.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management. The Managing Director is responsible for regularly reporting directly to the Board on all matters associated with risk management, including whether the Company's material business risks are being managed effectively. During the year the Managing Director reported to the Board on the effectiveness of the Company's management of its material business risks. In fulfilling his duties, the Managing Director has unrestricted access to company employees, contractors and records and may obtain independent expert advice on any matter he believes appropriate, with the approval of the Board.

Corporate Governance Statement

The Company has established a Risk Register as part of its risk management and internal control systems. The Risk Register formally documents:

- the identification of business risks;
- an assessment of the consequence of each business risk;
- an assessment of the likelihood of each business risk;
- a risk rating for each identified business risk;
- what existing controls are in place for each identified business risk;
- the effectiveness of each of the existing controls; and
- where further actions may be required to further mitigate or reduce business risk.

The Risk Register is reviewed and updated by management on an ongoing basis and reported to the Board on a quarterly basis.

In addition, the Company maintains a number of policies and practices designed to manage specific business risks. These include:

- Audit Committee and Audit Committee Charter;
- Insurance programs;
- Regular budgeting and financial reporting;
- Clear limits and authorities for expenditure levels;
- Procedures/controls to manage environmental and occupational health and safety matters;
- Procedures for compliance with continuous disclosure obligations under the ASX Listing Rules; and
- Procedures to assist with establishing and administering corporate governance systems and disclosure requirements.

Major categories of risks reported on within the Risk Register include operational risk, environmental risk, sustainability, statutory reporting and compliance, financial risks (including financial reporting, treasury, information technology and taxation), occupational health and safety risks and market related risks.

The Company's risk management system is an ongoing process. It is recognised that the level and extent of the risk management system will evolve commensurate with the evolution and growth of the Company's activities. Further information on financial risk management is outlined in Note 2 to the financial statements.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

At the request of the Board, management have designed, implemented and maintained risk management and internal control systems to manage the Company's material business risks. Management are required to report to the Board confirming that risks are being managed effectively. During the Reporting Period the Board received reports from management regarding the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

In accordance with the requirements of the *Corporations Act 2001* and Principle 7 of the ASX Principles and Recommendations the Managing Director and Chief Financial Officer have provided a declaration in accordance with Section 295A of the *Corporations Act* and have assured the Board that the declaration is founded on sound systems of risk management and internal controls and that the systems are operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Disclosure:

A summary of the Company's Risk Management policy is available on the Company's website.

PRINCIPLE 8 – Remunerate Fairly and Responsibly**Recommendation 8.1:**

The Board should establish a Remuneration Committee.

Disclosure:

The Company has established a Remuneration Committee. The Remuneration Committee has a separate charter which describes its role, composition, functions and responsibilities. A copy of the charter is set out on the Company's website.

Details of the number of meetings held and attendance at each Remuneration Committee meeting during the financial year ended 30 June 2010 are detailed below.

Name	No. of meetings held	No. of meetings attended
DJ Humann (Independent)	1	1
DCA Moore	1	1
IF Burston (Independent)	1	1

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

All compensation arrangements for Directors and key management personnel are determined at Board level, in consultation with the Remuneration Committee, after taking into account the current competitive rates prevailing in the market.

Remuneration levels of the Directors and key management personnel are set by reference to other similar-sized mining and exploration companies with similar risk profiles and are set to attract and retain executives capable of managing the consolidated entity's operations in Australia.

Remuneration of non-executive Directors is determined by the Board within the maximum approved by the shareholders from time to time. Remuneration for non-executive directors is not linked to the performance of the Company. The Board undertakes an annual review of its performance against goals set at the start of the year. No bonuses are paid to non executive Directors, nor are there any termination or other benefits paid on retirement. The Company does not issue options to non-executive directors.

The pay and reward framework for executive directors and senior executives consists of a combination of base salary and benefits, short-term performance incentives, long-term incentives through participation in employee share option plans and other remuneration. This remuneration framework aligns the remuneration of executives and senior management with the achievement of strategic objectives and the creation of value for shareholders.

Details of the nature and amount of remuneration paid to each Director of the Company and each key management personnel of the consolidated entity are provided in the 'Remuneration Report' contained within the Directors' Report.

Recommendation 8.3:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

Disclosure:

A copy of the Company's Remuneration Committee Charter is set out on the Company's website. The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

Details of remuneration, including the Company's policy on remuneration, are contained in the 'Remuneration Report' which forms of part of the Directors' Report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2010

The Directors present their report on the consolidated entity consisting of Mincor Resources NL ("the Company") and its controlled entities, for the year ended 30 June 2010.

DIRECTORS

The names of the Directors of Mincor Resources NL in office at the date of this report are:

Name	Particulars	Shareholding Interest
DJ Humann FCA, FCPA, FAICD (Chairman)	<p>Experience and expertise</p> <p>Mr Humann joined Mincor Resources NL on 30 September 1999 as a Non-executive Director and Chairman of the Company. Mr Humann is a fellow of the Institute of Chartered Accountants, a fellow of the Institute of Certified Practising Accountants and also a fellow of the Australian Institute of Company Directors.</p> <p>He was Chairman and Senior Partner of Price Waterhouse (Hong Kong and China firm) from 1986 until 1994. He was also the Managing Partner of Price Waterhouse, Asia Pacific Region, and a member of the World Board of Price Waterhouse and of the global firm's World Executive Management Committee based in London and New York. He was formerly a member of the Australia and New Zealand Firm's Executive Policy Committee. Mr Humann is a member of the boards of a number of public and private companies.</p> <p>Other current directorships</p> <p>Non-executive chairman of Advanced Braking Technologies Ltd, Atomaer Holdings Pty Ltd, Exxaro Australia Sands Pty Ltd and Logicamms Ltd.</p> <p>Non-executive director of Durack Estates Ltd (Bahamas), India Resources Ltd and Rewards Holdings Pty Ltd.</p> <p>Director of James Anne Holdings Pty Ltd.</p> <p>Former directorships in last 3 years</p> <p>Non-executive director of Durack Estates Pty Ltd from 1985 to 2007.</p> <p>Non-executive director of Durack International Pty Ltd from 1985 to 2007.</p> <p>Non-executive director of India Resources Ltd from 2006 to 2008.</p> <p>Non-executive director of Monarch Gold Mining Company Limited from 2006 to 2008.</p> <p>Non-executive director of Territory Resources Ltd from 2008 to 2008.</p> <p>Non-executive director of Braemore Resources PLC from 2006 to 2010.</p> <p>Non-executive director of Matrix Metals from 2000 to 2010.</p>	295,000 shares
DCA Moore (Managing Director)	<p>Experience and expertise</p> <p>Mr Moore joined Mincor Resources NL on 30 September 1999 and is the Managing Director of the Company. His previous experience includes 13 years with Shell/Billiton where he worked internationally in minerals exploration, business development, project management and strategic planning. In 1996 he left a position as Billiton's Chief Geologist in Peru to join Iscor Australia Pty Ltd as director of business development. In that role he established Iscor's gold and base metal exploration unit in Australasia. During 1999 he conducted the transactions that lead to the creation of Mincor Resources NL and became Managing Director of that Company. In 2000 Mr Moore founded Tethyan Copper Company Ltd and as Managing Director drove that company's development, spin-off, listing and growth until its successful cash takeover by a joint venture between Antofagasta and Barrick in 2006. Mr Moore has worked extensively in South America, southern and eastern Africa and Australasia. He holds a B.Sc (Eng) (Mining Geology).</p> <p>Other current directorships</p> <p>None.</p> <p>Former directorships in last 3 years</p> <p>None.</p>	4,045,000 shares

Name	Particulars	Shareholding Interest
IF Burston	<p>Experience and expertise</p> <p>Mr Burston is a Non-executive Director who joined the Company in January 2003. He holds a Bachelor of Engineering (Mech) degree from Melbourne University and a diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He has completed the Insead Management Program in Paris and the Harvard Advanced Management Program in Boston. Mr Burston has over 30 years' experience in the extractive and related industries. His prior positions included Managing Director and Chief Executive Officer of Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Gold Mines, Vice President – WA Business Development of CRA Ltd and Managing Director of Hamersley Iron Pty Ltd.</p> <p>Other current directorships</p> <p>Non-executive chairman of Broome Port Authority, NRW Ltd, Carrick Gold Ltd and Condor Nickel Ltd. Non-executive director of Fortescue Metals Group Ltd.</p> <p>Former directorships in last 3 years</p> <p>Executive chairman of Aztec Resources Ltd from 2003 to 2007. Executive chairman of Cape Lambert Iron Ore Ltd from 2006 to 2008. Non-executive chairman of Imdex Ltd from 2000 to 2009. Non-executive chairman of Auvex Resources Ltd 2009.</p>	50,000 shares
JW Gardner	<p>Experience and expertise</p> <p>Mr Gardner is a Non-executive Director who joined the Company in February 1996. Mr Gardner graduated from the University of Melbourne in 1962 with a Bachelor of Engineering (Mechanical) degree and is a Fellow of the Institution of Engineers Australia. He also holds a Master of Business Administration degree from Curtin University, Western Australia. After holding directorships and senior management positions with Hawker Siddeley Engineering Pty Ltd, Comsteel Vickers/ANI, Minproc Engineers Pty Ltd and Broken Hill Metals NL between 1970 and 1990, he formed his own engineering consultancy. He has consulted on many gold and base metal projects both in Australia and overseas. Mr Gardner was chairman of Ghana Manganese Company from 1995 until 2000. From 1993 until 2006 he was actively involved in Canadian listed company, Guinor Gold Corporation where he was Chief Engineer, Mining Projects. Since 1996 he has developed and managed the 100,000 ounce per annum Lero gold Heap Leach Project and completed the LEFA Corridor project study and supervised the EPCM contractor constructing its 350,000 ounce per annum multiple open pit and CIP Plant project in remote Guinea, West Africa. Currently he is pursuing bauxite, uranium, copper and gold exploration projects in West Africa and Australia. He has recently been appointed non-executive Chairman of ASX listed Viking Ashanti Limited.</p> <p>Other current directorships</p> <p>Chairman of Viking Ashanti Limited, Non-executive director of Vortex Minerals Pty Ltd, Mineraus Resources Pty Ltd, Greenline Investments Pty Ltd, Bayfield Enterprises Pty Ltd and Aerial Holdings Pty Ltd.</p> <p>Former directorships in last 3 years</p> <p>Non-executive director of Norske Precious Metals from 2006 to 2007. Non-executive director of Viking Metals Pty Ltd 2007 to 2010.</p>	1,218,176 shares

COMPANY SECRETARY

The name of the Company Secretary of Mincor Resources NL in office at the date of this report is:

Name	Particulars
B Lynn	Mr Lynn is a Chartered Accountant with over 20 years experience. He joined Mincor in May 2001 and prior to this held various senior financial positions with companies involved in the mining industry, including gold and mineral sands.

REVIEW OF OPERATIONS AND SIGNIFICANT EVENTS

Mining Operations

The Company produced 10,673 tonnes of nickel-in-concentrate during the year ended 30 June 2010 (2009: 15,768 tonnes of nickel-in-concentrate).

During the year, the Company's South Kambalda Operations (Miitel and Mariners) produced 143,106 dry metric tonnes at an average grade of 2.90%, to produce 3,652 tonnes of nickel-in-concentrate. Miitel re-entered production in the last few weeks of the financial year, after being on care and maintenance since January 2009.

The Company's North Kambalda Operations (including Otter Juan, Coronet and McMahon Nickel Operations and Mincor's 70% interest in the Carnilya Hill Nickel Operation) produced 228,053 dry metric tonnes at an average grade of 3.35%, to produce 7,021 tonnes of nickel-in-concentrate.

Exploration and Development Projects

During the year, the Company spent \$15.9 million on exploration activities, comprising \$6.3 million on regional exploration activities and \$9.6 million on extensional exploration activities.

Exploration and development drilling continued throughout the period, with considerable success at Mariners Nickel Mine and Miitel Nickel Mine. The Company has committed to an aggressive exploration drilling program targeting nickel and other base metals on its tenements throughout Australia.

Corporate

The consolidated entity generated a profit after tax of \$28.1 million (2009: loss after tax of \$16.7 million) for the year.

As at 30 June 2010 the Company had sold forward 2,910 tonnes of nickel to March 2012 at an average price of A\$25,020 per tonne.

On 25 September 2009 the Company paid its seventh fully franked annual dividend of 4 cents per share to shareholders.

On 26 March 2010 the Company paid a fully franked interim dividend of 3 cents per share in respect of the year ending 30 June 2010.

PRINCIPAL ACTIVITIES

The principal activities of the companies in the consolidated entity during the course of the year were the mining and exploration of mineral resources.

No significant change in the activities occurred during the 12 months to 30 June 2010, except as outlined below.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as noted elsewhere in this report, there have been no significant changes in the state of affairs of the consolidated entity during the financial period.

GROUP RESULTS

The profit of the consolidated entity for the year after income tax was \$28,100,000 (2009 loss: \$16,664,000).

DIVIDENDS

A fully franked dividend of 4 cents per share in respect of the year ended 30 June 2009 was paid on 25 September 2009. On 26 March 2010 a fully franked interim dividend of 3 cents per share in respect of the year ended 30 June 2010 was paid. On 18 August 2010 the Directors declared a fully franked final dividend of 6 cents per share in respect of the year ended 30 June 2010.

MEETINGS OF DIRECTORS'

The number of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2010, and the number of meetings attended by each Director were:

	Total Directors Meetings Available	Directors Meetings Attended	Total Audit Committee Meetings Available	Audit Committee Meetings Attended
DJ Humann	6	6	4	4
DCA Moore	6	6	-	-
JW Gardner	6	6	4	4
IF Burston	6	6	4	4

FUTURE DEVELOPMENTS

Details of important developments occurring in this financial year have been covered in the Review of Operations. The Company will continue to actively explore for minerals, and any significant information or data will be released to the market and the shareholders pursuant to the Continuous Disclosure rules as and when they are to hand.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

REMUNERATION REPORT

All compensation arrangements for Directors and key management personnel are determined at Board level after taking into account the competitive rates prevailing in the market place.

Remuneration levels of the Directors and key management personnel are set by reference to other similar-sized mining and exploration companies with similar risk profiles and are set to attract and retain executives capable of managing the consolidated entity's operations in Australia. Remuneration levels for the Managing Director and key management personnel are determined by the Board based upon recommendations from the Remuneration Committee. Remuneration of non-executive directors is determined by the Board within the maximum approved by the shareholders from time to time. The Board undertakes an annual review of its performance against goals set at the start of the year. No bonuses are paid to non-executive directors.

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

The remuneration report is set out under the following main headings:

- a) Principles Used to Determine the Nature and Amount of Remuneration
- b) Details of Remuneration
- c) Service Agreements
- d) Share-based Compensation
- e) Additional Information

a) Principles Used to Determine the Nature and Amount of Remuneration

The Company's key management personnel remuneration framework aligns their remuneration with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that the remuneration of key management personnel is competitive and reasonable, acceptable to shareholders, and aligns remuneration with performance.

Remuneration of Non-executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board receives advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

REMUNERATION REPORT *(continued)*

a) Principles Used to Determine the Nature and Amount of Remuneration *(continued)*

Remuneration of Non-executive Directors *(continued)*

i) Directors' Fees

The current base remuneration was last reviewed with effect from 8 November 2006. The Chairman's and non-executive directors' remuneration is inclusive of committee fees.

Fees for the Chairman and non-executive directors' are determined within an aggregate directors' fee pool limit of \$350,000, which was last approved by shareholders on 8 November 2006.

ii) Retirement Allowances for Directors

No retirement allowances exist for non-executive directors.

Remuneration of Key Management Personnel

The pay and reward framework for key management personnel has four components:

- Base pay and benefits;
- Short-term performance incentives;
- Long-term incentives through participation in employee share option plans, including the Mincor Employee Share Option Plan and Mincor Resources Executive Share Option Scheme; and
- Other remuneration.

The combination of these comprises the key management personnel's total remuneration.

i) Base Pay and Benefits

The base pay is inclusive of statutory superannuation and is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Key management personnel are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for key management personnel is reviewed annually to ensure the executive's pay is competitive with the market. The pay of key management personnel is also reviewed on promotion.

There is no guaranteed base pay increase included in any key management personnel's contract.

ii) Short-term Incentives ("STI")

The Company has established an Incentive Bonus Scheme, which is designed to encourage and reward superior performance. The Incentive Bonus Scheme has both a company performance component linked to the Company's annual result as well as an individual component linked to the employee's performance. Whilst it is the Company's intention to apply the Incentive Bonus Scheme annually, it is solely at the discretion of the Directors.

iii) Long-term Incentives ("LTI")

Long-term incentives are provided to certain employees via the Executive Share Option Scheme and 2002 Employee Share Option Plan. Information on the Executive Share Option Scheme and the 2002 Employee Share Option Plan is set out in Note 31 to the financial statements.

b) Details of Remuneration

Details of the remuneration of the directors, the key management personnel of the Group and the 5 highest paid executives of Mincor Resources NL and the consolidated entity are set out in the following tables.

The key management personnel of Mincor Resources NL and the consolidated entity (as defined in AASB 124) includes the Directors and the following executive officers who report directly to the Managing Director and who have authority and responsibility for planning, directing and controlling the activities of the consolidated entity.

- ST Cowle – Chief Operating Officer
- B Lynn – Chief Financial Officer
- GL Fariss – General Manager, Corporate Development
- P Muccilli – Exploration Manager

All of the above persons were also key management personnel during the year ended 30 June 2009.

i) Key Management Personnel of Mincor Resources NL and its Controlled Entities

2010	Short-Term Employee Benefits					Post-employment Benefits	Long-term Benefits	Share-based Payments	Total
Name	Directors Fees	Salary	Bonus	Non-monetary benefits	Other	Super-annuation	Long service leave	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors									
DJ Humann (Chairman)	100,100	-	-	-	-	9,900	-	-	110,000
JW Gardner	50,459	-	-	-	-	4,541	-	-	55,000
IF Burston	55,000	-	-	-	-	-	-	-	55,000
Sub-total	205,559	-	-	-	-	14,441	-	-	220,000
Executive Directors									
DCA Moore*	-	584,951	12,000	588	-	14,461	9,649	-	621,649
Other Key Management Personnel									
ST Cowle*	-	314,951	6,600	588	-	14,461	5,192	-	341,792
B Lynn*	-	321,951	6,740	588	-	14,461	7,099	-	350,839
GL Fariss*	-	237,944	5,200	588	-	21,468	3,976	-	269,176
P Muccilli*	-	218,678	4,385	588	-	20,129	3,654	-	247,434
Total	205,559	1,678,475	34,925	2,940	-	99,421	29,570	-	2,050,890

* Denotes one of the 5 highest paid executives of the Company and the consolidated entity, as required to be disclosed under the *Corporations Act 2001*.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2010

REMUNERATION REPORT *(continued)*

b) Details of Remuneration *(continued)*

i) Key Management Personnel of Mincor Resources NL and its Controlled Entities *(continued)*

2009	Short-Term Employee Benefits					Post-employment Benefits	Long-term Benefits	Share-based Payments	Total
Name	Directors Fees \$	Salary \$	Bonus \$	Non-monetary benefits \$	Other \$	Super-annuation \$	Long service leave \$	Options \$	\$
Non-executive Directors									
DJ Humann (Chairman)	100,100	-	-	-	-	9,900	-	-	110,000
JW Gardner	50,459	-	-	-	-	4,541	-	-	55,000
IF Burston	55,000	-	-	-	-	-	-	-	55,000
Sub-total	205,559	-	-	-	-	14,441	-	-	220,000
Executive Directors									
DCA Moore*	-	585,667	-	588	-	13,745	9,687	-	609,987
Other Key Management Personnel									
ST Cowle*	-	315,667	-	588	-	13,745	6,142	-	336,142
B Lynn*	-	308,586	-	588	-	27,826	6,492	11,458	354,950
GL Fariss*	-	237,944	-	588	-	21,468	4,700	15,278	279,978
P Muccilli*	-	218,678	-	588	-	19,734	4,113	15,278	258,391
Total	205,559	1,666,542	-	2,940	-	110,959	31,134	42,014	2,059,148

* Denotes one of the 5 highest paid executives of the Company and the consolidated entity, as required to be disclosed under the *Corporations Act 2001*.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration 2010	At Risk – LTI 2010	At Risk – STI 2010
Directors of Mincor Resources NL			
DJ Humann (Chairman)	100%	-	-
DCA Moore	98%	-	2%
JW Gardner	100%	-	-
IF Burston	100%	-	-
Other Key Management Personnel of the consolidated entity			
ST Cowle	98%	-	2%
B Lynn	98%	-	2%
GL Fariss	98%	-	2%
P Muccilli	98%	-	2%

ii) Cash bonuses and share-based compensation benefits

For each cash bonus and grant of options included in the above tables, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses are payable in future years.

Name	CASH BONUS		SHARE-BASED COMPENSATION (OPTIONS)					
	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest \$	Maximum total value of grant yet to vest \$
DCA Moore	100%	-	-	-	-	-	-	-
ST Cowle	100%	-	-	-	-	-	-	-
B Lynn	100%	-	-	-	-	-	-	-
GL Fariss	100%	-	-	-	-	-	-	-
P Muccilli	100%	-	-	-	-	-	-	-

c) Service Agreements

Remuneration and other terms of employment for the Managing Director and other key management personnel are formalised in employment contracts. Each of these agreements provide for the participation in the Company's Incentive Option Schemes and Incentive Bonus Scheme. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party providing between 1 to 3 months notice, subject to termination payments as detailed below.

DCA Moore, Managing Director

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2010 of \$600,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 3 months of the base salary.

ST Cowle, Chief Operating Officer

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2010 of \$330,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 1 month of the base salary.

B Lynn, Chief Financial Officer

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2010 of \$337,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 1 month of the base salary.

GL Fariss, General Manager, Corporate Development

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2010 of \$260,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 1 month of the base salary.

P Muccilli, Exploration Manager

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2010 of \$239,395.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 1 month of the base salary.

REMUNERATION REPORT *(continued)*

d) Share-based Compensation – Options

2002 Employee Share Option Plan

The 2002 Employee Share Option Plan (“**Plan**”) was introduced on 21 August 2002. Persons eligible to participate in the Plan include Directors and all employees of the Company or companies or bodies corporate in which the Company holds at least 20% of all the voting shares.

Options are granted under the Plan for no consideration for a maximum period of 5 years and can be exercised at any time between the date the option is granted and the expiry date, subject to the imposition of any specified vesting date determined at the discretion of the Directors. The employee's entitlements to the options are vested and the options carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. Amounts receivable on the exercise of the options are recognised as share capital.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the 5 trading days immediately before the options are granted.

The Plan rules contain a restriction on removing the ‘at risk’ aspect of the instrument granted to Plan participants. Plan participants may not enter into any transaction designed to remove the ‘at risk’ aspect of an instrument before it vests.

Prospectus dated 6 December 2007

The Prospectus was issued on 6 December 2007. Persons eligible to participate pursuant to the Prospectus include Directors and all employees of the Company.

Options are granted under the Prospectus for no consideration for a maximum period of 5 years and can be exercised at any time between the date the option is granted and the expiry date, subject to the imposition of any specified vesting date determined at the discretion of the Directors. The employee's entitlements to the options are vested and the options carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. Amounts receivable on the exercise of the options are recognised as share capital.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the 5 trading days immediately before the options are granted.

Mincor Resources Executive Share Option Scheme

The Mincor Resources Executive Share Option Scheme (“**Scheme**”) was introduced on 8 May 2006. Persons eligible to participate in the Scheme include key employees, who are determined at the discretion of the Directors.

Options are granted under the Scheme for no consideration for a maximum period of 5 years and can be exercised at any time between the date the option is granted and the expiry date, subject to the imposition of any specified vesting date determined at the discretion of the Directors.

When exercisable, each option is convertible into one ordinary share. Amounts receivable on the exercise of options are recognised as share capital.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the 5 trading days immediately before the options are granted.

The Scheme rules contain a restriction on removing the ‘at risk’ aspect of the instrument granted to Scheme participants. Scheme participants may not enter into any transaction designed to remove the ‘at risk’ aspect of an instrument before it vests.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant Date	Date Vested and Exercisable	Expiry Date	Exercise Price	Value per Option at Grant Date
22 December 2005 ⁽¹⁾	100% after 18 November 2006	25 October 2010	\$0.70	\$0.1834
8 May 2006 ⁽²⁾	33 ^{1/3} % after 8 May 2007	7 May 2011	\$0.85	\$0.240
	33 ^{1/3} % after 8 May 2008	7 May 2011	\$0.85	\$0.230
	33 ^{1/3} % after 8 May 2009	7 May 2011	\$0.85	\$0.220
23 October 2006 ⁽²⁾	33 ^{1/3} % after 18 October 2007	19 October 2011	\$1.74	\$0.753
	33 ^{1/3} % after 18 October 2008	19 October 2011	\$1.74	\$0.753
	33 ^{1/3} % after 18 October 2009	19 October 2011	\$1.74	\$0.753
6 December 2006 ⁽¹⁾	100% after 6 December 2007	5 December 2011	\$2.16	\$0.7989
1 April 2008 ⁽³⁾	100% after 5 June 2009	5 December 2012	\$4.40	\$0.9023

(1) Options granted under the 2002 Employee Share Option Plan which was approved by shareholders at the 2006 annual general meeting. All staff are eligible to participate in the Plan.

(2) Options granted to certain senior executives under the Executive Option Scheme, pursuant to specified terms and conditions.

(3) Options granted pursuant to the Prospectus dated 6 December 2007.

All options granted carry no dividend or voting rights.

Options provided as Remuneration

During the year no options were granted to any Directors, key management personnel or employees. In addition, no options held by Directors or key management personnel vested during the reporting period.

Further information on the options is set out in Note 31 to the financial statements.

e) Additional Information

Relationship between Compensation and Company Performance

The overall level of key management personnel's compensation takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to the current and prior year. Over the past 5 years, the consolidated entity's profit from ordinary activity after income tax has grown at an average rate per annum of 79.2%. During the same period, average key management personnel compensation has increased by approximately 8.4% per annum.

In considering the consolidated entity's performance, due regard is given to shareholder wealth creation including dividends paid, movements in the market value of the Company's shares and any return of capital to shareholders. The following table summarises the performance of the Company over the last 5 financial years.

	2010	2009	2008	2007	2006
Net profit/(loss) attributable to shareholders of Mincor Resources NL (\$'000)	28,100	(16,664)	64,041	101,330	29,309
Earnings/(loss) per share (cents)	14.1	(8.4)	32.4	51.8	15.1
Dividends paid (\$'000)	14,012	15,911	23,722	17,596	7,786
Dividends paid per share (cents)	7.0	8.0	12.0	9.0	4.0
30 June share price (\$)	1.82	1.55	3.32	4.70	0.95

Details of Remuneration

During the year ended 30 June 2010 no ordinary shares in the Company were provided to any Director of Mincor Resources NL or any other key management personnel of the consolidated entity as a result of the exercise of remuneration options.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2010

SHARES UNDER OPTION

Unissued ordinary shares in the Company under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Issue Price of Shares	Number of Options
22 December 2005	25 October 2010	\$0.70	30,000
8 May 2006	7 May 2011	\$0.85	414,118
23 October 2006	19 October 2011	\$1.74	279,667
6 December 2006	5 December 2011	\$2.16	250,000
1 April 2008	5 December 2012	\$4.40	535,000
			1,508,785

No option holder has any right under the option to participate in any share issue of the Company or any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of the Company were issued during and/or since the year ended 30 June 2010 and up to the date of this report on the exercise of options granted under both the 2002 Employee Share Option Plan and Executive Share Option Scheme. No amounts are unpaid on any of the shares.

Date Options Granted	Issue Price of Shares	Number of Shares Issued
22 December 2005	\$0.70	20,000
8 May 2006	\$0.85	1,051,676
23 October 2006	\$1.74	54,000
		1,125,676

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 18 August 2010 the Directors declared a fully franked dividend of 6 cents per share in respect of the year ended 30 June 2010.

CORPORATE GOVERNANCE

The Company's corporate governance policies and practices are set out separately in this document.

ENVIRONMENTAL MATTERS

The consolidated entity is subject to environmental regulation on its mineral properties. To this extent, the consolidated entity has raised rehabilitation provisions of \$4,858,000 (2009: \$4,630,000). To the best of the belief and knowledge of the Directors, no breach of environmental legislation occurred during the year and up to the date of this report. Further details on environmental policy are set out in the Annual Report under the Corporate Governance section and the Health, Safety and Environmental Policy section.

Greenhouse Gas and Energy Data Reporting Requirements

The consolidated entity is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007*.

The *Energy Efficiency Opportunities Act 2006* requires the consolidated entity to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the consolidated entity intends to take as a result.

The *National Greenhouse and Energy Reporting Act 2007* requires the consolidated entity to report its annual greenhouse gas emissions and energy use. The consolidated entity has implemented systems and processes for the collection and calculation of the data required to report to the Greenhouse and Energy data officer annually.

INSURANCE OF OFFICERS

In May 2009, the Company paid an 18 month premium of \$59,533 to insure the Directors, secretary and senior executives of the Company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are provided in Note 24 to the financial statements.

The board of Directors has considered the position and in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 24, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out separately in this report.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Dated in Perth this 18th day of August 2010 in accordance with a resolution of the Directors.



DCA Moore
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration

As lead auditor for the audit of Mincor Resources NL for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mincor Resources NL and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'John O'Connor'.

John O'Connor
Partner
PricewaterhouseCoopers

Perth
18 August 2010

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$'000	2009 \$'000
Revenue	3	184,034	191,865
Mining contractor costs		(23,900)	(42,177)
Ore tolling costs		(14,660)	(21,124)
Utilities expense		(7,044)	(9,574)
Mining supplies and consumables		(8,482)	(7,779)
Royalty expense		(4,338)	(5,607)
Employee benefit expense		(24,722)	(32,466)
Finance costs	4	(320)	(157)
Foreign exchange loss		(526)	(1,541)
Exploration costs expensed	4	(6,305)	(10,128)
Depreciation and amortisation expense	4	(40,174)	(57,111)
Impairment of property, plant and equipment	4	-	(17,287)
Impairment of available-for-sale financial assets	4	-	(570)
Other expenses from ordinary activities		(13,631)	(12,658)
Profit/(loss) before income tax		39,932	(26,314)
Income tax (expense)/benefit	5	(11,832)	9,650
Profit/(loss) attributable to the members of Mincor Resources NL		28,100	(16,664)
		Cents	Cents
Earnings/(loss) per share	30	14.1	(8.4)
Diluted earnings/(loss) per share	30	14.0	(8.4)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$'000	2009 \$'000
Profit(loss) for the year		28,100	(16,664)
Other Comprehensive Income(loss)			
Changes in the fair value of available-for-sale financial assets	18	19	73
Changes in the fair value of cash flow hedges	18	(13,488)	(10,908)
Income tax relating to components of other comprehensive income	5(d)	4,041	3,250
Other comprehensive loss for the year, net of tax		(9,428)	(7,585)
Total comprehensive income(loss) for the year attributable to the members of Mincor Resources NL		18,672	(24,249)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	2010 \$'000	2009 \$'000
Current Assets			
Cash and cash equivalents	29	126,797	75,801
Trade and other receivables	6	24,783	35,461
Inventory	7	2,718	3,122
Current tax asset	14	-	1,377
Derivative financial instruments	8	3,669	25,200
Total Current Assets		157,967	140,961
Non-Current Assets			
Available-for-sale financial assets	9	1,229	1,210
Property, plant and equipment	10	83,474	94,982
Exploration, evaluation and development expenditure	11	12,948	13,021
Derivative financial instruments	8	4,811	1,022
Total Non-Current Assets		102,462	110,235
TOTAL ASSETS		260,429	251,196
Current Liabilities			
Payables	12	19,449	20,875
Interest-bearing liabilities	13	943	1,463
Current tax liabilities	14	9,243	-
Provisions	15	3,492	3,203
Derivative financial instruments	8	705	2,566
Total Current Liabilities		33,832	28,107
Non-Current Liabilities			
Interest-bearing liabilities	13	-	25
Provisions	15	4,858	4,630
Deferred tax liabilities	16	14,633	18,452
Derivative financial instruments	8	2,053	656
Total Non-Current Liabilities		21,544	23,763
TOTAL LIABILITIES		55,376	51,870
NET ASSETS		205,053	199,326
Equity			
Contributed equity	17	32,394	31,392
Reserves	18	4,495	13,858
Retained earnings	19	168,164	154,076
TOTAL EQUITY		205,053	199,326

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total Equity \$'000
At 1 July 2008		31,244	186,651	20,589	238,484
Total comprehensive loss for the year		-	(16,664)	(7,585)	(24,249)
		31,244	169,987	13,004	214,235
Transactions with owners in their capacity as owners:					
- Contributions of equity, net of transaction costs		148	-	-	148
- Dividends provided for or paid	20	-	(15,911)	-	(15,911)
- Employee share options	18	-	-	854	854
		148	(15,911)	854	(14,909)
At 30 June 2009		31,392	154,076	13,858	199,326
Total comprehensive income for the year		-	28,100	(9,428)	18,672
		31,392	182,176	4,430	217,998
Transactions with owners in their capacity as owners:					
- Contributions of equity, net of transaction costs		1,002	-	-	1,002
- Dividends provided for or paid	20	-	(14,012)	-	(14,012)
- Employee share options	18	-	-	65	65
		1,002	(14,012)	65	(12,945)
At 30 June 2010		32,394	168,164	4,495	205,053

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		212,558	199,994
Payments to suppliers and employees (inclusive of GST)		(115,595)	(161,039)
		96,963	38,955
Interest received		2,579	3,496
Other revenue		1,016	1,270
Interest paid		(77)	(206)
Income tax paid		(990)	(3,662)
Net Cash Inflow from Operating Activities	29(a)	99,491	39,853
Cash Flows from Investing Activities			
Payments for acquisition of exploration properties		(81)	(47)
Payment for contingent consideration in relation to past acquisition of subsidiary		(1,561)	(6,575)
Payments for property, plant and equipment		(28,370)	(43,674)
Payments for exploration, evaluation and development expenditure		(5,171)	(9,634)
Proceeds from sale of property, plant and equipment		243	-
Net Cash Outflow from Investing Activities		(34,940)	(59,930)
Cash Flows from Financing Activities			
Proceeds from issues of shares		1,002	149
Dividends paid		(14,012)	(15,911)
Finance lease payments		(545)	(859)
Net Cash Outflow from Financing Activities		(13,555)	(16,621)
Net Increase/(Decrease) in Cash and Cash Equivalents		50,996	(36,698)
Cash at the Beginning of the Financial Year		75,801	112,499
Cash at the End of the Financial Year	30(b)	126,797	75,801

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Mincor Resources NL and its subsidiaries.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. The following information has been reclassified in the 2009 comparatives to enhance comparability:

- Annual leave and sick leave costs of \$1,824,000 were reclassified from other creditors and accruals (Note 12) to current provisions (Note 15).
- \$851,000 was reclassified from deferred tax liabilities expected to be settled within 12 months to deferred tax liabilities expected to be settled after more than 12 months (Note 16).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss or equity and certain classes of property, plant and equipment.

Financial Statement Presentation

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mincor Resources NL ("**Company**") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Mincor Resources NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the business combinations by the Group (refer to Note 1(r)).

Intercompany transactions, balances and unrealised gains on transaction between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Joint Ventures

The proportionate interests in the assets, liabilities and expenses of jointly controlled assets have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in Note 27.

c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Change in Accounting Policy

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in an increase in the number of reportable segments presented.

d) Revenue Recognition

Sales revenue comprises revenue earned from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the product is delivered and:

- risk has been passed to the customer;
- the product is in a form suitable for delivery;
- the quantity of the product can be determined with reasonable accuracy;
- the product has been dispatched to the customer and is no longer under the physical control of the producer; and
- the selling price can be determined with reasonable accuracy.

Sales revenue represents gross proceeds receivable from the customer. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of delivery and the time of final settlement of sales proceeds.

Interest income is recognised using the effective interest rate method.

e) Property, Plant and Equipment

Office property, plant and equipment are stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Office property, plant and equipment are depreciated or amortised over their estimated useful economic lives using either the straight line or reducing balance method. The expected useful lives are as follows:

- Plant and Equipment - 2 to 5 years
- Furniture and Fittings - 3 to 10 years

Refer to Notes 1(i), 1(j), 1(k) and 1(l) for the accounting policy with respect to exploration and evaluation expenditure, development properties, mine properties, and mine buildings, machinery and equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) **Income Tax** *(continued)*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Companies within the Group may be entitled to claim special tax deductions for the investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

g) **Foreign Currency Translation**

i) **Functional and Presentation Currency**

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in Australian dollars, which is Mincor Resources NL's functional and presentation currency.

ii) **Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit and loss as part of the fair value gain or loss. For example, translation differences on non-monetary items such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

iii) **Group Companies**

The results and financial position of all the consolidated entity's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences is reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

h) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of stock on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

i) Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are initially capitalised when incurred and then written off except where they may be carried forward as an item in the balance sheet where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

j) Development Expenditure

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure having a specific nexus with the development property.

Once a development decision has been taken, any deferred exploration and evaluation expenditure is transferred to "Development Expenditure".

All expenditure incurred prior to the commencement of commercial levels of production from each development property, is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until they are reclassified as "Mine Properties" following a decision to commence mining.

k) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the consolidated entity in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the associated future economic benefits will flow to the consolidated entity, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs are provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l) Mine Buildings, Machinery and Equipment

The cost of each item of buildings, machinery and equipment is written off over its expected useful life using either the unit-of-production or straight-line method. Cost includes expenditure that is directly attributable to the acquisition of the items. The unit-of-production basis results in an amortisation charge proportional to the depletion of the recoverable mineral reserves. Each item's economic life has due regard to both its own physical life limitations and to present assessments of recoverable mineral reserves of the mine property at which the item is located, and to possible future variations in those assessments.

Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments of major items.

The expected useful lives are as follows:

- Mine buildings – the shorter of applicable mine life and 5 years;
- Machinery and equipment – the shorter of applicable mine life and 2 to 10 years, depending on the nature of the asset.

m) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets. Qualifying assets are assets that take more than 12 months to prepare for their intended use or sale.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year. No interest was capitalised in 2010 (2009: Nil).

Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings, and
- finance lease charges.

n) Leased Non-Current Assets

Leases of property, plant and equipment where the consolidated entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated in accordance with policy 1(e) above.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the consolidated entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

o) Employee Benefits

i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Share-based payments

Share-based compensation benefits are provided to employees via the Mincor Resources NL 2002 Employee Share Option Plan, the Prospectus issued 6 December 2007 and an Executive Share Option Scheme.

The fair value of options granted under both the Mincor Resources NL 2002 Employee Share Option Plan, the Prospectus issued 6 December 2007 and the Executive Share Option Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial option valuation model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

p) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits at call with financial institutions, short-term bank bills, and cash at bank and in transit, all of which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

q) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

r) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

r) Business Combinations *(continued)*

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with the changes in fair value recognised in profit or loss.

Change in Accounting Policy

A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the Group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

The changes were implemented prospectively from 1 July 2009 and there was no impact on the current or prior year financial statements.

s) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

t) Investments and Other Financial Assets

Classification

The consolidated entity classifies its investments into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments, and
- Available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. The Company determines the classification of its investments at initial recognition, and in the case of assets classified as held-to-maturity re-evaluates this designation at the end of each reporting period.

i) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

iii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current amounts, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

iv) Available-for-sale Financial Assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and De-recognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value and transactional costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Subsequent Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

Fair Value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment

The consolidated entity assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

If there is evidence of impairment for any of the consolidated entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u) Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 8. Movements in the hedging reserve in shareholders' equity are shown in Note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or a liability when the remaining maturity of the hedged item is less than 12 months.

i) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective investment rate.

ii) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are reclassified from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

v) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price and the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

w) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

x) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the reporting period but not distributed at the end of the reporting period.

y) Earnings per Share

i) Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

z) Rehabilitation and Mine Closure Costs

The consolidated entity has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment.

Under AASB 116 *Property, Plant and Equipment*, the cost of an asset includes any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life.

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* requires a provision to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a pre-tax discount rate that reflects the time value of money. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised as a borrowing cost.

aa) Royalties

Royalties, to the extent that they represent period costs, are accrued and charged against earnings when the liability from production or sale of the mineral crystallises.

In the case of business combinations, future royalty payments may represent contingent purchase consideration. Where this is the case and an estimate of the probable payments can be reliably measured, such amounts are included in the cost of the business combination.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

ab) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

ac) Critical Accounting Estimates and Judgements

Critical accounting estimates and judgements are continually evaluated and are based on management's historical experience and knowledge of relevant facts and circumstances at that time.

The consolidated entity makes estimates and judgements concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amounts of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. Information on such estimates and judgements are contained in the accounting policies and/or notes to the financial statements.

Key accounting estimates include:

- estimation of sales revenue when product is delivered (Note 1(d));
- estimation of royalties based on estimated sales revenue;
- estimation of dismantling, restoration costs, environmental clean-up costs and the timing of this expenditure (Notes 1(z) and 15);
- asset carrying value and impairment charges;
- determination of ore reserves; and
- capitalisation and impairment of exploration and evaluation expenditure.

Critical judgements in applying the entity's accounting policies include determining the effectiveness of forward foreign exchange contracts and futures commodity contracts as cash flow hedges and fair value hedges (Note 1(u)).

ad) Parent Entity Financial Information

The financial information for the parent entity, Mincor Resources NL disclosed in Note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i) Investments in Subsidiaries, Associates and Joint Venture Entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Mincor Resources NL. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

ii) Tax Consolidation Legislation

Mincor Resources NL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Mincor Resources NL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Mincor Resources NL recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mincor Resources NL for any current tax payable assumed and are compensated by Mincor Resources NL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mincor Resources NL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

iii) Financial Guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

ae) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the Group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Group's financial statements.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's financial statements.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. The Group has not yet decided when to adopt AASB 9.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB *Interpretation 19* clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Group's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 July 2010/1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Group will apply the amendments from 1 July 2010. The Group is yet to assess its full impact.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

af) Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 2

FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts and commodity price futures to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments.

Financial risk management is carried out by senior management utilising policies approved by the Board of Directors. The Board provides written policies covering specific areas, such as mitigating foreign exchange and price risks, use of derivative financial instruments and investing excess liquidity. The consolidated entity uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, commodity price and interest rate risks.

The consolidated entity hedges less than 60% of its proved and probable ore reserves from its combined operations. The consolidated entity will not hedge more than 80% of its budgeted or forecast production over any 6 month period and will not enter into hedging contracts that terminate less than 6 months before planned exhaustion of ore reserves.

There has been no change to the consolidated entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Market risk

i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. The entity manages its foreign exchange risk exposure arising from future commercial transactions through sensitivity analysis, cash flow management and forecasting and where appropriate, utilises derivative financial instruments to reduce foreign exchange risk exposure.

The consolidated entity is exposed to foreign exchange risk principally through the sale of commodities denominated in US dollars. The consolidated entity hedges part of this exposure through the use of derivative instruments in accordance with policies approved by the Board of Directors.

The consolidated entity's exposure to foreign currency risk at the end of the reporting period was as follows:

	30 June 2010 USD \$'000	30 June 2009 USD \$'000
Cash and cash equivalents	35,633	11,549
Trade and other receivables	19,085	25,967
Derivative financial instruments		
- Futures commodity contracts	79,025	74,270
- Forward foreign exchange contracts	(73,414)	(65,583)

Group sensitivity

Based on the financial instruments held at 30 June 2010, had the Australian dollar strengthened/weakened by 10% against the US dollar, with all other variables held constant, the consolidated entity's post-tax profit for the year would have been \$3,352,000 lower/\$4,144,000 higher (2009: post-tax loss \$1,667,000 higher/\$2,036,000 lower), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated trade receivables and US dollar denominated cash and cash equivalents.

Equity would have been \$1,205,000 higher/\$1,426,000 lower (2009: \$2,104,000 higher/\$3,149,000 lower) had the Australian dollar strengthened/weakened by 10% against the US dollar, arising mainly from US dollar denominated trade receivables, US dollar denominated cash and cash equivalents and currency hedging contracts.

ii) Price risk

The consolidated entity is exposed to commodity price risk and equity security price risk. Commodity price risk arises from the sales of nickel, copper and cobalt. The entity manages its commodity price risk exposure arising from future commodity sales through sensitivity analysis, cash flow management and forecasting and where appropriate, utilises derivative financial instruments to reduce price risk.

Equity security price risk arises from investments held by the consolidated entity and are classified as available-for-sale instruments. The price risk for equity securities classified as available-for-sale instruments is not material to post-tax profit or loss or total equity and has not been included in the sensitivity analysis.

Group sensitivity

Based on the financial instruments held at 30 June 2010, had commodity prices strengthened/weakened by 10% against those recognised, with all other variables held constant, the consolidated entity's post-tax profit for the year would have been \$771,000 higher/\$771,000 lower (2009: post-tax loss \$832,000 lower/\$832,000 higher), and equity would have been \$3,888,000 lower/\$3,888,000 higher (2009: \$2,351,000 lower/\$2,351,000 higher).

iii) Cash flow interest rate risk

Interest rate risk arises from the consolidated entity's cash and cash equivalents earning interest at variable rates. The significance and management of the risks to the consolidated entity and the parent entity are dependent on a number of factors including:

- interest rates;
- level of cash, liquid investments and borrowings and their term;
- maturity dates of investments.

At the end of the reporting period, the consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	30 JUNE 2010		30 JUNE 2009	
	Weighted Average Interest Rate	Balance \$'000	Weighted Average Interest Rate	Balance \$'000
Cash and cash equivalents	2.96%	126,797	2.28%	75,801
Lease liabilities	9.75%	943	9.73%	1,488

The risk is managed by the consolidated entity by maintaining an appropriate mix between short-term fixed and floating rate cash and cash equivalents.

Group sensitivity

Based on the financial instruments at 30 June 2010, if interest rates had changed by +/-50 basis points from the year end rates, with all other variables held constant, post-tax profit for the year would have been \$444,000 higher/\$444,000 lower and equity would have been \$444,000 higher/\$444,000 lower (2009: post-tax loss and equity \$265,000 lower/\$265,000 higher).

The consolidated entity interest bearing liabilities have not been included in the sensitivity analysis as their possible impact on profit or loss or total equity is not considered material.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 2

FINANCIAL RISK MANAGEMENT *(continued)*

b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to trade customers, including outstanding receivables and committed transactions and represents the potential financial loss if counterparties fail to perform as contracted. The consolidated entity has credit policies in place and the exposure to credit risk is monitored on an ongoing basis.

All revenue from operations and related trade receivables balances are due from BHP Billiton Limited pursuant to Ore Tolling and Concentrate Purchase Agreements. The receivables balances are monitored on an ongoing basis.

The age analysis of trade receivables past due but not impaired is disclosed in Note 6. The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is also disclosed in Note 6.

For cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, the consolidated entity controls credit risk by setting minimum creditworthiness requirements of counterparties, which for banks and financial institutions is a Standard & Poor's rating of A or better.

The carrying amount of financial assets recorded in the financial statements represent the consolidated entity's exposure to credit risk.

c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the operating commitments of the business.

The consolidated entity aims at maintaining flexibility in funding to meet ongoing operational requirements, exploration and development expenditure and small-to-medium sized business development opportunities by prudent cash flow management and maintaining committed credit facilities.

To the extent that the consolidated entity has liabilities on its cash flow hedges, the consolidated entity expects to produce sufficient nickel from its nickel operations to deliver into its committed hedge contracts.

The consolidated entity had access to undrawn borrowings. Refer to Note 13 for details at the end of the reporting period.

Contractual maturities of financial liabilities

The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities and derivatives. The amounts presented represent the future undiscounted principal and interest cash flows.

At 30 June 2010	Less than 1 year \$'000	Between 1 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount (assets)/liabilities \$'000
CONSOLIDATED				
Non-Derivative Financial Liabilities				
Trade payables	5,840	-	5,840	5,840
Non-interest bearing liabilities	13,609	-	13,609	13,609
Lease liabilities	943	-	943	943
Total Non-Derivative Financial Liabilities	20,392	-	20,392	20,392
Derivatives				
Gross settled				
- (inflow)	(55,736)	(37,109)	(92,845)	(5,722)
- outflow	53,937	33,025	86,962	-
Total Derivatives	(1,799)	(4,084)	(5,883)	(5,722)

At 30 June 2009	Less than 1 year \$'000	Between 1 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount (assets)/liabilities \$'000
CONSOLIDATED				
Non-Derivative Financial Liabilities				
Trade payables	5,743	-	5,743	5,743
Non-interest bearing liabilities	15,132	-	15,132	15,132
Lease liabilities	1,463	25	1,488	1,488
Total Non-Derivative Financial Liabilities	22,338	25	22,363	22,363
Derivatives				
Gross settled				
- (inflow)	(77,354)	(13,943)	(91,297)	(23,000)
- outflow	69,488	12,773	82,261	-
Total Derivatives	(7,866)	(1,170)	(9,036)	(23,000)

There are no derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

d) Fair Value Measurement

As of 1 July Mincor Resources NL has adopted the amendment to AASB 7 *Financial Instruments: Disclosure* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from process) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

Group – at 30 June 2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Derivatives used for hedging	-	8,480	-	8,480
Available-for-sale financial assets	1,229	-	-	1,229
Total Assets	1,229	8,480	-	9,709
Liabilities				
Derivatives used for hedging	-	2,758	-	2,758
Total Liabilities	-	2,758	-	2,758

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the 30 June 2010 bid price. These instruments are included in level 1.

The fair value of the derivative financial instruments held buy the Group is calculated by a financial risk management firm who use published market data to develop the yield curves, and capture currency and commodity prices to complete these market valuations. The published market data is collected from Reuters and these rates are used to complete the net present value calculation which provide the current market values at the end of each reporting period. These instruments are included in level 2.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 3 REVENUE

	2010 \$'000	2009 \$'000
Revenue		
Sale of goods	180,195	186,706
Other Revenue		
Interest income	2,579	3,496
Sundry income	1,260	1,663
	184,034	191,865

NOTE 4 EXPENSES

	2010 \$'000	2009 \$'000
Profit/(loss) before income tax includes the following specific expenses:		
Expenses		
Cost of sale of goods	79,554	114,546
Finance costs		
- Interest paid or due and payable to other persons	92	206
- Unwinding of discount on rehabilitation	228	(49)
	320	157
Exploration expenditure written off	6,305	10,128
Rental expenses relating to operating leases	777	699
Government royalty expense	4,122	3,445
Impairment		
- Property, plant and equipment (refer Note 10)	-	17,287
- Available-for-sale financial assets (refer Note 9)	-	570
	-	17,857
Depreciation and amortisation:		
- Mine property	35,501	48,849
- Plant and equipment	4,673	8,262
	40,174	57,111

NOTE 5

INCOME TAX EXPENSE

	2010 \$'000	2009 \$'000
a) Income tax expense/(benefit)		
Current tax	11,943	2,760
Deferred tax	140	(10,082)
Over provision in prior year	(251)	(2,328)
Aggregate income tax expense/(benefit)	11,832	(9,650)
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	39,932	(26,314)
Tax at the Australian tax rate of 30% (2009: 30%)	11,980	(7,894)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Amortisation of property, plant and equipment	7	125
Over provision in prior year	(251)	(2,328)
Sundry items	96	447
Income tax expense/(benefit)	11,832	(9,650)
c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity		
Net deferred tax credited directly to equity (Note 18)	4,041	3,250
d) Tax expense (income) relating to items of other comprehensive income		
Available-for-sale financial assets (Note 18)	6	22
Cash flow hedges (Note 18)	(4,047)	(3,272)
	(4,041)	(3,250)

Mincor Resources NL and its wholly-owned Australian controlled entities implemented the tax consolidated legislation from 1 July 2006. The accounting policy in relation to this legislation is set out in Note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Mincor Resources NL.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mincor Resources NL for any current tax payable assumed and are compensated by Mincor Resources NL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mincor Resources NL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 5

INCOME TAX EXPENSE *(continued)*

	2010 \$'000	2009 \$'000
e) Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30%	75,684	80,698

The amounts represent the balance of the franking account as at the reporting date, adjusted for:

- i) Franking credits that will arise from the payment of the current tax liability;
- ii) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- iii) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- iv) Franking credits that may be prevented from being distributed in subsequent financial years.

NOTE 6

TRADE AND OTHER RECEIVABLES

	2010 \$'000	2009 \$'000
Current		
Trade receivables	22,835	33,411
Other receivables	953	1,266
Prepayments	995	784
	24,783	35,461

The total revenue from operations and the related trade receivables' balances are due from BHP Billiton Limited pursuant to Ore Tolling and Concentrate Purchase Agreements.

a) Impaired receivables

The consolidated entity has no impaired receivables.

b) Past due but not impaired

Financial assets that are neither past due or impaired are trade receivables with companies with a good collection track record with the consolidated entity.

Where financial assets are past due but not impaired, the consolidated entity has assessed that the credit quality of these amounts has not changed and the amounts are still considered recoverable.

None of the current and non-current trade and other receivables are either impaired or past due but not impaired.

c) Effective interest rate and credit risk

All receivables in 2010 and 2009 are non-interest bearing and therefore have no exposure to interest rate risk. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The consolidated entity does not hold collateral as security. Refer to Note 2 for more information on the risk management policy of the consolidated entity.

d) Foreign exchange risk

Note 2(a)(i) details the trade and other receivables not denominated in Australian dollars and provides an analysis of the sensitivity of trade and other receivables to foreign exchange risk.

NOTE 7 INVENTORY

	2010 \$'000	2009 \$'000
Stores – at net realisable value	2,527	2,927
Work in progress – at cost	191	195
	2,718	3,122

NOTE 8 DERIVATIVE FINANCIAL INSTRUMENTS

	2010 \$'000	2009 \$'000
Current Assets		
Forward foreign exchange contracts – cash flow hedges	42	727
Futures commodity contracts – cash flow hedges	682	17,786
Forward foreign exchange contracts – fair value hedges	31	842
Futures commodity contracts – fair value hedges	2,914	5,845
Total Current Derivative Financial Instrument Assets	3,669	25,200
Non-Current Assets		
Forward foreign exchange contracts – cash flow hedges	-	207
Futures commodity contracts – cash flow hedges	4,811	815
Total Non-Current Derivative Financial Instrument Assets	4,811	1,022
Current Liabilities		
Forward foreign exchange contracts – cash flow hedges	(170)	(1,433)
Futures commodity contracts – cash flow hedges	(487)	(1,133)
Forward foreign exchange contracts – fair value hedges	(48)	-
Total Current Derivative Financial Instrument Liabilities	(705)	(2,566)
Non-Current Liabilities		
Forward foreign exchange contracts – cash flow hedges	(2,053)	(13)
Futures commodity contracts – cash flow hedges	-	(643)
Total Non-Current Derivative Financial Instrument Liabilities	(2,053)	(656)
Net Derivative Financial Instrument Assets	5,722	23,000

a) Instruments used by the Consolidated Entity

The consolidated entity is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in future commodity price and foreign exchange rates.

i) Forward Exchange Contracts – Cash Flow Hedges

The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales in foreign currencies, to protect the Group against the possibility of loss from future exchange rate fluctuations. Exchange gains or losses on forward exchange contracts are charged to the income statement except those relating to hedges of specific commitments which are deferred and included in the measurement of the sale.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 8

DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

a) Instruments used by the Consolidated Entity *(continued)*

i) Forward Exchange Contracts – Cash Flow Hedges *(continued)*

The following table sets out the net value of Australian dollars to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the consolidated entity.

YEAR	WEIGHTED AVERAGE RATE		TOTAL VALUE (AUD\$'000)	
	2010	2009	2010	2009
Sell US Dollars				
30 June 2010	-	0.8114	-	54,897
30 June 2011	0.8329	0.7594	46,667	8,747
30 June 2012	0.8631	-	26,140	-
			72,807	63,644

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the income statement by removing the related amount from other comprehensive income.

At balance date these contracts represented liabilities of \$2,181,000 (2009: liabilities of \$512,000).

During the year ended 30 June 2010 a profit of \$6,209,000 (2009: loss of \$1,344,000) was removed from equity and transferred to the consolidated statement of comprehensive income.

ii) Commodity Price Contracts – Cash Flow Hedges

The Group has entered into forward sales contracts that oblige it to sell specified quantities of base metals in the future at predetermined prices. The contracts are matched against anticipated future base metal production to protect the Company against the possibility of a fall in base metal prices.

The following table sets out details of forward nickel sales contracts in place at 30 June 2010:

Year	NICKEL TONNES		AVERAGE PRICE (US\$/Tonne)	
	2010	2009	2010	2009
30 June 2010	-	1,975	-	22,554
30 June 2011	1,950	450	19,933	14,762
30 June 2012	960	-	23,500	-
Total	2,910	2,425		

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the income statement by removing the related amount from other comprehensive income.

At balance sheet date these contracts represented assets of \$5,006,000 (2009: \$16,825,000).

During the year ended 30 June 2010 a loss of \$3,069,000 (2009: gain of \$32,171,000) was removed from equity and transferred to the consolidated statement of comprehensive income.

iii) Forward Exchange Contracts – Fair Value Hedges

Certain forward exchange contracts are designated as fair value hedges as they protect the Group against changes in the fair value of recognised assets. Changes in the fair value of the fair value hedges are recorded in profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. A loss of \$17,000 (2009: gain of \$842,000) was recognised in profit or loss which was offset by a gain of \$17,000 (2009: loss of \$842,000) of the hedged item.

iv) Commodity Price Contracts – Fair Value Hedges

Certain futures commodity contracts are designated as fair value hedges as they protect the Group against changes in the fair value of recognised assets. Changes in the fair value of the fair value hedges are recorded in profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. A gain of \$2,914,000 (2009: gain of \$5,845,000) was recognised in profit or loss which was offset by a loss of \$2,914,000 (2009: loss of \$5,845,000) of the hedged item.

b) Interest rate, foreign exchange and commodity price risk

An analysis of the sensitivity of derivatives to interest rate, foreign exchange and commodity price risk is provided at Note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial assets mentioned above.

NOTE 9**AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	2010 \$'000	2009 \$'000
At beginning of year	1,210	1,707
Revaluation in current year transferred to equity	19	73
Impairment	-	(570)
At end of year	1,229	1,210
Represented by:		
Equity securities – listed	1,229	1,210

a) Listed investments

No analysis of the sensitivity of available-for-sale financial assets is provided in Note 2 as market risks are not material to post tax profits or total equity.

NOTE 10**PROPERTY, PLANT AND EQUIPMENT**

CONSOLIDATED	Mine Property \$'000	Plant & Equipment \$'000	Leased Plant & Equipment \$'000	Total \$'000
At 1 July 2008				
Cost	220,349	37,920	9,643	267,912
Accumulated depreciation/amortisation	(156,847)	(25,783)	(7,043)	(189,673)
Net book amount	63,502	12,137	2,600	78,239
Year ended 30 June 2009				
Opening net book amount	63,502	12,137	2,600	78,239
Additions	36,777	3,509	60	40,346
Disposals	-	(57)	-	(57)
Transfers	41,601	9,251	-	50,852
Depreciation/amortisation charge	(48,849)	(7,231)	(1,031)	(57,111)
Impairment loss	(14,245)	(2,195)	(847)	(17,287)
Closing net book amount	78,786	15,414	782	94,982
At 30 June 2009				
Cost	298,727	49,361	9,703	357,791
Accumulated depreciation/amortisation	(219,941)	(33,947)	(8,921)	(262,809)
Net book amount	78,786	15,414	782	94,982

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 10

PROPERTY, PLANT AND EQUIPMENT *(continued)*

CONSOLIDATED	Mine Property \$'000	Plant & Equipment \$'000	Leased Plant & Equipment \$'000	Total \$'000
Year ended 30 June 2010				
Opening net book amount	78,786	15,414	782	94,982
Additions	28,378	426	9	28,813
Disposals	-	(147)	-	(147)
Depreciation/amortisation charge	(35,501)	(4,435)	(238)	(40,174)
Closing net book amount	71,663	11,258	553	83,474
At 30 June 2010				
Cost	327,105	49,341	9,712	386,158
Accumulated depreciation	(255,442)	(38,083)	(9,159)	(302,684)
Net book amount	71,663	11,258	553	83,474

Refer to Note 13 for information on non-current assets pledged as security by the parent entity or its controlled entities.

NOTE 11

EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	2010 \$'000	2009 \$'000
Exploration and Evaluation Expenditure		
Opening balance	13,021	17,423
Current year expenditure	6,305	7,585
Cost of acquisition – new tenements	81	47
Expenditure transferred to development expenditure	-	(1,906)
Expenditure transferred to property, plant and equipment	(154)	-
Expenditure written off in current year	(6,305)	(10,128)
Closing balance	12,948	13,021
Development Expenditure		
Opening balance	-	48,946
Expenditure transferred from exploration and evaluation expenditure	-	1,906
Expenditure transferred to property, plant and equipment	-	(50,852)
Closing balance	-	-
Total Exploration, Evaluation and Development Expenditure	12,948	13,021

NOTE 12 PAYABLES

	2010 \$'000	2009 \$'000
Current		
Trade payables	5,840	5,743
Other creditors and accruals	13,609	15,132
	19,449	20,875

a) Foreign currency risk

Note 2(a)(i) details the trade and other payables not denominated in Australian dollars. An analysis of the sensitivity of trade and other payables to foreign exchange and foreign currency risk is provided at Note 2.

NOTE 13 INTEREST-BEARING LIABILITIES

	2010 \$'000	2009 \$'000
Current		
Lease liabilities (secured)	943	1,463
Non-Current		
Lease liabilities (secured)	-	25

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Financing Arrangements

Entities in the consolidated entity have access to the following financing arrangements at balance date:

	2010 \$'000	2009 \$'000
Bonding Facility – secured	2,000	2,000
Less: Draw down portion	(1,575)	(1,513)
	425	487

The Bonding Facility is denominated in Australian dollars and is secured by a first ranking charge over the assets and undertakings of the parent entity and consolidated entities. An annual performance bond fee is charged at market rates.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 14

TAX LIABILITIES/(ASSETS)

	2010 \$'000	2009 \$'000
Current		
Income tax liability/(asset)	9,243	(1,377)

The current tax liability for the Group of \$9,243,000 (2009: asset of \$1,377,000) represents the amount of income taxes payable in respect of current and prior financial periods.

The consolidated entity has entered into a tax funding agreement. Refer to Note 5.

NOTE 15

PROVISIONS

	2010 \$'000	2009 \$'000
Current		
Employee benefits (b)	3,492	3,203
Non-Current		
Rehabilitation (a)	4,858	4,630

As at 30 June 2010 the consolidated entity employed 226 people (2009: 204 people).

Mine Rehabilitation

In accordance with State government legislative requirements, a provision for mine rehabilitation has been recognised in relation to the consolidated entity's nickel mining operations. The basis for accounting is set out in Note 1(z) of the significant accounting policies. Because of the long-term nature of the liability, the key uncertainty in estimating the provision is the costs that will be incurred and the life of the mine.

a) Movements in Provisions

Movements in the rehabilitation provision during the financial year are set out below.

	2010 \$'000
Rehabilitation	
Carrying amount at start of year	4,630
Charged to profit or loss	
- Unwinding of discount	228
Carrying amount at end of year	4,858

Amounts Not Expected to be Settled within the Next 12 Months

The current position for employee benefits includes accrued annual leave, vesting sick leave and long service leave. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2010 \$'000	2009 \$'000
Leave obligation expected to be settled after 12 months	247	358

NOTE 16

DEFERRED TAX LIABILITIES

	2010 \$'000	2009 \$'000
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Trade receivables	7,483	8,407
Inventory	(536)	(598)
Property, plant and equipment	4,654	3,919
Evaluation and acquired exploration	3,490	3,512
Employee benefits	(995)	(962)
Impairment of available-for-sale financial assets	(171)	(171)
Rehabilitation	(1,458)	(1,389)
Other items	1,335	863
	13,802	13,581
<i>Amounts recognised directly in equity</i>		
Available-for-sale financial assets	(17)	(23)
Cash flow hedges	848	4,894
	831	4,871
Net deferred tax liabilities	14,633	18,452
Deferred tax liabilities expected to be settled within 12 months	6,457	11,643
Deferred tax liabilities expected to be settled after more than 12 months	8,176	6,809
	14,633	18,452

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 17 CONTRIBUTED EQUITY

a) Issued and Paid-up Capital

	2010 \$'000	2009 \$'000
Fully paid ordinary shares 200,184,686 (2009: 199,059,010)	32,394	31,392

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

b) Movements in Ordinary Share Capital

2010	No. of Shares	Issue Price	\$'000
Opening balance	199,059,010		31,392
Shares issued pursuant to the exercise of options over fully paid shares	20,000	\$0.70	14
Shares issued pursuant to the exercise of options over fully paid shares	1,051,676	\$0.85	894
Shares issued pursuant to the exercise of options over fully paid shares	54,000	\$1.74	94
	200,184,686		32,394

2009	No. of Shares	Issue Price	\$'000
Opening balance	198,882,342		31,244
Shares issued pursuant to the exercise of options over fully paid shares	166,668	\$0.85	141
Shares issued pursuant to the exercise of options over fully paid shares	10,000	\$0.70	7
	199,059,010		31,392

c) Options

At 30 June 2010 options to take up shares in Mincor Resources NL are as follows:

Number and Class	Issue Date	Expiry Date	Exercise Price
30,000 unlisted ⁽¹⁾	22 December 2005	25 October 2010	70 cents per share
414,118 unlisted ⁽²⁾	8 May 2006	7 May 2011	85 cents per share
279,667 unlisted ⁽²⁾	23 October 2006	19 October 2011	174 cents per share
250,000 unlisted ⁽¹⁾	6 December 2006	5 December 2011	216 cents per share
535,000 unlisted ⁽³⁾	1 April 2008	5 December 2012	440 cents per share

(1) Options have been granted under the Mincor Resources NL 2002 Employee Share Option Plan. Each option entitles the holder to acquire one ordinary share by payment of the exercise price prior to the expiry date.

(2) Options have been granted under the Executive Share Option Scheme to certain senior executives. Each option entitles the holder to acquire one ordinary share by payment of the exercise price prior to the expiry date.

(3) Options have been granted pursuant to a Prospectus dated 6 December 2007. Each option entitles the holder to acquire one ordinary share by payment of the exercise price prior to the expiry date.

d) Capital Risk Management

The consolidated entity manages its capital to ensure entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of its capital structure comprising equity, debt and cash.

The capital structure of the consolidated entity consists of debt, which includes borrowings disclosed in Note 13, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings as disclosed in Notes 18 and 19 respectively.

The consolidated entity reviews the capital structure on an ongoing basis. As part of this review the consolidated entity considers the cost of capital and the risks associated with each class of capital. Based on recommendations from the Board of Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, new debt or the refinancing or repayment of existing debt.

The consolidated entity reviews its gearing level. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'interest bearing debt' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

As the consolidated entity had no net debt at 30 June 2010, its gearing level was Nil (30 June 2009: Nil).

**NOTE 18
RESERVES**

	2010 \$'000	2009 \$'000
Available-for-sale Financial Assets	(40)	(53)
Cash Flow Hedges	1,977	11,418
Share-based Payments	2,558	2,493
	4,495	13,858
Movements:		
<i>Available-for-sale Financial Assets</i>		
Balance at 1 July	(53)	(104)
Revaluation – gross (Note 9)	19	(497)
Impairment	-	570
Deferred tax (Note 16)	(6)	(22)
Balance at 30 June	(40)	(53)
<i>Cash Flow Hedges</i>		
Balance at 1 July	11,418	19,054
Revaluation – net	(13,488)	(10,908)
Deferred tax (Note 16)	4,047	3,272
Balance at 30 June	1,977	11,418
<i>Share-based Payments</i>		
Balance at 1 July	2,493	1,639
Option expense (Note 31)	65	854
Balance at 30 June	2,558	2,493

Nature and Purpose of Reserves**i) Available-for-sale Financial Assets**

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income, as described in Note 1(t). Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 18

RESERVES (continued)

Nature and Purpose of Reserves (continued)

ii) Cash Flow Hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 1(u). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

iii) Share-based Payments

The share-based payments reserve is used to recognise the fair value of options issued to employees but not exercised.

NOTE 19

RETAINED EARNINGS

	2010 \$'000	2009 \$'000
Balance 1 July	154,076	186,651
Profit/(loss) for the year	28,100	(16,664)
Dividends paid (Note 20)	(14,012)	(15,911)
Balance 30 June	168,164	154,076

NOTE 20

DIVIDENDS

a) Ordinary Shares

	2010 \$'000	2009 \$'000
Final fully franked dividend for the year ended 30 June 2009 of 4 cents (2009: 6 cents) per fully paid ordinary shares paid on 25 September 2009 (2009: 26 September 2008)	8,007	11,933
Interim fully franked dividend for the year ended 30 June 2010 of 3 cents (2009: 2 cents) per fully paid ordinary share paid on 26 March 2010 (2009: 27 March 2009)	6,005	3,978
	14,012	15,911

b) Dividends Not Recognised at Year End

The Directors have recommended the payment of a final dividend of 6 cents per fully paid ordinary share, (2009: 4 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 24 September 2010 out of retained earnings at 30 June 2010, but not recognised as a liability at year end is \$12,011,000.

NOTE 21

KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Directors

The following persons were Directors of Mincor Resources NL during the financial year:

- DJ Humann – Non-executive Chairman
- DCA Moore – Managing Director
- JW Gardner – Non-executive Director
- IF Burston – Non-executive Director

b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

- ST Cowle – Chief Operating Officer
- B Lynn – Chief Financial Officer
- GL Fariss – General Manager, Corporate Development
- P Muccilli – Exploration Manager

All the above persons are employees of Mincor Resources NL and were also key management persons during the year ended 30 June 2009.

c) Key Management Personnel Compensation

	2010 \$	2009 \$
Short-term employee benefits	1,921,899	1,875,041
Post-employment benefits	99,421	110,959
Long-term benefits	29,570	31,134
Share-based payments	-	42,014
	2,050,890	2,059,148

Detailed remuneration disclosures can be found in sections (a) to (d) of the Remuneration Report contained in the Directors' Report.

d) Equity Instruments Disclosures Relating to Key Management Personnel

i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of options, together with terms and conditions of the options, can be found in section (d) of the Remuneration Report contained in the Directors' Report.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 21

KEY MANAGEMENT DISCLOSURES *(continued)*

d) Equity Instruments Disclosures Relating to Key Management Personnel *(continued)*

ii) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Mincor Resources NL and other key management personnel of the consolidated entity, including their personally-related parties, are set out below.

2010	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Name							
Directors of Mincor Resources NL							
DJ Humann (Chairman)	-	-	-	-	-	-	-
DCA Moore	-	-	-	-	-	-	-
JW Gardner	-	-	-	-	-	-	-
IF Burston	-	-	-	-	-	-	-
Other Key Management Personnel of the consolidated entity							
ST Cowle	-	-	-	-	-	-	-
B Lynn	250,000	-	(250,000)	-	-	-	-
GL Fariss	333,334	-	(333,334)	-	-	-	-
P Muccilli	714,118	-	(300,000)	-	414,118	414,118	-

2009	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Name							
Directors of Mincor Resources NL							
DJ Humann (Chairman)	-	-	-	-	-	-	-
DCA Moore	-	-	-	-	-	-	-
JW Gardner	-	-	-	-	-	-	-
IF Burston	-	-	-	-	-	-	-
Other Key Management Personnel of the consolidated entity							
ST Cowle	-	-	-	-	-	-	-
B Lynn	250,000	-	-	-	250,000	250,000	-
GL Fariss	333,334	-	-	-	333,334	333,334	-
P Muccilli	714,118	-	-	-	714,118	714,118	-

All vested options are exercisable at the end of the year.

iii) Shareholdings

The number of shares in the Company held during the financial year by each director of Mincor Resources NL and other key management personnel of the consolidated entity, including their personally-related parties, are set below.

2010	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Name				
Directors of Mincor Resources NL				
Ordinary shares				
DJ Humann (Chairman)	295,000	-	-	295,000
DCA Moore	4,045,000	-	-	4,045,000
JW Gardner	1,218,176	-	-	1,218,176
IF Burston	50,000	-	-	50,000
Other Key Management Personnel of the consolidated entity				
Ordinary shares				
ST Cowle	185,000	-	(5,200)	179,800
B Lynn	60,000	250,000	(160,000)	150,000
GL Fariss	200,000	333,334	(200,000)	333,334
P Muccilli	-	300,000	(300,000)	-
2009				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Mincor Resources NL				
Ordinary shares				
DJ Humann (Chairman)	245,000	-	50,000	295,000
DCA Moore	4,045,000	-	-	4,045,000
JW Gardner	1,218,176	-	-	1,218,176
IF Burston	50,000	-	-	50,000
Other Key Management Personnel of the consolidated entity				
Ordinary shares				
ST Cowle	415,000	-	(230,000)	185,000
B Lynn	300,000	-	(240,000)	60,000
GL Fariss	556,666	-	(356,666)	200,000
P Muccilli	-	-	-	-

NOTE 22

EXPENDITURE COMMITMENTS AND CONTINGENCIES

a) Exploration Expenditure Commitments

	2010 \$'000	2009 \$'000
Discretionary exploration expenditure commitments relating to existing mineral tenements are as follows:		
- Within 1 year	5,552	6,950

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 22

EXPENDITURE COMMITMENTS AND CONTINGENCIES *(continued)*

a) Exploration Expenditure Commitments *(continued)*

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable within one year. All of the above obligations are subject to renegotiation upon expiry of the mineral tenements and are not provided for in the accounts.

b) Operating Lease Commitments

Operating lease commitments are as follows:

	2010 \$'000	2009 \$'000
Office Rental		
Within 1 year	788	697
Later than 1 year but not later than 5 years	1,451	2,064
	2,239	2,761

c) Finance Lease Commitments

Finance and hire purchase rentals for plant and equipment are payable as follows:

- Within 1 year	943	1,530
- Later than 1 year but not later than 5 years	-	25
- Minimum lease payments	943	1,555
- Less: Future finance charges	-	(67)
- Recognised as a liability	943	1,488
Representing interest-bearing liabilities:		
- Current (Note 13)	943	1,463
- Non-current (Note 13)	-	25
	943	1,488

d) Capital Commitments

There are no capital expenditure commitments as at 30 June 2010.

e) Contingent Liabilities

There are no known contingent liabilities as at 30 June 2010.

NOTE 23

SEGMENT INFORMATION

Description of Segments

The Group has one reportable operating segment being nickel mining operations.

In determining operating segments, the Group has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources. The Managing Director ("MD") is considered to be the chief operating decision maker and is empowered by the Board of Directors to allocate resources and assess the performance of the Group. The MD assesses and reviews the business using a total Group nickel business approach and utilises an executive team consisting of the Chief Operating Officer, Chief Financial Officer, General Manager – Corporate Development and Exploration Manager to assist with this function. The MD assesses the performance of the operating segment based on a measure of net profit after tax.

NOTE 24

REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity, and its related practices and non-related audit firms.

	2010 \$	2009 \$
a) Audit services		
PricewaterhouseCoopers Australian firm		
- Audit and review of financial statements and other audit work under the <i>Corporations Act 2001</i>	142,187	182,800
Total remuneration for audit services	142,187	182,800
b) Non-audit services		
<i>Taxation services</i>		
PricewaterhouseCoopers Australian firm		
- Tax compliance services, including review of company income tax returns	33,500	38,000
- Tax advice on R&D concessions	39,900	65,000
- Tax advice and review of investment allowance	19,500	-
Total remuneration for taxation services	92,900	103,000
<i>Other services</i>		
PricewaterhouseCoopers Australian firm		
- Professional services related to Employee Share Trust	5,000	154,190
- Other	1,000	25,264
	6,000	179,454

NOTE 25

SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2010 (%)	2009 (%)
Oribi Resources Inc	British Virgin Islands	Ordinary	100	100
Mincor Operations Pty Limited	Australia	Ordinary	100	100
Mincor Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor Gold Pty Ltd	Australia	Ordinary	100	100
Mincor Copper Pty Ltd	Australia	Ordinary	100	100
Mincor Tungsten Pty Ltd	Australia	Ordinary	100	100
Mincor Zinc Pty Ltd	Australia	Ordinary	100	100
Goldfields Mine Management Pty Ltd*	Australia	Ordinary	100	100

*This subsidiary has been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by Australian Securities and Investments Commission. For further information refer to Note 26.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 26

DEED OF CROSS GUARANTEE

Mincor Resources NL and Goldfields Mine Management Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entity has been relieved from the requirement to prepare a financial report and director's report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

a) Consolidated income statement, statement of comprehensive income and a summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Mincor Resources NL, they also represent the 'Extended closed group'.

Set out below is a consolidated income statement, statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2010 of the closed group consisting of Mincor Resources NL and Goldfields Mine Management Pty Ltd.

	2010 \$'000	2009 \$'000
Income Statement		
Revenue	184,034	191,865
Mining contractor costs	(23,900)	(42,177)
Ore tolling costs	(14,660)	(21,124)
Utilities expense	(7,044)	(9,574)
Mining supplies and consumables	(8,482)	(7,779)
Royalty expense	(4,338)	(5,607)
Employee benefit expense	(24,722)	(32,467)
Finance costs	(320)	(157)
Foreign exchange loss	(526)	(1,541)
Exploration costs expensed	(5,707)	(7,775)
Depreciation and amortisation expense	(40,174)	(57,111)
Impairment of property, plant and equipment	-	(17,287)
Impairment of available-for-sale financial assets	-	(570)
Impairment of investment in subsidiary	-	(1,737)
Other expenses from ordinary activities	(13,623)	(12,653)
Profit/(loss) before income tax	40,538	(25,694)
Income tax benefit/(expense)	(12,013)	9,465
Profit/(loss) for the year	28,525	(16,229)
Statement of Comprehensive Income		
Profit/(loss) for the year	28,525	(16,229)
Other comprehensive income/(loss)		
Available-for-sale financial assets	(97)	662
Cash flow hedges	(13,488)	(10,908)
Income tax relating to components of other comprehensive income	4,076	3,073
Other comprehensive (loss) for the year, net of tax	(9,509)	(7,173)
Total comprehensive income/(loss) for the year	19,016	(23,402)
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	156,112	188,252
Profit/(loss) for the year	28,525	(16,229)
Dividends provided for or paid	(14,012)	(15,911)
Retained earnings at the end	170,625	156,112

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

b) Balance Sheet

Set out below is a consolidated balance sheet as at 30 June 2010 of the closed group consisting of Mincor Resources NL and Goldfields Mine Management Pty Ltd.

	2010 \$'000	2009 \$'000
Current Assets		
Cash and cash equivalents	126,797	75,801
Trade and other receivables	27,333	37,586
Inventory	2,718	3,122
Current tax asset	-	1,377
Derivative financial instruments	3,669	25,200
Total Current Assets	160,517	143,086
Non-Current Assets		
Available-for-sale financial assets	670	766
Property, plant and equipment	83,474	94,982
Exploration and evaluation expenditure	12,948	13,021
Derivative financial instruments	4,811	1,022
Other financial assets	310	310
Total Non-Current Assets	102,213	110,101
TOTAL ASSETS	262,730	253,187
Current Liabilities		
Payables	19,449	20,875
Interest-bearing liabilities	943	1,463
Current tax liabilities	9,243	-
Provisions	3,492	3,203
Derivative financial instruments	705	2,566
Total Current Liabilities	33,832	28,107
Non-Current Liabilities		
Interest-bearing liabilities	-	25
Provisions	4,858	4,630
Deferred tax liabilities	14,650	18,503
Derivative financial instruments	2,053	656
Total Non-Current Liabilities	21,561	23,814
TOTAL LIABILITIES	55,393	51,921
NET ASSETS	207,337	201,266
Equity		
Contributed equity	32,394	31,392
Reserves	4,318	13,762
Retained earnings	170,625	156,112
TOTAL EQUITY	207,337	201,266

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 27 INTERESTS IN JOINT VENTURES

The consolidated entity has the following joint ventures:

Name	Principal Activity	Percentage Interest	
		2010	2009
Webe Creek Farm-in and Joint Venture ⁽¹⁾	Gold exploration	18.75	18.75
Tafuse Farm-in and Joint Venture ⁽¹⁾	Gold exploration	25	25
Sabeto Farm-in and Joint Venture ⁽¹⁾	Gold exploration	25	25
Carnilya Hill Farm-in and Joint Venture*	Nickel exploration	70	70
Image Resources Farm-in and Joint Venture*	Nickel exploration	51	51
Georgina Basin Farm-in and Joint Venture ^{(2)*}	Zinc exploration	100	100
Bonaparte Farm-in and Joint Venture ^{(3)*}	Zinc exploration	100	100
West Tipperary Farm-in and Joint Venture	Zinc exploration	51	51

*The interest in the joint venture is controlled by Mincor Resources NL and is not jointly controlled.

- (1) Golden Rim Resources Ltd have met the earn-in expenditure commitments to acquire 75% of the Company's share in the Webe Creek, Tafuse and Sabeto Creek licenses.
- (2) During 2008 the Company entered into an agreement with the Japan, Oil, Gas and Metals National Corporation ("JOGMEC") whereby JOGMEC have undertaken to spend \$2.5 million over 2 years to earn a 25% interest in the Georgina Basin Project which is currently 100% owned by the Company. During 2010 the Company extended the earn-in period by 12 months. JOGMEC may elect to earn a further 15% interest by spending an additional \$2 million on the project over a further 12 month period.
- (3) During 2010 the Company entered into an agreement with JOGMEC, whereby JOGMEC have undertaken to spend \$430,000 within one year, then may elect to spend a further \$770,000 over a second year to earn a 24% interest in the Bonaparte Project which is currently 100% owned by the Company. JOGMEC may elect to earn a further 16% interest by spending an additional \$800,000 on the project over a further 12 month period.

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue or profit.

NOTE 28 RELATED PARTY TRANSACTIONS

a) Parent Entity

The ultimate parent entity within the consolidated entity is Mincor Resources NL.

b) Subsidiaries

The aggregate amounts receivable from/payable to controlled entities are on an interest free basis and are repayable on demand.

c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 21.

d) Transactions with Other Related Parties

There were no transactions with other related parties during the reporting period.

NOTE 29**RECONCILIATION OF PROFIT AFTER INCOME TAX TO
NET CASH INFLOW FROM OPERATING ACTIVITIES****a) Reconciliation of net cash inflow from operating activities to operating profit(loss) after income tax**

	2010	2009
	\$'000	\$'000
Profit/(loss) for the year	28,100	(16,664)
Add/(Less): Non-Cash Items		
Depreciation	4,673	8,262
Amortisation	35,501	48,849
Impairment	-	17,857
Net (profit)/loss on sale of non-current assets	(97)	51
Exploration expenditure written off	6,305	10,128
Employee benefits expense – share based payments	65	854
Bad debt provision	300	-
Change in operating assets and liabilities		
Decrease/(increase) in trade receivables	14,228	(1,814)
Decrease/(increase) in inventories	405	(770)
(Increase)/decrease in prepayments	(211)	40
Decrease in creditors and accruals	(330)	(13,652)
Increase/(decrease) in income tax payable	10,620	(3,331)
Increase/(decrease) in deferred tax	222	(9,981)
(Decrease)/increase in employee entitlement provisions	(290)	24
Net cash inflow from operating activities	99,491	39,853

b) Cash and cash equivalents

Cash at bank and in hand	4	3
Deposits at call	126,793	75,798
	126,797	75,801

The consolidated entity's exposure to interest rate risk is disclosed in Note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 30 EARNINGS PER SHARE

	2010	2009
a) Basic earnings per share (cents)		
Profit/(loss) attributable to the ordinary equity holders of the company	14.1	(8.4)
b) Diluted earnings per share (cents)		
Profit/(loss) attributable to the ordinary equity holders of the company	14.0	(8.4)
c) Earnings used in calculating earnings per share (\$'000)		
<i>Basic and Diluted earnings per share</i>		
Profit/(loss) for the year	28,100	(16,664)
Profit/(loss) attributable to the ordinary equity holders of the company	28,100	(16,664)
d) Weighted average number of shares used as the denominator		
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	200,035,718	198,901,520
Adjustments for calculation of diluted earnings per share:		
Options on issue	280,681	318,668
<i>Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share</i>	200,316,399	199,220,188

NOTE 31 SHARE-BASED PAYMENTS

2002 Employee Share Option Plan

The 2002 Employee Share Option Plan ("Plan") was introduced on 21 August 2002. Persons eligible to participate in the Plan include Directors and all employees of the Company or companies or bodies corporate in which the Company holds at least 20% of all the voting shares.

Options are granted under the Plan for no consideration for a maximum period of 5 years and can be exercised at any time between the date the option is granted and the expiry date, subject to the imposition of any specified vesting date which is at the discretion of the Directors. The employee's entitlements to the options are vested and the options carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. Amounts receivable on the exercise of the options are recognised as share capital.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the 5 trading days immediately before the options are granted.

Set out below are summaries of options granted under the Plan.

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted during the Year	Exercised during the Year	Forfeited during the Year	Closing Balance	Vested and Exercisable at end of the Year
			Number	Number	Number	Number	Number	Number
2010								
22 December 2005	25 October 2010	70 cents	50,000	-	20,000	-	30,000	30,000
6 December 2006	5 December 2011	216 cents	250,000	-	-	-	250,000	250,000
Total			300,000	-	20,000	-	280,000	280,000
Weighted average exercise price			\$1.92	-	\$0.70	-	\$2.00	\$2.00
2009								
22 December 2005	25 October 2010	70 cents	60,000	-	10,000	-	50,000	50,000
6 December 2006	5 December 2011	216 cents	320,000	-	-	70,000	250,000	250,000
Total			380,000	-	10,000	70,000	300,000	300,000
Weighted average exercise price			\$1.93	-	\$0.70	\$2.16	\$1.92	\$1.92

Fair Value of Options Granted

No options were granted under the 2002 Employee Share Option Plan during the year ended 30 June 2010.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2010 was \$2.61 (2009:\$1.55).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.31 years (2009: 2.25 years).

Options Issued Pursuant to Prospectus dated 6 December 2007

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted during the Year	Exercised during the Year	Forfeited during the Year	Closing Balance	Vested and Exercisable at end of the Year
			Number	Number	Number	Number	Number	Number
2010								
1 April 2008	5 December 2012	440 cents	535,000	-	-	-	535,000	535,000
Total			535,000	-	-	-	535,000	535,000
Weighted average exercise price			\$4.40	-	-	-	\$4.40	\$4.40
2009								
1 April 2008	5 December 2012	440 cents	695,000	-	-	160,000	535,000	535,000
Total			695,000	-	-	160,000	535,000	535,000
Weighted average exercise price			\$4.40	-	-	\$4.40	\$4.40	\$4.40

The weighted average remaining contracted life of share options outstanding at the end of the period was 2.44 years (2009: 3.44 years)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 31

SHARE-BASED PAYMENTS *(continued)*

Mincor Resources Executive Share Option Scheme

The Mincor Resources Executive Share Option Scheme (“**Scheme**”) was introduced on 8 May 2006. Persons eligible to participate in the Scheme include key employees, who are determined at the discretion of the Directors. Options are granted under the Scheme for no consideration for a maximum period of 5 years and can be exercised at any time on or after the following dates.

Grant Date	Number of Options Exercisable	Vesting and Date Exercisable
8 May 2006	33 ¹ / ₃ % of options	8 May 2007
8 May 2006	66 ² / ₃ % of options	8 May 2008
8 May 2006	100% of options	8 May 2009
23 October 2006	33 ¹ / ₃ % of options	19 October 2007
23 October 2006	66 ² / ₃ % of options	19 October 2008
23 October 2006	100% of options	19 October 2009
24 July 2007	33 ¹ / ₃ % of options	22 July 2008
24 July 2007	66 ² / ₃ % of options	22 July 2009
24 July 2007	100% of options	22 July 2010

When exercisable, each option is convertible into one ordinary share. Amounts receivable on the exercise of options are recognised as share capital.

The exercise price of options is based on the weighted average price at which the Company’s shares are traded on the Australian Stock Exchange during the 5 trading days immediately before the options are granted.

Set out below are summaries of options granted under the Scheme.

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted during the Year	Exercised during the Year	Lapsed during the Year	Closing Balance	Vested and Exercisable at end of the Year
			Number	Number	Number	Number	Number	Number
2010								
8 May 2006	7 May 2011	85 cents	1,465,794	-	1,051,676	-	414,118	414,118
23 October 2006	19 October 2011	174 cents	333,667	-	54,000	-	279,667	279,667
25 March 2008	5 March 2013	323 cents	200,000	-	-	200,000	-	-
Total			1,999,461	-	1,105,676	200,000	693,785	693,785
Weighted average exercise price			\$1.24	-	\$0.89	\$3.23	\$1.21	\$1.21
2009								
8 May 2006	7 May 2011	85 cents	1,632,462	-	166,668	-	1,465,794	1,465,794
23 October 2006	19 October 2011	174 cents	667,001	-	-	333,334	333,667	161,445
24 July 2007	22 July 2012	423 cents	100,000	-	-	100,000	-	-
25 March 2008	5 March 2013	323 cents	200,000	-	-	-	200,000	50,000
Total			2,599,463	-	166,668	433,334	1,999,461	1,677,239
Weighted average exercise price			\$1.39	-	\$0.85	\$2.31	\$1.24	\$1.01

Fair Value of Options Granted

No options were granted under the Mincor Resources Executive Share Option Scheme during the year ended 30 June 2010.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2010 was \$2.35 (2009: \$1.31).

The weighted average remaining contractual life of options outstanding at the end of the period was 1.03 years (2009: 2.11 years).

Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2010 \$'000	2009 \$'000
Options issued under employee option plans (refer Note 18)	65	854

NOTE 32**PARENT ENTITY FINANCIAL INFORMATION****a) Summary Financial Information**

The individual financial statements for the parent entity show the following aggregate amounts:

	2010 \$'000	2009 \$'000
Balance Sheet		
Current assets	73,579	91,857
Total assets	241,093	257,101
Current liabilities	55,926	61,657
Total liabilities	66,305	74,272
Shareholders' equity		
Issued capital	32,394	31,392
Reserves		
- Available-for-sale financial assets	(217)	(149)
- Cash flow hedges	1,978	11,418
- Share-based payments	2,557	2,493
Retained Earnings	138,076	137,675
	174,788	182,829
Profit(loss) for the year	14,417	(6,727)
Total Comprehensive Income(loss)	4,908	(13,900)

b) Guarantees Entered into by the Parent Entity

Mincor Resources NL and Goldfields Mine Management Pty Ltd have provided a cross guarantee as described in Note 26. No deficiencies of assets exist in any of these entities.

c) Contingent Liabilities of the Parent Entity

The parent entity did not have any contingent liabilities as at 30 June 2010 or 30 June 2009.

d) Contractual Commitments for the Acquisition of Property, Plant and Equipment

As at 30 June 2010, the parent entity had no contractual commitments (30 June 2009 – Nil).

NOTE 33**EVENTS OCCURRING AFTER BALANCE SHEET DATE**

On 18 August 2010 the Directors declared a fully franked dividend of 6 cents per share in respect of the year ended 30 June 2010.

The financial effect of this post balance date event has not been recorded in the 30 June 2010 financial statements.

DIRECTORS' DECLARATION

In the Director's opinion:

- (a) the financial statements and notes set out on pages 57 to 103 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 26.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Dated at Perth this 18th day of August 2010.



DCA Moore
Managing Director



PricewaterhouseCoopers
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Independent auditor's report to the members of Mincor Resources NL

Report on the financial report

We have audited the accompanying financial report of Mincor Resources NL (the company) which comprises the balance sheet as at 30 June 2010 and, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Mincor Resources NL Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.



Independent auditor's report to the members of Mincor Resources NL (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Mincor Resources NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the remuneration report included in pages 47 to 53 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Mincor Resources NL for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten-style signature of the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A handwritten signature of John O'Connor.

John O'Connor
Partner

Perth
18 August 2010

ADDITIONAL SHAREHOLDER INFORMATION

AS AT 31 AUGUST 2010

Substantial Holders (holding not less than 5%)

Name of Shareholder	Total Number of Voting Shares in Mincor Resources NL in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
N/A	N/A	N/A

Distribution of Shareholders

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1 to 1,000	1,927	1,233,379
1,001 to 5,000	3,687	10,866,052
5,001 to 10,000	1,689	13,735,569
10,001 to 100,000	1,713	46,855,495
100,001 and over	130	127,918,309

Number of Shareholders holding less than a Marketable Parcel

350 shareholders (minimum parcel size of 290 shares/\$500 parcel at \$1.73 per share).

Voting Rights

Ordinary Shares – On a show of hands, every shareholder present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Options – The Company's options have no voting rights.

Percentage held by 20 Largest Shareholders

50.52%

Listing of 20 Largest Shareholders

Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held (%)
JP Morgan Nominees Australia Limited	25,277,108	12.60
HSBC Custody Nominees (Australia) Limited	19,223,970	9.58
National Nominees Limited	19,065,716	9.50
Citicorp Nominees Pty Limited	10,285,715	5.13
ANZ Nominees Limited	4,541,398	2.26
AMP Life Limited	4,397,016	2.19
Mr David Charles Moore	4,000,000	1.99
Mr Anthony Hubert Shields	2,000,000	1.00
Cogent Nominees Pty Limited	1,332,151	0.66
Bond Street Custodians Limited	1,265,283	0.63
Mr John William Gardner and Mrs Janet Leigh Gardner	1,218,175	0.61
HSBC Custody Nominees (Australia) Limited	1,207,424	0.60
Mr Robert Euan Macmillan and Mrs Ruth Durelle Macmillan	1,100,000	0.55
Citicorp Nominees Pty Ltd	1,035,383	0.52
Catholic Church Insurances Ltd	1,021,483	0.51
Mr Anthony Hubert Shields and Ms Amanda Carol Nayton	1,000,000	0.50
Mrs Daphne Georgina Balaam	939,819	0.47
Bainpro Nominees Pty Limited	826,000	0.41
Cogent Nominees Pty Limited	810,613	0.40
Peterblue Pty Ltd	800,000	0.40

Additional Shareholder Information

AS AT 31 AUGUST 2010

Stock Exchange Listing

Mincor Resources NL shares are listed on the Australian Stock Exchange. The Company's ASX Code is MCR.

Unlisted Share Options

Number of Options	Exercise Price	Expiry Date	Number of Holders
2002 Employee Share Option Plan			
20,000	\$0.70	25 Oct 2010	2
250,000	\$2.16	5 Dec 2011	38
Mincor Resources Executive Share Option Scheme			
279,667	\$1.74	19 Oct 2011	4
Options issued pursuant to Prospectus dated 6 December 2007			
535,000	\$4.40	5 Dec 2012	107

Kambalda landscape after a storm, April 2010 (photo by Tanh Doan, Mincor)

Corporate Directory

DIRECTORS

David Humann (Chairman)
David Moore (Managing Director)
Ian Burston
Jack Gardner

COMPANY SECRETARY

Brian Lynn

REGISTERED OFFICE

Level 1, 56 Ord Street
West Perth 6005, Western Australia

POSTAL ADDRESS

PO Box 1810
West Perth 6872, Western Australia

CONTACT DETAILS

Telephone: (+618) 9476 7200
Facsimile: (+618) 9321 8994
Website: www.mincor.com.au
Email: mincor@mincor.com.au

STOCK EXCHANGE LISTING

Mincor Resources NL shares are listed on the
Australian Stock Exchange (Home Branch – Perth)
ASX Code: MCR

ACN AND ABN

ACN: 072 745 692
ABN: 42 072 745 692

AUDITORS

PricewaterhouseCoopers
QV1 Building, 250 St Georges Terrace
Perth 6000, Western Australia

BANKERS

Commonwealth Bank of Australia
Société Générale Group

SOLICITORS

Blakiston & Crabb
1202 Hay Street
West Perth 6005, Western Australia

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth 6000, Western Australia

DATE AND LOCATION OF ANNUAL GENERAL MEETING

Wednesday, 10 November 2010 at 11.30am
Venue: Celtic Club, 48 Ord Street, West Perth



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