

# Preliminary Half Year Report of Mincor Resources NL for the Half Year Ended 31 December 2008

(ABN 42 072 745 692)

*This Preliminary Half Year Report is provided to the Australian Stock Exchange (ASX) under  
ASX Listing Rule 4.2A*

Current Reporting Period: Half Year ending 31 December 2008  
Previous Corresponding Period: Half Year ending 31 December 2007

The information set out in this Preliminary Half Year Report should be read in conjunction with the  
annual report for the year ended 30 June 2008

**Results for announcement to the market**

				\$'000
<b>Revenue from ordinary activities</b>	Down	39.1%	to	100,386
<b>Loss from ordinary activities after tax attributable to members</b>	Down	N/A	to	22,711
<b>Net loss for the period attributable to members</b>	Down	N/A	to	22,711
<b>Dividends</b>	<b>Amount per security</b>		<b>Franked amount per security</b>	
<b>Half year ended 31 December 2008</b>				
Final dividend	N/A		N/A	
Interim dividend	2 cents		2 cents	
<b>Half year ended 31 December 2007</b>				
Final dividend	N/A		N/A	
Interim dividend	6 cents		6 cents	

**Dividend payments / Distributions**

On 26 September 2008 the Company paid a final fully franked dividend of \$11,933,000 for the year ended 30 June 2008, comprising 6 cents per share.

On 17 February 2009 the Directors declared a fully franked interim dividend of 2 cents per share for the year ended 30 June 2009.

Date the interim 2009 dividend is payable

27 March 2009

Record date to determine entitlements to the dividend

27 February 2009

Date interim dividend was declared

17 February 2009

**Total dividend per security (interim)**

	Current period	Previous corresponding period
Ordinary securities – Interim dividend	2 cents	6 cents

**Total dividends paid or payable on all securities**

	Current period \$'000	Previous period \$'000
Ordinary securities (payable on 27 March 2009)	3,978	11,869
<b>Total</b>	<b>3,978</b>	<b>11,869</b>

**Net Tangible Assets**

	Current period	Previous period
Net tangible assets per ordinary security	104.20 ¢	104.00 ¢

**Details of Entities Over Which Control Has Been Gained or Lost****Control gained over entities**

Name of entity (or group of entities)	N/A
Date control gained	N/A

	<b>2008 \$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities before tax during the period, from the date of gaining control.	N/A

	<b>2007 \$'000</b>
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

**Loss of control of entities**

Name of entity (or group of entities)	N/A
Date control lost	N/A

	<b>2008 \$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, up to the date of losing control.	-

	<b>2007 \$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	-

**Details of Associates and Joint Venture Entities**

Name of Entity	Ownership Interest		Contribution to net profit	
	2008 %	2007 %	2008 \$'000	2007 \$'000
Associates	-	-	-	-
Joint Venture Entities	-	-	-	-
Aggregate Share of Profits/(Losses)	-	-	-	-

## Other Information

Except for the matters noted above, all the disclosure requirements pursuant to ASX Listing Rule 4.2A are contained within Mincor Resources NL's Half Year Financial Report for the period ended 31 December 2008 which accompanies this Preliminary Half Year Report.

Sign here:   
\_\_\_\_\_  
(Director)

Print name: David Moore

Date: 18 February 2009



**M I N C O R**

R E S O U R C E S N L

MINCOR RESOURCES NL

(ACN 072 745 692)

HALF YEAR FINANCIAL REPORT

31 December 2008

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## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Mincor Resources NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

### DIRECTORS

The following persons were Directors of Mincor Resources NL ("the Company") during the whole of the half-year and up to the date of this report:

<u>Name</u>	<u>Particulars</u>
DJ Humann	Non-Executive Director and Chairman
DCA Moore	Managing Director
JW Gardner	Non-Executive Director
IF Burston	Non-Executive Director

### REVIEW OF OPERATIONS

#### Mining Operations

The Company produced 8,976 tonnes of nickel in concentrate for the half year to 31 December 2008 (2007: 8,196 tonnes of nickel in concentrate).

During the period, the Company's South Kambalda Operations produced 244,352 dry metric tonnes at an average nickel grade of 2.65%, to produce 5,594 tonnes of nickel in concentrate (2007: 276,079 dry metric tonnes at 2.38% for 5,636 tonnes of nickel in concentrate).

The Company's North Kambalda Operations produced 109,701 dry metric tonnes at an average nickel grade of 3.36% for 3,383 tonnes of nickel in concentrate (2007: 69,289 dry metric tonnes at 3.97% for 2,560 tonnes of nickel in concentrate).

In response to the severe economic downturn the Company implemented a Management Plan to protect operating margins and strengthen cashflows. The Plan was developed to address the sharp falls in the nickel price experienced since July 2008 and was centred on maintaining the Company's financial and operational strength through the current economic downturn.

The Management Plan took advantage of Mincor's unique business structure, under which production is sourced from numerous mines and delivered to a central plant owned by a third party. The Company was able to both reduce costs by suspending higher cost operations without damaging those operations or their ore reserves and maintain overall production capacity.

In accordance with the Plan, capital expenditures were halted at the Miitel and McMahon Nickel Mines during November 2008, and the Miitel Nickel Mine was placed on care and maintenance in late December 2008. McMahon was set up for stoping operations which are now underway. In addition, the Carnilya Hill Nickel Mine was moved from contractor to owner-mining in mid-January 2009 and significant contractor cost reductions were agreed at Mariners Nickel Mine. Full-scale production and capital development will continue at the Otter Juan, Carnilya Hill and Mariners Nickel Mines, with production supplemented by ore from McMahon and Redross. In August 2008 remnant mining operations at Wannaway Nickel Mine ended.

## Exploration and Development Projects

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

Following the decision to approve the development of the McMahon Nickel Mine in November 2007 the Company commenced full scale production from this operation in July 2008.

## Corporate Matters

The consolidated entity incurred a loss after tax of \$22.7 million (2008: profit after tax of \$31.3 million) for the half year. This loss included an impairment charge of \$17.3 million following a review of the recoverable amount of each mine in response to the recent significant adverse movements in the nickel price.

The remaining \$5 million payable to the former shareholders of Goldfields Mine Management Pty Ltd was paid in July 2008 on satisfaction of certain conditions pertaining to tenement licences.

On 26 September 2008 the Company paid a fully franked annual dividend of 6.0 cents per share to shareholders, bringing the Company's total dividend payments to date to \$68.6 million.

On 17 February 2009 the Directors declared a fully franked interim dividend of 2.0 cents per share in respect of the year ending 30 June 2009.

## Events Subsequent to 31 December 2008

On 17 February 2009 the Directors declared a fully franked interim dividend of 2.0 cents per share in respect of the year ending 30 June 2009.

## Auditor Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

## ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.



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**DCA Moore**  
Director  
PERTH

18 February 2009

## Auditors' Independence Declaration

As lead auditor for the review of Mincor Resources NL for the half year ended 31 December 2008, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



John O'Connor  
Partner

Perth  
18 February 2009

**CONSOLIDATED INCOME STATEMENT**  
For the half-year ended 31 December 2008

	<b>CONSOLIDATED</b>	
	31 December 2008 \$'000	31 December 2007 \$'000
Revenue	100,386	164,871
Mining contractor costs	(28,663)	(30,528)
Ore tolling costs	(12,967)	(12,387)
Energy and utilities expense	(5,493)	(4,632)
Royalty expense	(3,209)	(6,970)
Employee benefits expense	(18,845)	(18,141)
Finance costs	(102)	(175)
Exploration costs expensed	(6,727)	(6,258)
Depreciation and amortisation expense	(32,038)	(30,413)
Impairment of property, plant and equipment	(17,287)	-
Other expenses from ordinary activities	(10,241)	(10,360)
<b>(Loss)/profit before income tax</b>	(35,186)	45,007
Income tax benefit/(expense)	12,475	(13,697)
<b>(Loss)/profit attributable to the members of Mincor Resources NL</b>	(22,711)	31,310
	<u>Cents</u>	<u>Cents</u>
(Loss)/earnings per share	(11.42)	15.9
Diluted (loss)/earnings per share	(11.42)	15.6

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

**CONSOLIDATED BALANCE SHEET**  
As at 31 December 2008

	<b>CONSOLIDATED</b>	
	31 December 2008 \$'000	30 June 2008 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	55,848	112,499
Trade and other receivables	27,578	32,877
Inventory	2,838	2,352
Current tax asset	13,804	-
Derivative financial instruments	40,071	19,438
<b>Total Current Assets</b>	140,139	167,166
<b>Non-Current Assets</b>		
Available-for-sale financial assets	528	1,707
Property, plant and equipment	108,818	78,239
Exploration, evaluation and development expenditure	15,564	66,369
Derivative financial instruments	15,289	15,476
<b>Total Non-Current Assets</b>	140,199	161,791
<b>TOTAL ASSETS</b>	280,338	328,957
<b>Current Liabilities</b>		
Payables	27,864	47,532
Interest bearing liabilities	791	792
Current tax liabilities	-	1,954
Provisions	3,241	3,005
Derivative financial instruments	8,982	-
<b>Total Current Liabilities</b>	40,878	53,283
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	1,126	1,555
Provisions	3,939	3,951
Deferred tax liabilities	22,401	31,684
Derivative financial instruments	4,756	-
<b>Total Non-Current Liabilities</b>	32,222	37,190
<b>TOTAL LIABILITIES</b>	73,100	90,473
<b>NET ASSETS</b>	207,238	238,484
<b>Equity</b>		
Contributed equity	31,244	31,244
Reserves	23,987	20,589
Retained profits	152,007	186,651
<b>TOTAL EQUITY</b>	207,238	238,484

*The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the half-year ended 31 December 2008

	<b>CONSOLIDATED</b>	
	31 December 2008 \$'000	31 December 2007 \$'000
Total equity at the beginning of the half-year	238,484	150,266
Changes in the fair value of cash flow hedges, net of tax	3,747	35,340
Changes in the fair value of available-for-sale financial assets, net of tax	(825)	(355)
Net income recognised directly in equity	2,922	34,985
(Loss)/profit for the half-year	(22,711)	31,310
Total recognised income and expense for the period	(19,789)	66,295
Transactions with equity holders in their capacity as equity holders:		
- Contributions of equity, net of transaction costs (Note 4)	-	705
- Dividends provided for or paid (Note 3)	(11,933)	(11,853)
- Employee share options	476	291
	(11,457)	(10,857)
Total equity at the end of the half-year	207,238	205,704

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

## CONSOLIDATED CASH FLOW STATEMENT

For the half-year ended 31 December 2008

	<b>CONSOLIDATED</b>	
	31 December 2008 \$'000	31 December 2007 \$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from customers (inclusive of GST)	106,176	167,721
Payments to suppliers and employees (inclusive of GST)	(93,509)	(101,398)
	<u>12,667</u>	<u>66,323</u>
Interest received	2,579	4,276
Other revenue	489	778
Interest paid	(104)	(146)
Income tax paid	(13,818)	(37,109)
	<u>(13,818)</u>	<u>(37,109)</u>
<b>Net Cash Inflow from Operating Activities</b>	<u>1,813</u>	<u>34,122</u>
<b>Cash Flows from Investing Activities</b>		
Payment for purchase of subsidiary, net of cash acquired	(6,196)	(50,323)
Payments for property, plant and equipment	(31,957)	(25,455)
Payments for exploration, evaluation and development expenditure	(7,966)	(5,428)
Proceeds from sale of property, plant and equipment	18	-
	<u>18</u>	<u>-</u>
<b>Net Cash Outflow from Investing Activities</b>	<u>(46,101)</u>	<u>(81,206)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	-	705
Dividends paid	(11,933)	(11,854)
Repayment of borrowings	(430)	(495)
	<u>(12,363)</u>	<u>(11,644)</u>
<b>Net Cash Outflow from Financing Activities</b>	<u>(12,363)</u>	<u>(11,644)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<u>(56,651)</u>	<u>(58,728)</u>
Cash and Cash Equivalents at the Beginning of the Half-Year	112,499	169,567
<b>Cash and Cash Equivalents at the End of the Half-Year</b>	<u>55,848</u>	<u>110,839</u>

*The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2008

### **NOTE 1**

#### **Summary of significant accounting policies**

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Mincor Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year end and corresponding interim reporting period. However, there has been a change in the method of estimating sales revenue.

The nickel price received by the Company for any month of production is the average LME spot price during the third month following the month of delivery. In previous reporting periods the Company estimated provisional prices using a discount to the average LME spot price during the month of delivery. Given the recent volatility in the nickel price, the Audit Committee recommended this methodology be reviewed. Following this review, the Company determined that the forward market price provides a more objective basis for determining provisional prices and is consistent with industry practice. Effective 1 July 2008, the Company now estimates 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. This change to the method of estimating sales revenue has resulted in a \$4.4 million increase in revenue and pre tax earnings in the current period when compared to the previous estimation method.

### **NOTE 2**

#### **Segment Information**

The consolidated entity operates in the mining industry which is its primary business segment and operates within the geographical area of Australia.

**NOTE 3  
Dividends**

	CONSOLIDATED	
	31 December 2008 \$'000	31 December 2007 \$'000
Dividends provided for or paid during the half-year	11,933	11,853
<b>Dividends not recognised at the end of the half-year</b>		
Since the end of the half-year the Directors declared a fully franked interim dividend of 2 cents (2007: 6 cents) per fully paid ordinary share.		
Interim dividend expected to be paid out of retained profits at the end of the half-year, but not recognised as a liability	3,978	11,869

**NOTE 4  
Equity Securities Issued**

	2008 Shares	2007 Shares	2008 \$'000	2007 \$'000
Issues of ordinary shares during the half-year				
Exercise of options issued over fully paid ordinary shares	-	493,999	-	705

**NOTE 5  
Impairment Charge**

As a result of the global economic downturn and the recent significant adverse movement in the nickel price, the consolidated entity undertook a review of the recoverable amount of each of its mining assets to determine if any asset was impaired. Each mine is considered to be a separate Cash Generating Unit (CGU).

The recoverable amount of each CGU was established by applying the 'fair value less costs to sell' approach with reference to discounted cash flow forecasts which applied valuation assumptions that a knowledgeable and willing buyer would be expected to use. This included the use of external market forecasts of key inputs to the valuation models, such as forecast nickel prices and exchange rates.

Following this assessment the consolidated entity has recognised the following pre tax impairment charges.

	CONSOLIDATED	
	2008 \$000	2007 \$000
<b>Cash Generating Unit</b>		
Miitel Mine	9,330	-
Wannaway Mine	891	-
McMahon Mine	7,066	-
	17,287	-

**NOTE 6**  
**Contingent Liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

**NOTE 7**  
**Events Subsequent to Reporting Date**

On 17 February 2009 the Directors declared a fully franked interim dividend of 2.0 cents per share in respect of the year ending 30 June 2009.

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 10 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 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Mincor Resources NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



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**DCA Moore**  
**Director**

PERTH

18 February 2009

## Independent auditor's report to the members of Mincor Resources NL

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mincor Resources NL, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Mincor Resources NL Group (the consolidated entity). The consolidated entity comprises both Mincor Resources NL (the company) and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mincor Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

**Independent auditor's report to the members of  
Mincor Resources NL (continued)**

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the Mincor Resources NL for the half-year ended 31 December 2008 included on Mincor Resources NL's web site. The company's directors are responsible for the integrity of the Mincor Resources NL web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

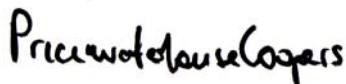
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mincor Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



John O'Connor  
Partner

Perth  
18 February 2009