



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 2004

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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 2004.

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

During the period, the Company's Miitel Nickel Mine produced 131,231 dry metric tonnes at an average nickel grade of 3.07%, to produce 3,530 tonnes of nickel-in-concentrate (2003: 118,115 dry metric tonnes at 3.23% for 3,393 tonnes of nickel in concentrate).

The Company's Wannaway Nickel Mine produced 32,451 dry metric tonnes of ore at an average grade of 2.05% for 546 tonnes of nickel-in-concentrate (2003: 58,174 dry metric tonnes at 2.70% for 1,364 tonnes of nickel in concentrate).

In September 2004 the Company commenced production at the Redross Nickel Mine. The Redross Nickel Mine produced 19,699 dry metric tonnes of ore at an average Nickel grade of 2.51% for 438 tonnes of nickel-in-concentrate.

In January 2005 production commenced at Mariners Nickel Mine, the Company's fourth mine. During the period the Company completed the de-watering of the Mariners Nickel Mine, rehabilitated the mine portal and decline access and re-established the electrical and ventilation services.

Exploration and Development Projects

Exploration drilling continued throughout the period, with considerable success. The Company has committed to an aggressive exploration drilling programme targeting nickel and gold on its tenements in the Eastern Goldfields of Western Australia.

Corporate Matters

On 24 September 2004 the Company paid its second fully franked annual dividend of 1.5 cents per share to shareholders, bringing the Company's total dividend payments to date to \$5.6 million.

On 16 February 2005 the Directors declared a fully franked interim dividend of 1 cent per share in respect of the year ended 30 June 2005.

As at 31 December 2004 the Company had drawn down \$5.5 million from its revolving corporate debt facility. As at 4 February 2005 the Company had repaid this balance in full.

Events Subsequent to 31 December 2004

On 16 February 2005 the Directors declared a fully franked dividend of 1 cent per share in respect of the year ended 30 June 2005.

As at 4 February 2005 the Company had repaid in full the \$5.5 million debt drawn down from its Corporate Revolver Facility, which was outstanding at 31 December 2004.

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 13.

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.



DCA Moore
Director

PERTH

17 February 2005

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
For the Half Year Ended 31 December 2004

	CONSOLIDATED	
	31 December 2004 A\$'000	31 December 2003 A\$'000
Revenue from Ordinary Activities	55,418	38,796
Mining contractor costs	(15,096)	(13,505)
Ore tolling costs	(6,024)	(4,943)
Royalty expense	(3,551)	(2,662)
Employee benefit expense	(2,540)	(1,578)
Borrowing cost expense	(191)	(180)
Exploration costs provided for or expensed	(991)	(888)
Depreciation and amortisation expense	(8,769)	(5,576)
Other expenses from ordinary activities	(3,377)	(2,949)
Profit from ordinary activities before income tax expense	14,879	6,515
Income tax expense	(4,757)	(2,344)
Net profit attributable to the members of Mincor Resources NL	10,122	4,171
Net increase in asset revaluation reserve	-	5,728
Total changes in equity other than those resulting from transactions with owners as owners	10,122	9,899
	<u>Cents</u>	<u>Cents</u>
Earnings per share	5.2¢	2.2¢
Diluted earnings per share	5.2¢	2.2¢

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2004

		CONSOLIDATED	
		31 December 2004	30 June 2004
	Note	A\$'000	A\$'000
Current Assets			
Cash assets		11,954	9,176
Receivables		25,472	18,075
Tax assets		702	-
Inventory		66	237
Prepayments		80	193
Other	6	4,778	1,902
Total Current Assets		43,052	29,583
Non-Current Assets			
Investments		2,800	2,800
Property, plant and equipment		38,946	31,045
Evaluation, development and acquired exploration expenditure		18,389	23,036
Other non-current assets	6	4,114	1,384
Total Non-Current Assets		64,249	58,265
TOTAL ASSETS		107,301	87,848
Current Liabilities			
Payables		24,609	24,810
Interest bearing liabilities		5,817	119
Tax liabilities		-	663
Provisions		397	403
Other current liabilities	6	4,778	1,902
Total Current Liabilities		35,601	27,897
Non-Current Liabilities			
Payables		-	3,000
Interest bearing liabilities		411	140
Deferred tax liabilities		8,333	3,825
Provisions		848	816
Other non-current liabilities	6	4,114	1,384
Total Non-Current Liabilities		13,706	9,165
TOTAL LIABILITIES		49,307	37,062
NET ASSETS		57,994	50,786
Equity			
Contributed equity		27,227	27,227
Reserves		545	545
Retained profits		30,222	23,014
TOTAL EQUITY		57,994	50,786

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2004

	CONSOLIDATED	
	31 December 2004 A\$'000	31 December 2003 A\$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of GST)	55,214	44,947
Payments to suppliers and employees (inclusive of GST)	(32,560)	(31,262)
	22,654	13,685
Interest received	103	346
Other revenue	38	-
Interest paid	(31)	(25)
Income tax paid	(1,614)	(7,514)
Net Cash Inflow from Operating Activities	21,150	6,492
Cash Flows from Investing Activities		
Payments for acquisition of exploration properties	(10)	(1,500)
Payments for deferred acquisition costs of interest in joint venture	(4,173)	-
Payments for property, plant and equipment	(9,772)	(2,522)
Payments for exploration, evaluation and development expenditure	(7,019)	(1,919)
Cash received on acquisition of interest in joint venture	-	2,796
Repayment of loan by former controlled entity	-	304
Payments for investments	-	(171)
Proceeds from sale of property, plant and equipment	15	-
Proceeds from sale of investments	-	267
Cash disposed following in specie distribution of investment in controlled entity	-	(362)
Net Cash (Outflow) from Investing Activities	(20,959)	(3,107)
Cash Flows from Financing Activities		
Proceeds from issues of shares	-	1,200
Repayment of borrowings	(1,300)	(713)
Dividends paid	(2,913)	(2,680)
Proceeds from borrowings	6,800	-
Net Cash Inflow/(Outflow) from Financing Activities	2,587	(2,193)
Net Increase (Decrease) in Cash Held	2,778	1,192
Cash at the Beginning of the Reporting Period	9,176	19,085
Cash at the End of the Reporting Period	11,954	20,277

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2004

NOTE 1

Basis of Preparation of Half Year Financial Report

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board 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 2004 and any public announcements made by Mincor Resources NL during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2

International Financial Reporting Standards (IFRS)

The Company's management of the transition to IFRS is on schedule to meet the reporting requirements. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

To date the project team has not identified any further accounting policy changes that will be required other than those disclosed in the 30 June 2004 Annual Report. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standards AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

AASB 6 *Exploration for and Evaluation of Mineral Resources* was released in December 2004 and is not expected to have any significant impact on the Company's existing accounting policy.

NOTE 3
Segment Information

The consolidated entity operates predominantly in the mining industry and principally within the geographical areas of Australia, Africa, and the South West Pacific. Geographic segment information is as follows:

	Australia \$'000	Africa \$'000	South West Pacific \$'000	Consolidation \$'000
i) Half Year - 2004				
Revenue from operating activities	55,192	-	-	55,192
Interest revenue	102	-	-	102
Other revenue	91	33	-	124
Total revenue	<u>55,385</u>	<u>33</u>	<u>-</u>	<u>55,418</u>
Consolidated entity operating profit/(loss) after income tax	<u>10,091</u>	<u>33</u>	<u>(2)</u>	<u>10,122</u>
ii) Half Year - 2003				
Revenue from operating activities	38,355	-	-	38,355
Interest revenue	346	-	-	346
Other revenue	95	-	-	95
Total revenue	<u>38,796</u>	<u>-</u>	<u>-</u>	<u>38,796</u>
Consolidated entity operating profit/(loss) after income tax	<u>4,185</u>	<u>(12)</u>	<u>(2)</u>	<u>4,171</u>

NOTE 4
Financing Arrangements

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

	CONSOLIDATED	
	31 December 2004 A\$'000	30 June 2004 A\$'000
Corporate Revolver Facility – secured	10,000	10,000
Less: Draw down portion	(5,500)	-
Bonding Facility – secured	500	500
Less: Draw down portion	(500)	(500)
	<u>4,500</u>	<u>10,000</u>

NOTE 4
Financing Arrangements (continued)

The Corporate Revolver Facility is denominated in Australian dollars and is repayable by March 2006. Interest is charged at the BBSW rate plus an applicable margin.

The Bonding Facility is denominated in Australian dollars and is repayable in December 2005. An annual performance bond fee is charged at market rates.

Both the Corporate Revolver Facility and Bonding Facility are secured by a first ranking charge over the assets and undertakings of the parent entity and consolidated entities.

As at 4 February 2005, the Company had repaid in full, the \$5.5 million debt draw down from its Corporate Revolver Facility.

NOTE 5
Dividends

	CONSOLIDATED	
	31 December 2004 \$'000	31 December 2003 \$'000
Dividends provided for or paid during the half-year	2,913	2,680
Dividends not recognised at the end of the half-year		
Since the end of the half-year the Directors declared a fully franked interim dividend of 1 cent 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	1,947	-

NOTE 6
Foreign Exchange and Commodity Contracts

The net fair value of foreign exchange and commodity contracts held as at the reporting date were:

	CONSOLIDATED	
	31 December 2004 \$'000	30 June 2004 \$'000
Forward foreign exchange contracts	8,892	3,286
Futures commodity contracts	(18,428)	(12,047)
	(9,536)	(8,761)

The net fair value of forward foreign exchange contracts of \$8,892,000 is recognised in the Consolidated Statement of Financial Position at 31 December 2004. The net fair value on commodity contracts at 31 December 2004 has not been recognised in the Consolidated Statement of Financial Position.

NOTE 7
Contingent Liabilities

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

NOTE 8
Events Subsequent to Reporting Date

On 16 February 2005 the Directors declared a fully franked interim dividend of 1 cent per share in respect of the year ended 30 June 2005.

As at 4 February 2005 the Company had repaid in full the \$5.5 million debt drawn down from its Corporate Revolver Facility, which was outstanding at 31 December 2004.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 9 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 2004 and of its performance, as represented by the results of its operations and its cash flows, 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.



DCA Moore
Director

PERTH

17 February 2005

Independent review report to the members of Mincor Resources NL

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Mincor Resources NL (the Company) for the half-year ended 31 December 2004 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 financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. 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.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Mincor Resources NL:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Mincor Resources NL Group (defined below) as at 31 December 2004 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Mincor Resources NL Group (the consolidated entity), for the half-year ended 31 December 2004. The consolidated entity comprises both Mincor Resources NL (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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.

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

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Nick Henry

Nick Henry
Partner

Perth
17 February 2004

Auditors' Independence Declaration

As lead auditor for the review of Mincor Resources NL for the half year ended 31 December 2004, 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.



Nick Henry
Partner
PricewaterhouseCoopers

Perth
17 February 2005