



2005 / 06

# ANNUAL REPORT

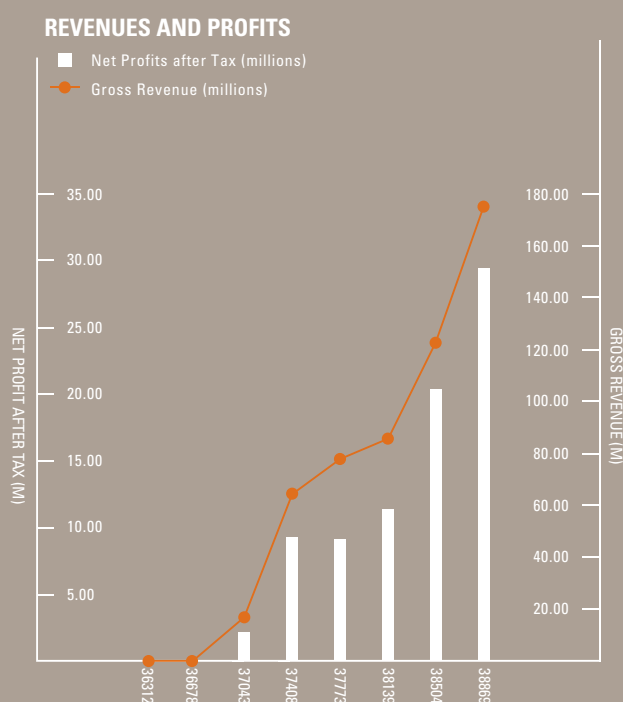


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# COMPANY HIGHLIGHTS

During the 2005/06 Financial Year Mincor delivered, for the third year in a row, record production, record cash flows, record profits and a 67% increase in dividends. To cap an outstanding year, the Company experienced extraordinary exploration success...



## Extraordinary Exploration Success

Discovery of South Miitel Ore Body – 298,000 tonnes @ 3.8% nickel in Indicated Resource

New discovery at Carnilya – best intersection to date 10.71 metres at 6.95% nickel

Greenfields exploration hits at exciting new Turner Prospect

New extensions to existing ore bodies

## Growth in Production

Ore production up 29% to 540,000 tonnes

Nickel production up 35% to 13,500 tonnes nickel-in-concentrate

## Growth in Cash Flows

Gross revenues up 44% to \$175 million

EBITDA from normal operations up 35% to \$63 million

Cash balance up 150% to \$45 million

## Growth in Profits

Net Profit after Tax up 45% to \$29.3 million

## Growth in Dividends

Dividends up 67% to 5 cents per share

## Receipt of \$15.7 million on sale of Tethyan options





# COMPANY PROFILE

Mincor is a profitable and well-established Australian nickel mining company.

Mincor owns and operates four mines in the world-class Kambalda Nickel District of Western Australia and has a large and highly prospective landholding in the District.

Since 2001 Mincor has mined over 2 million tonnes of ore and sold over 55,000 tonnes of nickel metal in concentrate.

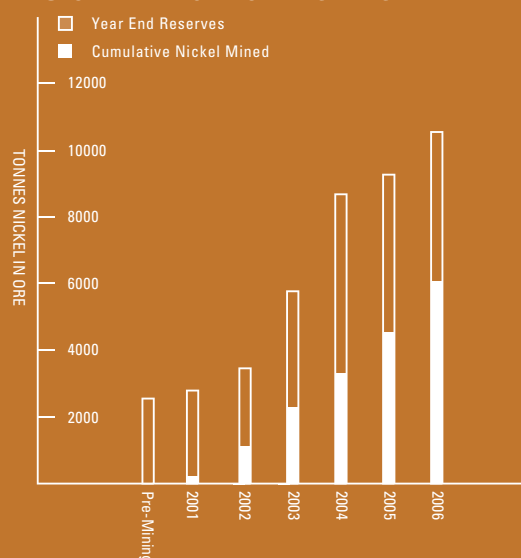
Mincor has steadily grown its production, cash flows, profits and dividends over more than half a decade of successful nickel mining.

Mincor has embarked upon a new exploration-driven Growth and Expansion Strategy.

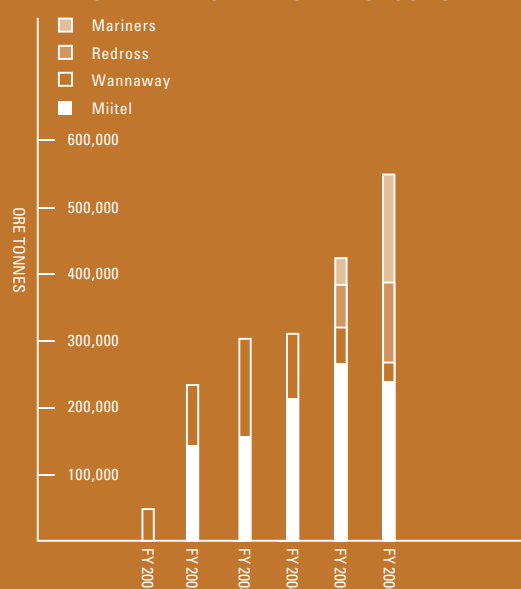
The Strategy is designed to substantially grow Mincor's highly successful Kambalda nickel mining business while simultaneously expanding across a wider range of minerals – applying Mincor's proven expertise in mineral exploration, mine development and mine operation to the other metals experiencing the enormous growth in demand as the Asian economies industrialise.

Mincor offers shareholders a proven track record in exploration, mining and the creation and delivery of shareholder wealth, a record backed by the outstanding team of people that are Mincor's true competitive edge.

**GROWTH IN NICKEL ORE RESERVES**



**ANNUAL ATTRIBUTABLE ORE PRODUCTION**



# CHAIRMAN'S REPORT



## To Our Shareholders

The year under review was highly successful in every respect.

We achieved record production, revenues, profits, cash flows and paid out record dividends to our shareholders.

We expect excellent conditions to continue to benefit shareholders for the foreseeable future.

The financial year 2005/06 reflects the investment your Company has made over the last 6 years in its people and in developing its mines; in enhancing its mineral reserves and increasing its production of nickel metal.

All of our 4 mines are operating to high standards of safety and productivity.

We exceeded our production target for 2005/06 for nickel metal contained in concentrate delivered to BHP Billiton with a sales total of 13,500 tonnes.

We generated record gross revenue of \$175 million.

Our extensional and regional exploration program, under which we expended \$7.4 million in 2005/06, produced excellent results including a high-grade massive sulphide intersection encountered in drilling Carnilya Hill (4.7 metres @ 11.83% nickel).

Carnilya Hill is shaping up as a very exciting new discovery with the potential for early and low-cost establishment of production.

Further exploration, which provides the lifeblood of the Company, will continue in the current year with a budget of \$8 million.

Our cash flow, which is protected by a sophisticated and highly selective hedging policy, is very strong at present. Accordingly, we believe strong net revenues per unit of production will continue for at least the next several years.

We are paying great attention to mining and administrative costs in an environment where there is a rapid escalation of costs due to a very high demand for experienced mining personnel and for equipment and supplies.

We are reinvesting some of our funds in an aggressive growth and expansion strategy.

We expect to grow from an expansion of our current mines and resources, from new discoveries arising from our investment in exploration as well as from highly selective acquisitions. Acquisitions by purchase, which our policy dictates must be income accretive to the Company, thus adding shareholder value, are difficult to achieve in the current buoyant market.

We will maintain our primary focus on nickel assets and prospects, but will also look at other metals such as copper, gold, zinc and tungsten.

Our finances are very strong with \$45 million in cash in the bank, at 30 June 2006 and nil debt. Net operating cash flow again exceeded \$50 million in the year. Cash flow from operations continues to be very strong as of this date. Operations and production levels continue at a high level of efficiency and productivity.

A further gain in relation to the Group's interest in Tethyan Copper Company Limited of \$8.8 million was reflected in the 2005/06 profit and loss account. The net cash received from the sale of this investment amounted to \$15.7 million and was reflected in the 2005/06 financial year cash flows.

Mincor maintains a policy of distributing the maximum prudent return to our shareholders. A fully franked dividend of 3.0 cents per share was paid in respect of the 30 June 2005 financial year. A further fully franked interim dividend of 2.0 cents was paid on 7 April 2006 in respect of the 30 June 2006 year. On 25 August 2006 the Directors declared a fully franked final dividend of 3.0 cents per share in respect of the year ended 30 June 2006 payable in October 2006.

Our company team – management, staff and our contractors have worked with your Board and our suppliers and customer to produce safe and financially rewarding results for all concerned.

I thank all of them for their support.

I should like to welcome Jim Reeve to our Board. Jim brings a wealth of relevant geological, mining and operational experience and skill to the Board.

David Moore, our Managing Director has worked tirelessly and effectively to deliver this year's results, to consummate the Tethyan Copper Company Limited sale and most importantly to lay an excellent foundation for the further growth and profitability of Mincor.

Mincor's unique suite of assets and its people make it the leading independent Nickel explorer and producer in Australia and we will continue to work for further growth in profits and dividends for our shareholders.

A handwritten signature in dark ink, appearing to read 'D Humann'.

David J Humann  
Chairman



# MANAGING DIRECTOR'S REPORT

## Dear Fellow Shareholders

I am delighted to report on another strong year for our Company. Revenues, earnings, profits and dividends are all substantially up on the previous year, and Mincor has now delivered its sixth straight annual profit. We have mined more than 2 million tonnes of ore, sold 55,000 tonnes of nickel metal, and generated over \$80 million in profits since start of mining in 2001. Dividends per share have now risen 233% since 2004.

We have also developed 4 new mines during the past 5 years, and that remarkable track record is what has created our current opportunity, with record levels of production coinciding with record nickel prices and an exceptionally strong medium term outlook for nickel.

A continuing characteristic of Mincor is the stability of its management team and the quality and commitment of the exceptional men and women who make the Company work. At a time of massive manpower constraints in the mining industry, Mincor has been singularly blessed in this regard, and our continued out-performance is a direct reflection of the skills and dedication of our people.

Looking over the past year, it is clear that we went through 3 distinct phases. The first lasted 6 months to December 2005, and was characterised by solid production at all mines except for Mariners, which had a difficult period, and by moderate nickel prices. The second phase, coinciding with the third quarter of the financial year, saw continued moderate nickel prices and generally constrained production as the mining cycle dictated an emphasis on non-productive activities.

The third phase, coinciding with the last quarter of the financial year, saw strong production from all mines, including Mariners, and the happy coincidence of a sharp and sustained rise in the nickel price.

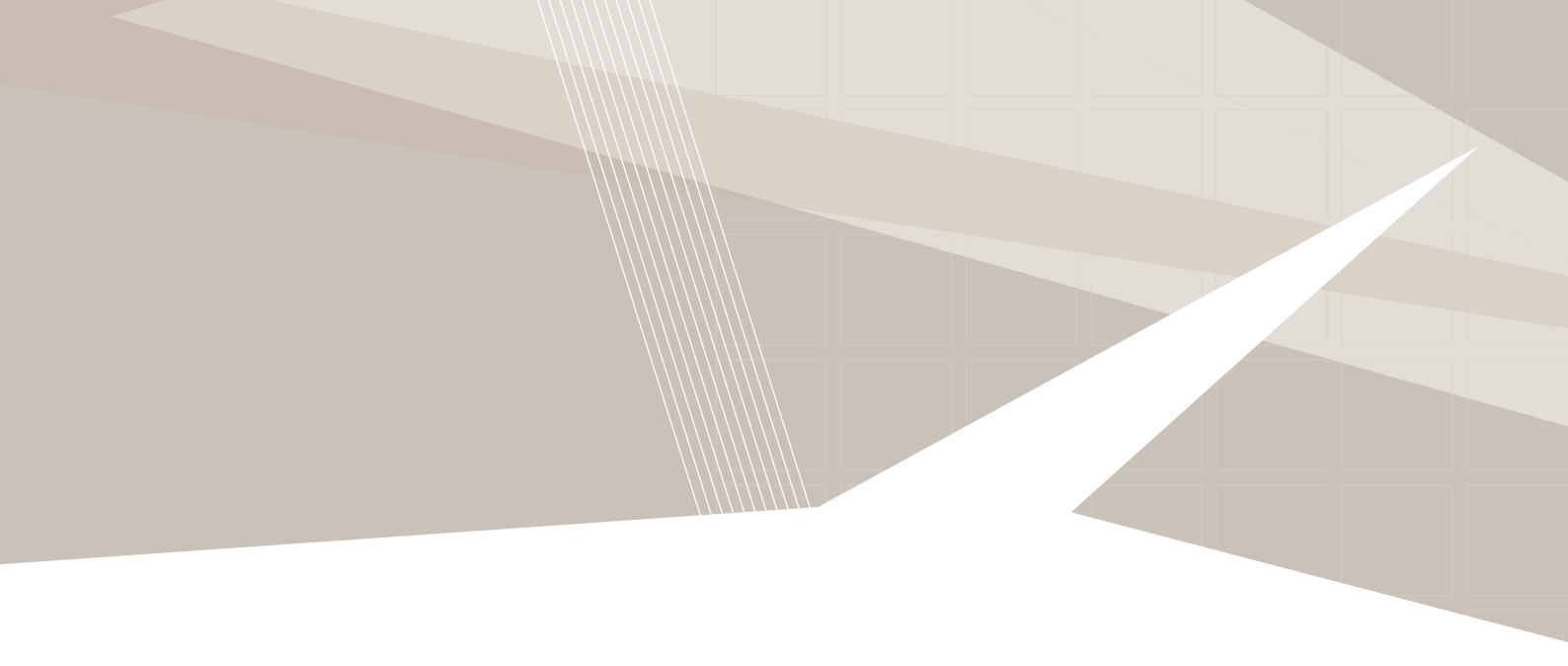
Production is expected to continue at current levels over the coming year. We are forecasting around 12,500 to 13,500 tonnes for the 2006/07 financial year. Of this, 38% will come from Miitel, 30% from Mariners and 26% from Redross, with the balance from Wannaway.

The cost environment has been challenging and we expect cost pressures to continue. However nickel prices were sufficient during the first 3 quarters of the year to maintain our margins, and of course our margins rose very substantially in the final quarter of the year. Shareholders should be aware that our costs are broadly linked to nickel prices, and that our current cash costs are not indicative of likely costs under low nickel prices.

Nevertheless, we continue to actively manage our cost structure, and our willingness to take action in this regard is demonstrated by our decision to move our Redross Mine to owner-mining. This is not to imply that our mining contractor, Barmenco, are not cost efficient, they have in fact proved to be highly effective and productive. But with the capital development now complete at Redross we believe a move to owner-mining will optimise returns from that operation and achieve an excellent payback on the necessary capital expenditure.

Another strong focus throughout the year has been on safety. Early in the year we suffered a spate of (mostly minor) lost time incidents, denting what had otherwise been an outstanding safety record. A strong effort was put in place to counter this, with a large number of new initiatives, including extensive and regular on-the-job training to counter the general decrease in the average level of underground experience in our workforce. I am pleased to say that a marked improvement has been underway for the past 6 months.

Our owner-mining operation at Wannaway recently celebrated one year free of lost time incidents, a great tribute to the men and women at that mine, especially considering that it is a low production, entirely hand-held mining operation with a high proportion of remnant mining. Our other 3 mines are now approaching similar milestones, and we will maintain relentless vigilance on this matter.



Looking to our future, we see a pipeline full of exciting new mining projects that we are in a position to advance very rapidly. We have already taken the decision to develop South Miitel, which we discovered during the past year. This major expansion project produces very attractive financial returns at expected future nickel prices and, very importantly, its development will open up the whole of the southern extent of the rich Miitel ore trend for further exploration.

We are also rapidly gaining confidence in our potential new discovery at Carnilya Hill. Indications to date are that we have a strong, high-grade ore trend there, that remains entirely open to the west. The trend has a shallow plunge, indicating that the development costs per vertical metre will be low – a wonderful characteristic that is shared with Miitel.

The next few months will answer most of the initial questions at Carnilya Hill, and if the new discovery is confirmed, our intention will be to move very rapidly, together with our joint venture partner View Resources Ltd, to put it into production as our fifth Kambalda nickel mine.

Our other nickel exploration projects are looking very promising, and we believe there is a very high likelihood of another major nickel discovery during the coming year.

In addition, as per our Growth and Expansion Strategy, we are actively exploring elsewhere in Australia for a range of commodities, including copper, tungsten, zinc and gold. We are particularly excited by the potential of our Tottenham Copper Project, and believe the project could deliver an initial mineral resource in the very near future – our first outside of nickel.

More broadly, we will continue to seek acquisition opportunities, but will not indulge in the acquisition of over-priced assets. Our stringent investment criteria has served us well to date and we are in the fortunate position of having such an outstanding pipeline of growth

opportunities in our exploration portfolio that we simply do not need to make expensive purchases.

Mincor thus enters the new financial year in robust financial health and with exciting new mine developments underway and an active focus on our portfolio of growth projects. We are targeting the development of 2 new nickel mines and one new base metal or gold mine before the end of this decade. We will continue our focus on shareholder returns, through growth and through dividends, and continue to adhere to the old fashioned virtues of thrift, planning and honesty.

My thanks to our shareholders for their support, especially through the period of extensive new mine development that has now come to such profitable fruition. My thanks also to my fellow directors for their advice and support through another very busy year. Thanks also to Barmenco, our mining contractor at 3 of our mines, who have done an excellent job at a time of real constraints in the Australian mining industry. Finally, and most importantly, my thanks to all the men and women at Mincor who have once again worked unrelentingly to achieve our goals. They are the real assets of this Company, and our true competitive edge.



**David Moore**  
Managing Director





# KAMBALDA NICKEL OPERATIONS

## Overview

Mincor's nickel production rose by 35% in the 2005/06 financial year. This increase reflects the success of the Company's Nickel Expansion Strategy under which the Redross and Mariners Nickel Mines were reopened and brought into full production and the new North Miitel ore body was successfully developed.

During the financial year Mincor passed a number of important milestones, including the production of its 2 millionth tonne of nickel ore and the achievement of its first half decade as a Kambalda nickel miner. Mincor remains the largest single producer in the district. The Company has developed 4 new mines over the past 5 years, and has grown its production to the point where it is now the second largest independent nickel sulphide producer in Australia.

## Safety

Mincor places the highest priority on the safety and well-being of its employees and contractors, and the Company works closely with Barminto and our other subcontractors to achieve progress.

During the past year Mincor recorded an average Lost Time Injury Frequency Rate ('LTIFR') of 14.5, somewhat above the industry average. A very strong effort was made to reverse this adverse trend and a raft of new safety initiatives were introduced throughout the year. By year-end a marked improvement in the LTIFR had been noted but safety requires a continuous and relentless focus and the Company is determined to achieve a perfect record in safety.

## Ownership

All of Mincor's nickel mines are owned 100% by Mincor Resources NL, and are operated and managed by Mincor's wholly-owned operating arm, Mincor Operations Pty Ltd.

## Mining Contract

Over the past year all mining at Miitel, Redross and Mariners was carried out under contract by Barminto Mining Contractors. Barminto has been Mincor's mining contractor at Redross since start-up in late 2003, and at Miitel and Mariners since July 2004.

In September 2005 Mincor terminated the mining contract at Wannaway by mutual agreement with Barminto, and commenced mining there on an owner-mining basis. This was considered appropriate given the size of that operation. The transition to owner-mining was achieved smoothly and the mine has performed exceptionally well.

Subsequent to the end of the financial year, Mincor made the decision to move Redross to owner-mining, again by mutual agreement with Barminto. This change will take effect on 1 October 2006.

## Sales

Mincor's Ore Tolling and Concentrate Purchase Agreement ('OTCPA') with BHP Billiton's Nickel West (formerly WMC Resources) operated satisfactorily throughout the year. Under this long-term agreement, ore produced at each of Mincor's nickel mines is transported to Nickel West's mill at Kambalda, where it is toll-treated by Nickel West. Ore trucks arriving at the mill are weighed before the ore is dumped on the ore pad. A random selection procedure is used to divert an average of 1 in 5 truckloads to a sample stockpile, and the accumulated ore is sampled according to an agreed procedure. This allows average grades for nickel, copper and cobalt to be determined, and assigned to the entire delivery. The moisture content is also determined and a correction applied to arrive at a total dry tonnage.

The ore is milled through the Kambalda Mill and the concentrates sold to Nickel West under a long-term off-take agreement. Payment is made to Mincor by Nickel West in US dollars, based on the prevailing spot metal prices.





## Metal Prices

Over the past year 96.3% of Mincor's operating revenue came from sales of nickel, 2.3% from sales of copper and 1.4% from sales of cobalt.

Mincor's business benefited from another year of strong prices for all 3 products. The average nickel price realised by Mincor for the year was A\$8.69/lb (up from an average of A\$8.11/lb in the previous year). The average copper price was A\$3.45/lb (A\$1.90/lb in the previous year), while the average cobalt price was A\$16.75 (down from A\$24.30 in the previous year).

## Royalties

For the 2005/06 year Mincor paid royalties of \$7.60 million to the Western Australian State Government. The State royalty is paid on nickel, copper and cobalt production.

The actual amount payable in royalties is dependent on the prevailing prices for these metals.

An additional \$3.39 million was paid to private royalty holders, mostly previous owners of the leases.

## Infrastructure and Facilities

Mincor's Lake Eaton accommodation village continued to function well throughout the year, providing accommodation to personnel who choose to work on a fly-in/fly-out basis. During the year Mincor expanded the number of accommodation units in the village to 250 rooms to provide for the expanded workforce. While Mincor remains committed to residentially-based personnel wherever possible, this development recognises the fact that many people in the mining industry today prefer to base their families in a capital city.

## Operating Results

**Table 1: Operating Results – Financial Year 2005/06**

	Miitel <sup>(1)</sup>	Redross	Mariners	Wannaway	Total
Ore Tonnes Treated (DMT)	238,670	121,473	152,534	28,220	540,897
Average Nickel Grade (%)	2.92	3.76	2.07	2.64	
Nickel-in-Concentrate Sold	6,101.4	3,999.1	2,754.0	641.0	13,495.5
Copper-in-Concentrate Sold	607.1	254.6	266.5	65.7	1,193.9
Cobalt-in-Concentrate Sold	116.4	74.2	52.9	14.0	257.5
<b>Costs Per Pound Payable Nickel</b>					
Payable Nickel Produced (lbs)	8,743,314	5,730,779	3,946,483	918,543	19,339,120
Mining Costs (A\$/lb)	2.29	2.87	4.45	3.49	2.95
Milling Costs (A\$/lb)	0.93	0.72	1.31	1.01	0.95
Ore Haulage Costs (A\$/lb)	0.19	0.17	0.33	0.29	0.22
Other Mining/Administration (A\$/lb)	0.60	0.57	1.11	1.79	0.76
Royalty Cost (A\$/lb)	0.61	0.62	0.39	0.62	0.57
By-product Credits (A\$/lb)	(0.36)	(0.27)	(0.36)	(0.37)	(0.34)
Cash Costs (A\$/lb Ni) – Full Year	4.26	4.68	7.23	6.83	5.11

(1) 'Miitel' includes North Miitel



# MIITEL NICKEL MINE

## Production

Miitel had another successful year and remains Mincor's flagship operation. Ore production from the mine was in accordance with the budget but the overall nickel grade was higher than budget due to the better than expected widths and grades encountered in the new North Miitel ore body. The transition from the now largely mined-out central Miitel ore body to the new North Miitel ore body was achieved successfully.

The Miitel Mine produced its millionth tonne of ore early in the year and by year-end had exceeded 1.2 million tonnes of production, making the mine one of the more significant in the history of the Kambalda Nickel District.

**Table 2: Production for 2005/06 – Miitel**  
(including North Miitel tonnage)

<b>Total Ore Tonnage Mined (dry)</b>	240,829
<b>Total Ore Tonnage Delivered (dry)</b>	238,670
<b>Ni (%) Grade</b>	2.92
<b>Cu (%) Grade</b>	0.28
<b>Co (%) Grade</b>	0.06

*(Note: Some of these figures may differ slightly from provisional results previously reported. This is due to delays inherent in the finalisation of tonnages and grades at the Kambalda Mill. The above figures are final.)*

Approximately 85,000 tonnes of ore was won from Central Miitel, mostly from stopes at the upper northern end of the ore body. Ore production from Central Miitel will continue to wind down as these stoping areas are depleted.

Development of the twin North Miitel declines continued throughout the year, providing progressively expanded access to the new production centres in the North Miitel ore body.

Development and stope production of the North Miitel N14/N19 Ore Zones was advanced rapidly, with level development essentially completed on all levels (361, 375, 389, 403, 413 and 419 Levels). Total production for the N14 Ore Zone was approximately 43,000 tonnes.

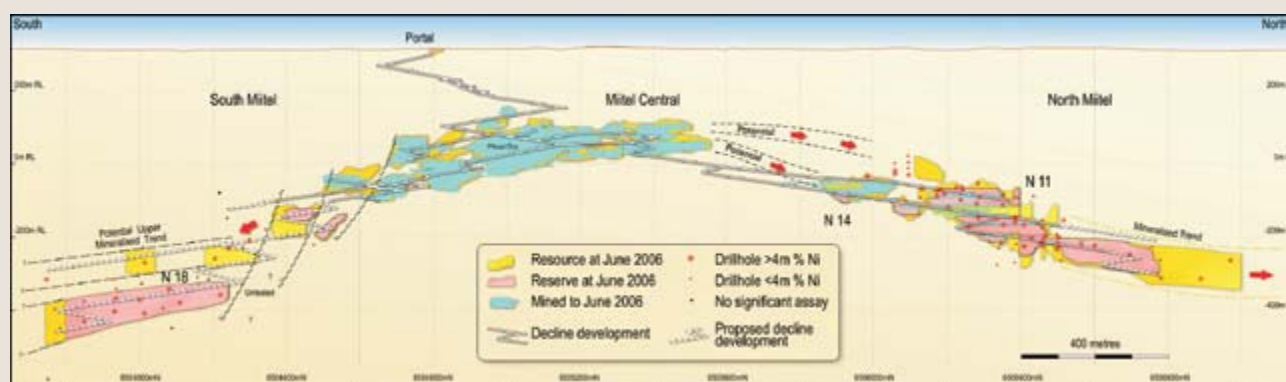
The larger ore zone at North Miitel, the N11/N20 Ore Zone (at the north-most end of current workings) was developed on the upper southern levels, including the 395, 421, 430, 445, 470, 497, 515 and 521 Levels. Some difficult ground conditions were encountered on the 445/430 Levels, causing delays and requiring extra ground support in this area. Nevertheless, the N11/N20 contributed a total of 110,000 tonnes of ore production for the year.

Throughout the year additional complexities were discovered in the overall North Miitel ore trend. As is always the case these complexities have led to the recognition of additional ore potential, which is currently being pursued through underground drilling and geological reinterpretation.

Figure 1 illustrates the current interpretation of the ore body in long section with Resources, Reserves, and mined areas as at the end of June 2006.



**Figure 1: Miitel – Long Section**



## Costs

Cash costs per pound nickel are presented in Table 1. Direct costs per tonne of ore averaged \$147 per tonne (mining, administration, trucking and milling), a rise of around 16% on comparable figures for the previous year. This rise reflects across-the-board increases to all inputs, especially fuel and contractor mining costs.

## Drilling

An ongoing program of underground drilling continued throughout the year. Much of this was carried out at North Miitel, aimed at elucidating the detailed structure of the ore channel in this area. This work led to the identification of considerable additional ore, with a great deal of further potential still under investigation. Drilling is also expected to convert much of the existing Resources at the northern end of the mine to Reserves during the course of the year.

A major surface drilling program was conducted at the south end of the Miitel channel, resulting in the discovery of the South Miitel ore body. This program is more fully described in the section dealing with Extensional Exploration (page 20).

## Resources and Reserves

Resources and Reserves were recalculated for Miitel as at 30 June 2006, and these figures are shown in Tables 6 and 7 (page 15).

The original Ore Reserve at Miitel, on which the project was evaluated, acquired and financed was 844,000 tonnes @ 3.96% nickel, containing 33,422 tonnes of nickel. At the end of June 2006 a total of 1,206,824 tonnes @ 3.50% nickel containing 42,276 tonnes of nickel had been mined and delivered to the Kambalda Mill, from Miitel/North Miitel.

The new South Miitel discovery has been added to reserves in the past year (Table 7). Development on North Miitel in the coming year will provide the opportunity for further conversion of resource to reserves.

## Future Developments

In the coming year, effort will focus on the continued development of the North Miitel ore zones for production. Strike-driving of the N11/N20 Ore Zones will be completed and stoping will commence on these levels. The twin declines will continue to advance towards the north, and will provide the drilling positions to allow further evaluation of the Resource block at the northern end.

A feasibility study is currently underway on the development of the South Miitel ore body. A positive development decision will not only add more than 11,000 tonnes of nickel metal to reserves, but will open up the whole South Miitel trend to further exploration, with a very high expectation that significant additional reserves will ultimately be defined in that area and along the channel trend to the south.





# REDROSS NICKEL MINE

## Overview

The historic Redross Mine was part of the Miitel Sale Block purchased by Mincor in early 2001. Situated in the southern part of the block, this ore body was one of the early discoveries in the Kambalda Nickel District in 1968. The mine was brought into production in 1971 by a joint venture between Anaconda and CRA, and produced about 438,000 tonnes @ 3.2% nickel before closing in 1978 due to depressed nickel prices. WMC acquired the property and mined about 97,000 tonnes @ 2.4% nickel from a small open pit in 1989.

Following detailed feasibility studies, Mincor made the decision to reopen the mine in November 2003. Decline development commenced from the base of the old open pit and reached the top of the ore body in August 2004. Production commenced at that point and has continued steadily ever since. The mine operated at its full capacity of 10,000 tonnes of ore per month for the whole of the reporting period.

Redross has proved to be an exceptionally successful development, illustrated by its achievement of cash payback on capital expenditure 9 months ahead of schedule. Mincor's application of selective strike-driving techniques has also been remarkably successful, lifting the average grade of production to date from the expected 2.9% nickel to 3.4% nickel. In the second half of the year the mine made the transition to an entirely stoping operation, as the last of the mechanised strike-drives was completed. Following this transition, and the resulting decrease in capital intensive mechanised equipment required for the mine, Mincor made the decision to move Redross to owner-mining effective from 1 October 2006. Mincor wishes to thank Barmenco for the excellent work they carried out at Redross.

## Production

Redross delivered 121,476 tonnes of ore at an average grade of 3.76% nickel. This tonnage came from ore strike-driving and stoping. At year-end, the decline had been completed to its final depth (based on current reserves) and all strike-drives were complete. Strike-driving of the ore was carried out selectively, using the technique of split-firing where the ore is narrow, in order to separate ore from waste.

Airleg stoping of the ore panels ramped up progressively during the year, commencing at the extremities of the ore body in a carefully orchestrated sequence that will ensure maximum extraction. In the lower and northern parts of the ore zone, where the ore profile is contained within a basalt/basalt pinch-out structure and hanging wall conditions are good, the ore will be extracted by short long-hole stoping techniques. In other parts of the ore zone, where a talc-carbonate ultramafic hanging wall exists, stoping will be done by traditional selective airleg mining.

Overall, the main 01 Ore Zone has proven to be very continuous and consistent. Small increments of additional strike length have been added to both the northern and southern ends, as strike-drives have shown that the ore zone continues beyond the previously interpreted limits.



Figure 2: Redross – Long Section

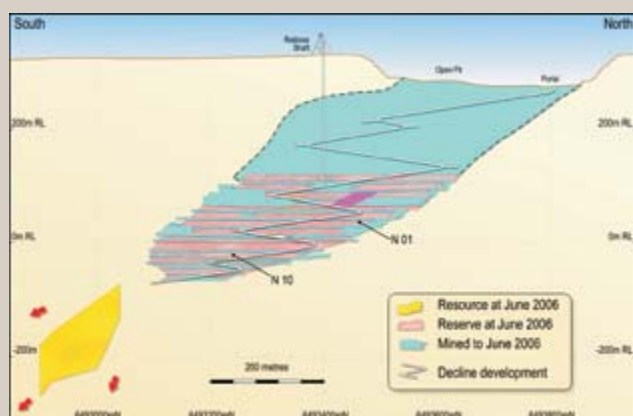


Table 3: Production for 2005/06 – Redross

<b>Total Ore Tonnage Mined (dry)</b>	121,947
<b>Total Ore Tonnage Delivered (dry)</b>	121,474
<b>Ni (%) Grade</b>	3.76
<b>Cu (%) Grade</b>	0.23
<b>Co (%) Grade</b>	0.08

(Note: Some of these figures may differ slightly from provisional results previously reported. This is due to delays inherent in the ore sampling and assaying procedures at the Kambalda Mill. The above figures are finalised.)

## Costs

Cash costs are given in Table 1. Direct costs (mining, milling, trucking and administration) amounted to \$204 per tonne. These costs reflect the higher costs of the selective mining techniques employed, but are more than compensated for by the much higher nickel grades achieved, which in turn report through to the cash costs calculated on a per pound of nickel basis.

## Drilling

With most of the focus at Redross on the production ramp-up over the past year, little in-mine extensional exploration drilling has taken place. However, there are opportunities for Reserve additions in the immediate area and these will be investigated over the coming year. The adjacent mineralised surface known as 'West Vein' will be tested by underground drilling. Further testing of the basalt contact which hosts the nearby subsidiary N10 Ore Zone will also be carried out.

Several surface drill-holes were completed to test down-plunge of the main Redross ore zone. Additional testing of the nearby Jeremy Dee trend was also carried out. These programs are described in the Extensional Exploration section (pages 22-23). Drilling of the upper part of the low-grade N10 Ore Zone generally downgraded its potential in this area.

## Resources and Reserves

The Resources and Reserves are shown in Tables 6 and 7 (page 15).

At commencement (June 2004), Redross had a Reserve of 529,000 tonnes @ 2.9% nickel, containing 14,712 tonnes of nickel. To the end of June, Mincor had mined and delivered 185,543 tonnes @ 3.41% nickel, containing 6,323 tonnes of nickel. Ore Reserves at the end of June 2006 stand at 274,000 tonnes at 3.0% grade, containing 8,289 tonnes of nickel.

## Future Developments

The currently-known Reserves at Redross are now fully developed, placing the mine in a position to yield an exceptionally strong cash flow over the next 3 years. The transition to owner-mining will take place during October 2006 and is expected to allow a greater degree of flexibility in managing what is now entirely a stoping operation.

Exploration during the year will focus on the down-plunge potential of the main ore body as well as the adjacent channel structures known as West Vein and Jeremy Dee, and the mineralisation that has recently been discovered in the parallel contact zone very close to Redross. With ongoing exploration success it is likely that the life of this very successful operation may be extended well into the future.



# MARINERS NICKEL MINE

## Overview

The Mariners Nickel Mine was purchased by Mincor as part of the Miitel Sale Block in February 2001. The Mariners ore body was discovered by WMC in 1989 and the mine was established and operated by WMC from 1991 to 1999, producing a total of 1.1 million tonnes @ 2.5% nickel. The mine was closed due to low nickel prices and the difficulty of dealing with large water inflows in the latter part of the 1990's.

Mincor commenced investigations into the reopening of the Mariners Mine in 2003, and announced the go-ahead for this project in January 2004. In order to remove and dispose of the highly saline water, large-capacity pumping infrastructure was installed at the mine, including a 310mm pipeline to Lake Lefroy. Pumping commenced in mid-May 2004, and was essentially completed by the end of January 2005. Pumping of ongoing groundwater inflows continues at a steady rate of about 42 litres per second.

At recommencement, most of the remaining ore reserve at Mariners was contained in 2 ore zones at the bottom of the known ore system. The 07 Ore Zone had been accessed and strike-driven by WMC on 8 levels, 15 metres apart vertically, prior to mine closure. The lower ore body, designated the 08 Ore Zone, had not been developed, and did not have decline access at the time of reopening.

Mincor's strategy was to rehabilitate and re-enter each of the original levels of the 07 ore body in order to re-establish production as quickly as possible, and at the same time to commence development of the decline down to the 08 ore body.

## Production

Mariners achieved a good result for the year despite challenges that emerged in the first half. Overall production tonnage was as planned for the year, but the grade, at 2.07% nickel, was down by about 20% against expectation due to excessive dilution in the 07 Ore Zone. This dilution was caused by poor ground conditions in the old strike-drives, resulting in a number of ground failures, high ground support costs, slower mining, and ore dilution. Nevertheless, the rehabilitation exercise was completed successfully by about February 2006 with all accesses fully re-established and ore extraction underway in accordance with the modified mine plan. The 07 Ore Zone provided 85% of the ore produced by Mariners for the year.

Development of the main decline to access the 08 Ore Zone continued throughout the year. Ventilation and escapeway infrastructure was extended by raise-drilling from the 670 Level, to access the upper part of the 08 Ore Zone. Initial access to the 08 ore body was achieved half way through the year and by the end of the year it had been driven on 3 levels (Figure 3). Good ore exposures were encountered on the 700, 750 and 675 Levels in the upper and central portions of the ore body. As expected, these drives and recent underground drilling have demonstrated the potential for significant additional ore and this is expected to lead to further reserve upgrades in the future.

**Table 4: Production for 2005/06 – Mariners**

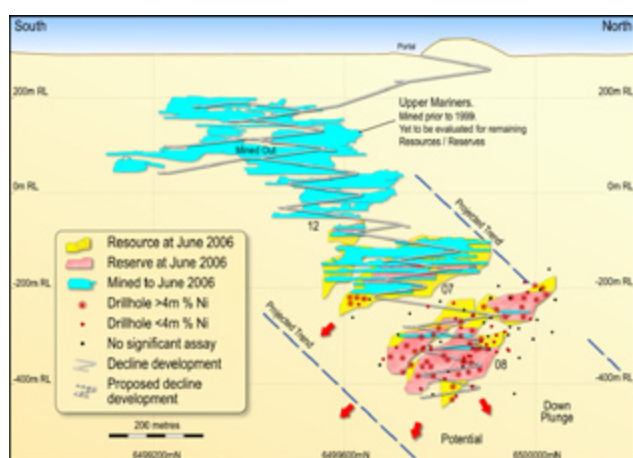
<b>Total Ore Tonnage Mined (dry)</b>	160,408
<b>Total Ore Tonnage Delivered (dry)</b>	152,534
<b>Ni (%) Grade</b>	2.07
<b>Cu (%) Grade</b>	0.19
<b>Co (%) Grade</b>	0.04

*(Note: Some of these figures may differ slightly from provisional results previously reported. This is due to delays inherent in the ore sampling and assaying procedures at the Kambalda Mill. The above figures are finalised.)*





**Figure 3: Mariners – Long Section**



## Costs

Cash costs are shown in Table 1. Direct costs averaged \$186 per tonne of ore, and the cash cost per pound of nickel was \$7.23. These high costs reflect the lower production grades and the high level of ground support costs incurred in the 07 ore body during the first half of the year. By year-end the costs had improved considerably, with the cash cost for June 2006 coming in at A\$4.89, a level likely to be more representative of future cash costs than the average of the 2005/06 financial year.

## Drilling

A considerable amount of underground diamond drilling was completed at Mariners in the past year. Most of this was aimed at better defining the limits of the 08 Ore Zone. This work, combined with the exposures seen in the 3 strike-drives, has allowed a reinterpretation of this ore zone. The 08 ore body is now interpreted as 4 sub-zones, separated by faulting (see Figure 3). Drilling has located a considerable extension upwards to the north, and a significant extension plunging to the south,

both of which have added to Reserves. These 08 sub-zones are still open down-plunge to the south. Further drilling will be directed towards these targets in the forthcoming year.

Elsewhere, a small down-plunge southerly extension was located on the 07 Ore Zone and is expected to be developed during the coming year.

## Resources and Reserves

The Resources and Reserves are shown in Tables 6 and 7 (page 15).

At recommencement (June 2004), Mariners had a Reserve of 511,000 tonnes @ 2.7% nickel, containing 13,630 tonnes of nickel. To the end of June, Mincor had mined and delivered 190,077 tonnes @ 2.08% nickel, containing 3,960 tonnes of nickel. Ore Reserves at the end of June 2006 stand at 406,000 tonnes at 2.7% grade, containing 10,852 tonnes of nickel.

Further significant growth in Reserves is expected as underground development allows access for drill rigs to test the plunge extensions of the 08 Ore Zone.

## Future Developments

Mining activity in the coming year will be focused on the 08 Ore Zone. The decline will be continued down to the bottom of the currently defined 08, and access drives and strike-driving of the ore will progress on all planned levels. At the same time, further underground drilling will be possible from suitable sites in the decline to allow testing for additional extensions to the 08 down-plunge to the south as well as down the main ore trend to the north.



# WANNAWAY NICKEL MINE

## Overview

The Wannaway Mine was reopened by Mincor in October 2001, with an Ore Reserve of 290,000 tonnes and an 18 month mine life. Five years later, this mine continues to operate profitably on a small scale. In September 2005 the mine made a very successful transition to an owner-mining structure.

## Production

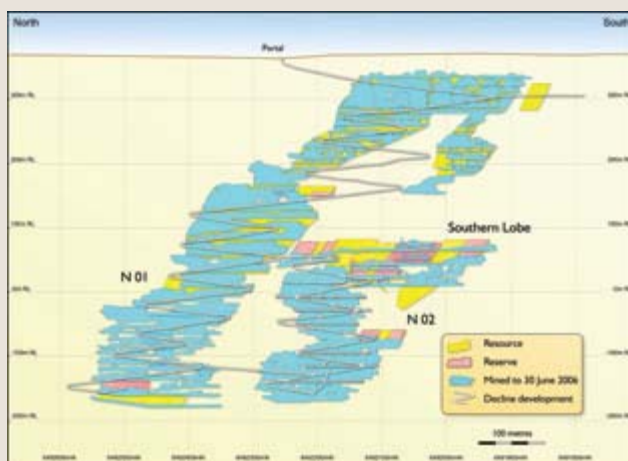
The Wannaway Mine produced satisfactorily throughout the year, at an average rate of about 2,500 tonnes per month. About 50% of the tonnage came from the upper N02 area ('Southern Lobe'), and 50% from remnants in the lower N01 area.

**Table 5: Production for 2005/06 – Wannaway**

<b>Total Ore Tonnage Mined (dry)</b>	27,822
<b>Total Ore Tonnage Delivered (dry)</b>	28,220
<b>Ni (%) Grade</b>	2.64
<b>Cu (%) Grade</b>	0.26
<b>Co (%) Grade</b>	0.06

(Note: Some of these figures may differ slightly from provisional results previously reported. This is due to delays inherent in the ore sampling and assaying procedures at the Kambalda Mill. The above figures are finalised.)

**Figure 4: Wannaway – Long Section**



## Costs

Cash costs are given in Table 1. Wannaway's cash costs are high because of the small scale of the operation.

Although mining costs per tonne rose by about 19% for the last year, the unit cost per pound of nickel fell due to the higher average grade achieved.

## Resources and Reserves

The Resources and Reserves are shown in Tables 6 and 7.

Wannaway's total production since mining was re-established by Mincor is 476,712 tonnes @ 3.08% nickel, containing 14,689 tonnes of nickel. This compares with a total Ore Reserve of 290,000 tonnes @ 3.56% nickel, containing 10,324 tonnes of nickel at commencement.

Wannaway has proved to be an exceptionally successful mine, both during its heyday as a large scale producer and at present as a small scale largely remnant mining operation. Mincor will continue to use all reasonable efforts to responsibly extract the remaining value from this asset.

Due to the largely remnant nature of the remaining ore, a conservative view has been taken on Wannaway's Ore Reserves. The Reserves given in Table 7 are somewhat nominal, and represent the scheduled production for the next 12 months. Given a continued high nickel price, a continued ongoing conversion of resources to reserves is likely.

## Future Developments

The current budget provides for continuation of the Wannaway Mine at an average rate of 2,500 to 3,000 tonnes per month for the forthcoming year, at an expected grade of 2.5 to 2.7%. Further production beyond that time will depend on the prevailing nickel price and ongoing exploration success.

# RESOURCES AND RESERVES

**Table 6: Resources as at June 2006**

RESOURCE		MEASURED		INDICATED		INFERRED		TOTAL		Ni Tonnes
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	
Mariners	2006	105,000	4.0	240,000	4.8	-	-	346,000	4.5	15,700
	2005	206,000	3.8	250,000	4.1	-	-	456,000	4.0	18,089
Redross	2006	136,000	6.3	69,000	2.9	92,000	2.1	297,000	4.2	12,453
	2005	68,000	5.8	176,000	5.1	33,000	4.9	278,000	5.3	14,655
North Dordie	2006	-	-	73,000	1.5	68,000	1.6	141,000	1.5	2,171
	2005	-	-	73,000	1.5	68,000	1.6	141,000	1.5	2,171
Miitel (inc North Miitel)	2006	481,000	3.5	252,000	3.7	62,000	5.7	795,000	3.8	29,810
	2005	179,000	4.3	467,000	3.6	81,000	4.8	728,000	3.8	28,042
South Miitel	2006	-	-	298,000	3.8	-	-	298,000	3.8	11,262
	2005	-	-	-	-	-	-	-	-	-
Wannaway	2006	140,000	3.2	-	-	-	-	140,000	3.2	4,435
	2005	157,000	3.3	-	-	-	-	157,000	3.3	5,153
<b>GRAND TOTAL</b>										
June 2006		863,000	4.0	932,000	3.8	221,000	2.9	2,016,000	3.8	75,831
June 2005		610,000	4.0	967,000	3.8	183,000	3.6	1,759,000	3.9	68,109

NB: Resources are inclusive of Reserves

**Table 7: Ore Reserves as at June 2006**

RESERVE		PROVED		PROBABLE		TOTAL		Ni Tonnes
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	
Mariners	2006	33,000	2.8	374,000	2.7	406,000	2.7	10,852
	2005	221,000	2.4	339,000	2.7	560,000	2.6	14,468
Redross	2006	237,000	3.2	37,000	2.2	274,000	3.0	8,289
	2005	126,000	3.1	283,000	2.7	409,000	2.9	11,732
Miitel (inc North Miitel)	2006	363,000	2.6	213,000	2.6	576,000	2.6	14,810
	2005	157,000	3.0	631,000	2.5	788,000	2.6	20,128
South Miitel	2006	-	-	376,000	2.6	376,000	2.6	9,787
	2005	-	-	-	-	-	-	-
Wannaway	2006	36,000	2.7	-	-	36,000	2.7	957
	2005	52,000	2.5	-	-	52,000	2.5	1,315
<b>GRAND TOTAL</b>								
June 2006		668,000	2.8	1,000,000	2.6	1,668,000	2.7	44,695
June 2005		556,000	2.7	1,253,000	2.6	1,809,000	2.6	47,643

The information in this Public Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jim Reeve, Mr Rob Hartley and Mr Craig Gwatkin, all of whom are Members of The Australasian Institute of Mining and Metallurgy. Messrs Reeve, Hartley and Gwatkin are permanent employees of Mincor Resources NL or Mincor Operations Pty Ltd. Messrs Reeve, Hartley and Gwatkin have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Messrs Reeve, Hartley and Gwatkin consent to the inclusion in the report of the matters based on their information in the form.





# GROWTH AND EXPANSION STRATEGY

Following the successful completion of Mincor's Nickel Expansion Strategy, which saw two new mines and one major mine expansion reach full production during the 2005/06 financial year, Mincor has embarked upon a new **Growth and Expansion Strategy**. The strategy is focused on the aggressive growth of Mincor's existing highly successful nickel mining business while simultaneously expanding its interests across a broader range of mineral assets.

Both arms of the new strategy focus on exploration, although acquisition opportunities will be evaluated on their merits. To this end Mincor currently has 4 surface and 2 underground drilling rigs active in the Kambalda Nickel District, and has acquired a select portfolio of 5 high quality and 100% owned copper, gold, tungsten and zinc projects in Australia, all of which will be substantially advanced during the coming year.

Mincor's goal is to grow its earnings per share through the discovery and development of profitable new mining operations in order to continue its outstanding record of shareholder wealth creation, and to grow to fill the much-depleted area once known as the Australian mid-cap resources sector.

## GROWING IN NICKEL

The key objectives of Mincor's Nickel Growth Strategy are:

- To double the ore reserves at Mincor's existing mines through extensional exploration;
- To discover and develop 2 significant new nickel sulphide ore bodies before the end of the current decade.

Early success from Mincor's aggressive exploration focused nickel growth strategy came with the discovery and drill-out of the South Miitel ore body, which is now undergoing feasibility studies. By the end of the year a further, potentially very significant, discovery had been made at Carnilya Hill, while a number of Mincor's other target areas were showing exceptional promise.

## REGIONAL NICKEL EXPLORATION

### Carnilya Hill (Mincor earning 70%)

Mincor's diamond drilling program at Carnilya Hill started in the last quarter of the financial year and achieved almost immediate success. The prospect is now of the highest priority with 2 dedicated drilling rigs and with the likelihood of an economic discovery rising with every completed drill-hole.

The old Carnilya Hill Mine (historic production of 1.4 million tonnes @ 3.4% nickel) exhibits a typical Kambalda-style trough morphology, although overturned, and contained massive, matrix and disseminated mineralisation on the basal contact in a sediment-free window. Historic drilling and mining delineated the mineralised trough down to 360 metres vertically below surface, but no previous drilling went deeper than that. Mincor's geologists realised that there was strong potential for the host channel structure to continue beyond the limit of previous drilling. Given the high-grade, high-tenor nature of the original ore body, it was clear that any continuation of the channel structure had the potential to host a high quality ore body.

Mincor's first hole, CMD001, was drilled to test the basal contact 80 metres down-plunge of the old mine. The hole failed to intersect the trough surface and eventually intersected unmineralised sediments on the lower limb. However the result indicated a shallower plunge to the channel structure than expected – an extremely positive outcome. The new plunge direction was used to position holes on a major step-out section 270 metres west of the mine.

The first hole on this section, CMD002, intersected high-tenor disseminated/stringer sulphides on the contact for 0.24 metres @ 10.1% nickel from 598.25 metres, including 0.16 metres @ 13.0% nickel from 598.25 metres. DHEM surveying of CMD002 indicated a significant conductor up-dip, and a wedge was drilled from this parent hole. MD002W1 intersected the contact approximately 35 metres up-dip of the original intersection and returned 4.95 metres @ 1.94% nickel from 590.91 metres, including 1.03 metres @ 5.44% nickel from 591.02 metres depth, in matrix and disseminated sulphides. Both intersections are close to true widths.

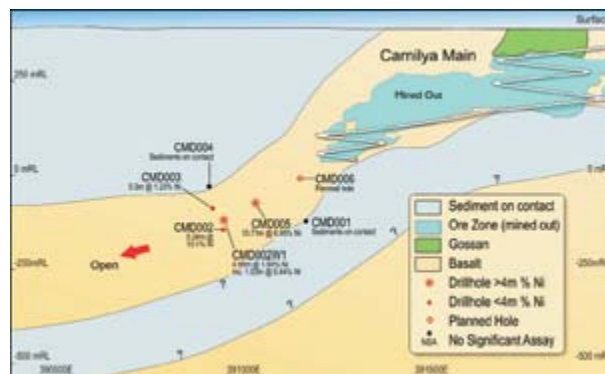
Drill-hole CMD003 was drilled 65 metres up-dip of CMD002W1 and intersected an open contact with minor sulphides, returning 0.3 metres @ 1.23% nickel from 490.05 metres. A third hole, CMD004, was then drilled 150 metres up-dip of CMD003 and intersected thick sediments. No significant assays were returned.

The next hole, CMD005, was aimed at a geological target with a coincident DHEM anomaly in the up-dip direction (that is, back towards the existing underground development). CMD005 intersected very strong mineralisation of 10.71 metres @ 6.95% nickel from 496.24 metres, including 4.67 metres @ 11.83% nickel from 496.52 metres, and a further intersection of 2.71 metres @ 2.01% nickel from 518.63 metres. Core angles indicate that the down-hole intersections are very close to the true widths of the mineralisation.

The mineralised profile in CDM005 is made up of 2 zones. The upper zone comprises 4.7 metres of solid, banded high-grade pentlandite-rich massive sulphides (including a narrow zone of unmineralised basalt), which lie on the overturned basalt contact, followed by 6 metres of disseminated mineralisation. These results demonstrate the presence of high-grade, high-tenor massive sulphide mineralisation typical of what was previously mined at Carnilya Hill.

A second drill rig has now been mobilised to the site. The intention is to continue step-out drilling in the down-plunge direction with one rig while the other rig commences infill drilling. This will provide the data for an initial resource estimate while ensuring that the total potential of the new discovery is evaluated.

Figure 5: Carnilya Hill – Long Section





## Widgiemooltha Area (Mincor 100%)

In the Widgiemooltha area Mincor controls a cumulative total of approximately 60km of the strike of the ultramafic-basalt (basal) contact, the zone along which all Kambalda-style nickel ore deposits are developed.

Along the Miitel-Mariners-Redross trend, the basal contact is structurally duplicated, forming 2 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 (Miitel) contact. Known fertile basal contacts are also present approximately 1km to the west of Miitel (the Dordie contact) and on the western side of the Widgiemooltha Dome (the Wannaway contact).

Mincor's Widgiemooltha nickel tenements have produced a total of 4.3 million tonnes for 130,000 tonnes of contained nickel. When this is added to current, as yet unmined, reserves, it is clear that under Mincor's ownership Widgiemooltha has grown to become a very significant part of the Kambalda Nickel District.

The prospectivity of the area may be illustrated by the distribution of nickel grades around the Dome. The fertility is unquestioned and Mincor considers the exploration potential to be outstanding.

**Figure 6: Widgiemooltha Exploration Targets**



**Figure 7: Widgiemooltha Dome – aeromagnetic image with maximum nickel values in drill-holes**



Mincor's current regional program at Widgiemooltha is designed to test all prospects and 'in-between areas' along the entire strike length of the known basal contact as well as several other areas which may contain untested basal contacts. The program has been in sustained operation since March 2006 and a number of highly promising prospects have been outlined. Drilling is proceeding on a near-continuous basis, and new targets are constantly generated and added to the pipeline.

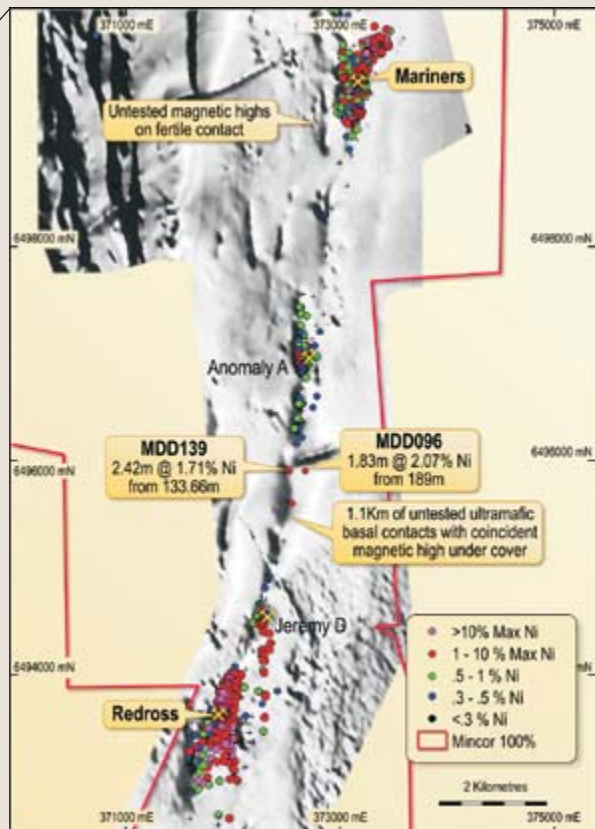
## Turner Prospect

This exciting new prospect was first drilled just after the end of the financial year under review. Mincor drilled 3 diamond drill-holes along one section line through a well defined magnetic anomaly 2km north of Redross Mine. Due to the transported cover which is up to 50 metres thick, historic percussion drilling failed to intersect the basal contact. Mincor used a diamond rig and successfully penetrated the cover.

Two holes intersected significant nickel sulphides just above the basal contact: MDD096 1.83 metres @ 2.07% nickel from 189 metres (true thickness estimated at 1.8 metres), and MDD139 2.42 metres @ 1.71% nickel from 133.66 metres (true width estimated at 2.2 metres). The intersection in MDD139 lies 70 metres directly up-dip of the intersection in MDD096.



**Figure 8:** Detail of southeast portion of Widgiemooltha Dome aeromagnetic image, showing Turner Prospect area



The former intersection comprises brecciated sulphide clasts within a structurally deformed basal contact overlain by light matrix and disseminated sulphide mineralisation. Very importantly, a wedge of basalt was intersected above this zone, suggesting the morphology typical of a Kambalda-style mineralised channel structure. The third hole on the section, MDD140, was drilled 60 metres up-dip of MDD139 and intersected an interpreted flank position overlain by disseminated sulphides. Assay results are awaited.

A fourth hole was drilled some 300 metres south of the above intersections. It intersected 2 very important positive indicators – a sediment-free contact and a broad zone of disseminated sulphides in the ultramafic rocks overlying the basal contact.

These early results, coming as they do from a barely tested portion of the prospective basal contact about half way between the Mariners and Redross Nickel Mines (with combined past production and present reserves of 75,000 tonnes contained nickel metal) are considered to be very promising. The new target has a potential strike length, based on its magnetic signature, of over 1km.

## Redross (Mariners Contact)

The Redross East ultramafic contact has a strike length of 2.5km with numerous occurrences of nickel sulphide mineralisation. The best intercept is a thick disseminated zone in MDD055 drilled last year, which intersected 17.7 metres @ 0.9% nickel from 51.3 metres, using a 0.5% nickel cut-off.

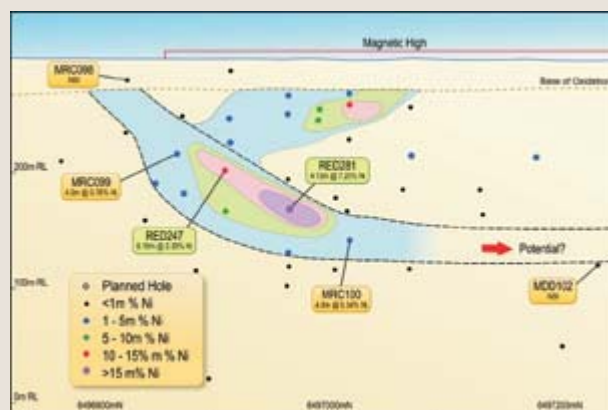
Six out of a planned 12 drill-holes were completed and the information from these holes will be used to finalise the positions of the remaining holes.

## Anomaly A

Anomaly A mineralisation can be traced over 300 metres and is interpreted to have shallow northerly plunge. The best mineralisation encountered to date is the historic hole RED281 with 4.13 metres @ 7.20% nickel from 150 metres. The interpreted trough at Anomaly A contains high-tenor massive ore grading up to 24.5% nickel. MRC098 and MRC099 were drilled to test for near surface mineralisation. Both holes returned sub-economic results, downgrading the potential for an open pitable resource.

Two diamond holes, MDD100 and MDD102, were drilled down-plunge but failed to intersect significant mineralisation. A follow-up drill-hole up-dip of MDD102 is planned.

**Figure 9:** Anomaly A – Long Section



## Bradley

The Bradley Prospect is located 2km south of the Redross Mine and is hosted within the outer (Mariners) contact. Historic drilling intersected significant near surface mineralisation in drill-hole RED388 10.5 metres @ 3.0% nickel from 102.9 metres. A drilling campaign of 5 RC holes and a diamond hole plus a wedge was completed. While a number of sub-economic nickel sulphide intersections were achieved, the results suggest that the Bradley Prospect is a low-tenor system. However detailed modelling of the local geology suggests that the Bradley mineralisation may be a halo effect from a large mineralised channel below. Deeper drilling is planned to test this theory.

# NEAR-MINE EXTENSIONAL EXPLORATION

## South Miitel

The discovery and drill-out of the South Miitel ore body was an early highlight of the financial year. The overall Miitel ore system is a shallowly plunging and high-grade trend that has produced over 1.2 million tonnes for 42,000 tonnes of nickel metal to date. The mineralised environment at Miitel has now been traced over a strike length of 3.5km by drilling and remains open down-plunge both to the north and the south. Near mine exploration continues to deliver major successes, and has already more than doubled the total mineral resources of this outstanding ore system.

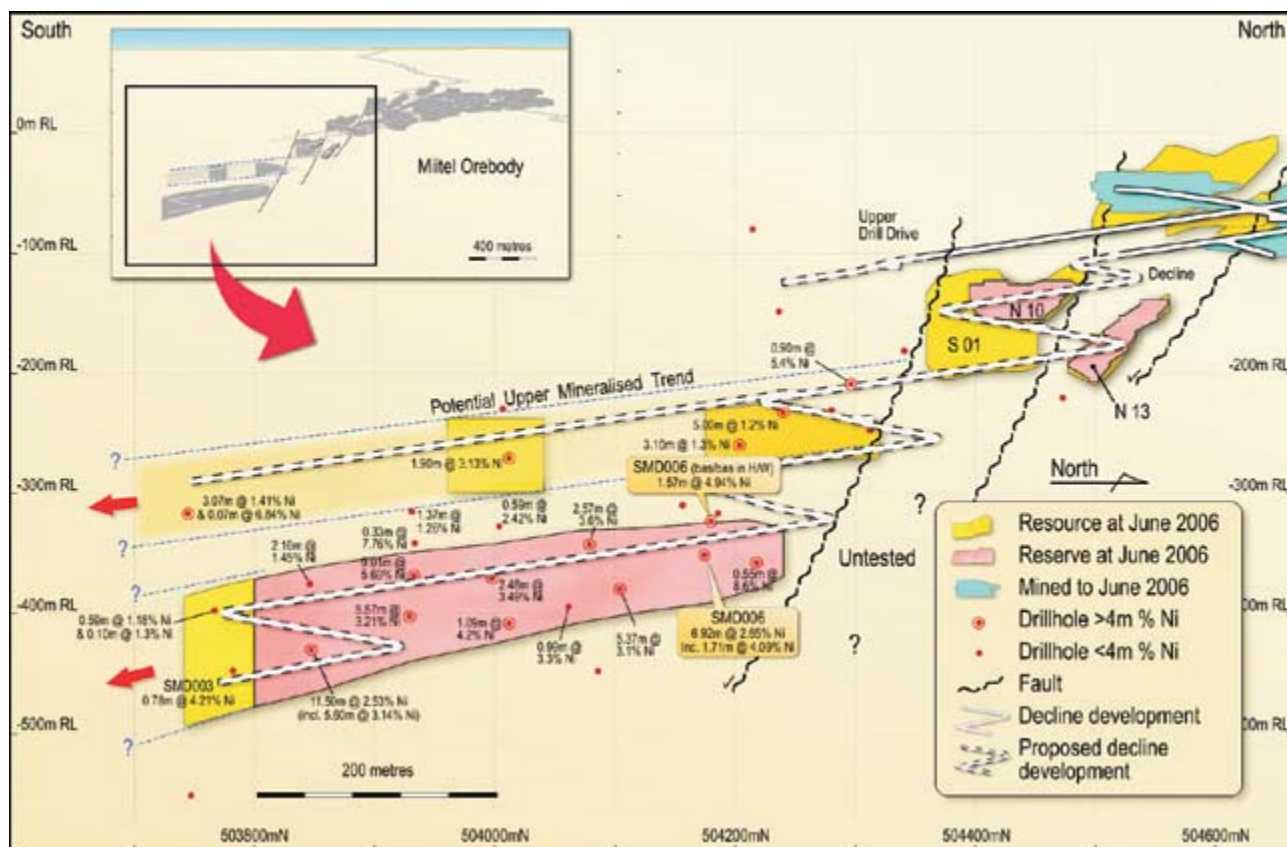
Following the initial positive results in early 2005, Mincor formally announced the discovery of the South Miitel ore body in September 2005, and by the end of 2005 had released a first resource estimate. The current South Miitel Indicated Mineral Resource now stands at 298,000 tonnes @ 3.8% nickel for 11,262 tonnes of contained nickel metal.

A total of 6 diamond holes and 5 wedges were completed during the year, with the best intercepts to date including:

- SMD001W1: 9.01 metres @ 5.69% nickel from 747.5 metres (true width estimate 6.9 metres);
- SMD002W1: 11.5 metres @ 2.53% nickel from 790.5 metres (true width estimate 9.4 metres); and
- SMD006: 6.92 metres @ 2.65% nickel from 702.8 metres (true width estimate 6.5 metres).

South Miitel is a typical 'Kambalda-style' nickel sulphide ore body, consisting of varying thicknesses and proportions of massive, matrix and disseminated sulphides. The mineralisation is located on the basalt contact and is hosted within the overlying channel facies high-magnesium ultramafic rocks. The tenor (the nickel grade of 100% massive sulphides) is consistently between 12-13% nickel.

Figure 10: South Miitel – Long Section



The South Miitel Indicated Resource has been drilled to a density of approximately 80 metres by 40 metres. Drill results and down-hole electromagnetic survey results confirm the continuity of mineralisation and the ore body morphology.

It is considered highly likely that additional ore will be discovered at South Miitel as the ore trend remains open to the south and to the north, and is under-drilled in the area between South Miitel and Central Miitel. In addition, the upper mineralised trend at South Miitel has not been drilled out, and is likely to contain further resources.

The prospective area between the Central and South Miitel is poorly drilled. Drill-hole MID34 intersected 5 metres @ 1.2% nickel, including a thin intersection of medium-tenor massive sulphides at the basal contact returning 0.2 metres @ 13.3% nickel. The intersection of medium-tenor and a nearby DHEM anomaly may indicate the up-plunge link between South Miitel and Central Miitel.

A further target includes the potential connection of low-tenor massive within the lower flank as seen both in the N13 resource within Central Miitel and the massive sulphides intersected at the northern end of South Miitel. SMD006 intersected 1.57 metres @ 4.94% nickel from 675 metres (true width estimate 1.0 metre). Both of these targets are supported by untested DHEM anomalies.

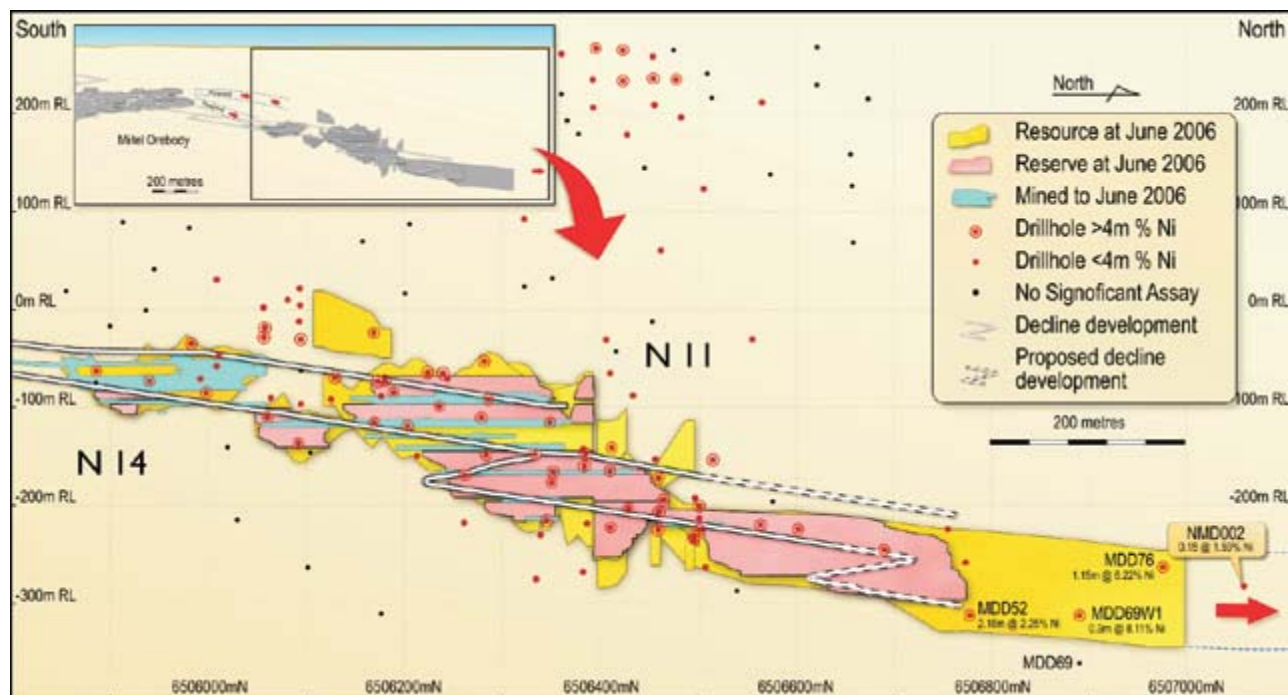
However the most important likely extension to the South Miitel mineralisation is to the south. The main channel structure is present and mineralised on the southern-most section drilled to date. It is thus clear that the Miitel mineralised channel structure, which hosts more than 2 million tonnes of mineralisation from that section line northwards, is very likely to continue to host nickel mineralisation from that section line southwards.

## North Miitel

Exploration success at North Miitel continued throughout the year from underground diamond drilling as mine development progressed northwards. Detailed underground drill programs based on ore drive mapping have found numerous extensions to last year's resource limits (Figure 11). A number of new ore zones have now been identified and Mincor is confident that the record of resources increases at North Miitel will continue through the current year.

Only 2 surface holes were completed at North Miitel in the year. Both were targeted at northward extensions to the main North Miitel ore trend. Both holes encountered difficult drilling conditions and failed to adequately test the target. Further surface drilling is considered cost-prohibitive but the North Miitel ore trend remains open to the north and will be pursued by underground drilling in due course.

**Figure 11: North Miitel – Long Section**





## Redross – Jeremy Dee

Redross is a narrow, high-grade and consistent mineralised system which has produced a total of 0.7 million tonnes for 23,000 tonnes of nickel metal contained to date.

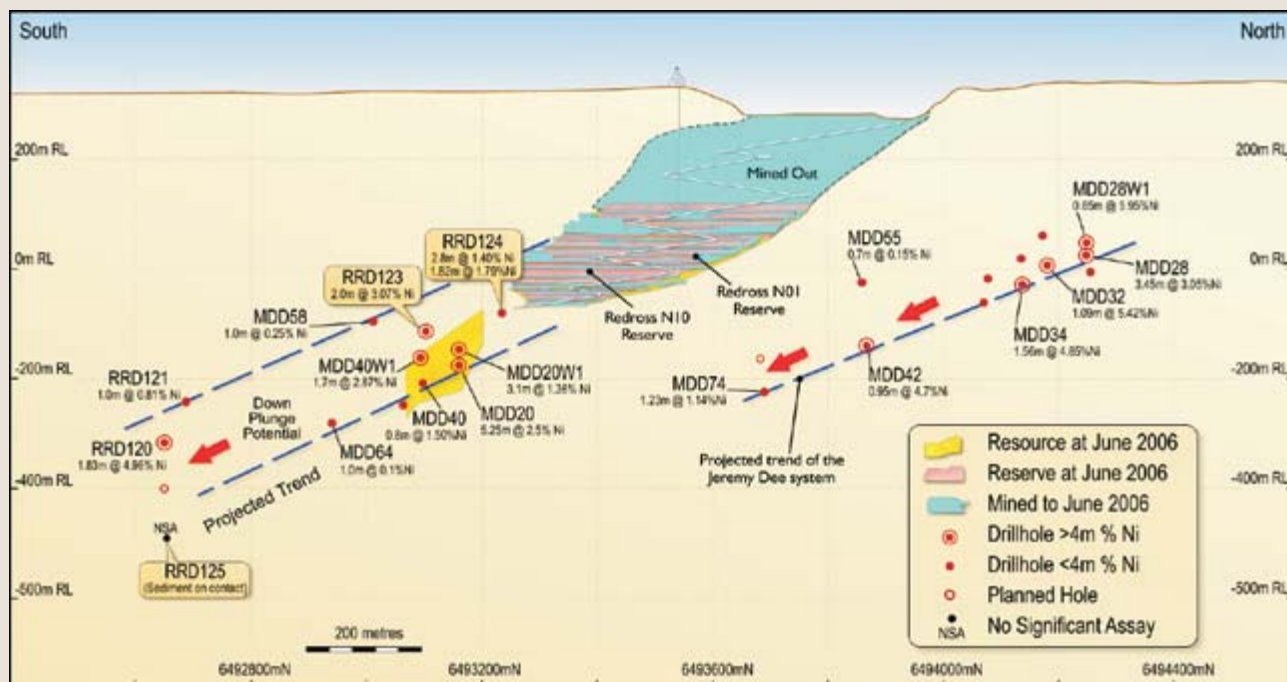
The main exploration focus has been to test down-plunge of the main Redross ore body for continuations of the Redross system similar to North and South Miitel, and to further test the strike and dip extent of the adjacent Jeremy Dee prospect.

The down-plunge drilling at Redross completed during the year encountered widespread mineralisation, including a number of ore grade intersections. The complexity of the geology suggests that there may be considerable potential in this area but more drilling will be required to understand the structure and delineate an economic resource. This drilling will be a major component of near-mine extensional exploration during the coming year.

Drill-hole MDD74 is a Jeremy Dee step-out hole which tested a further 200 metres down-plunge of the previous Jeremy Dee intercept and intersected low-tenor nickel sulphides grading 1.23 metres @ 1.14% nickel from 587.36 metres. The intercept confirmed the continuity of the Jeremy Dee system (now traced over a strike length of over 600 metres).

Subsequent DHEM identified a major off-hole conductor 30 metres directly up-dip of basalt hosted mineralisation which returned an assay of 0.69 metres @ 0.31% nickel and 1.91% copper from 604.04 metres. The DHEM anomaly has a profile typical of massive sulphides and this, coupled with the nickel/copper intersection in the footwall basalt, is considered a significant target.

Figure 12: Redross – Long Section



## Redross – West Vein

RRD90 is a historic hole that intersected 1.82 metres @ 16.38% nickel from 77.18 metres in the West Vein ultramafics. The West Vein ultramafic unit is typically less than 20 metres thick and is located west of the Redross Mine ultramafic. An attempt to re-enter RRD90 to carry out DHEM was unsuccessful.

RRD122 was drilled to test 40 metres down-plunge of RRD90. The hole hit the base of the West Vein at 408.1 metres. Disseminated mineralisation was encountered in the overlying high magnesium basalts and stringers veins of nickel re-mobilised into the immediate footwall. Assay results returned 0.26 metres @ 2.36% nickel from 403.35 metres, and 0.50 metres @ 1.16% nickel from 408.10 metres. DHEM shows a weak-moderate source above and to the north of the hole towards RRD90. This suggests the RRD90 massive intercept is localised and may extend up-plunge. Follow-up work is required.

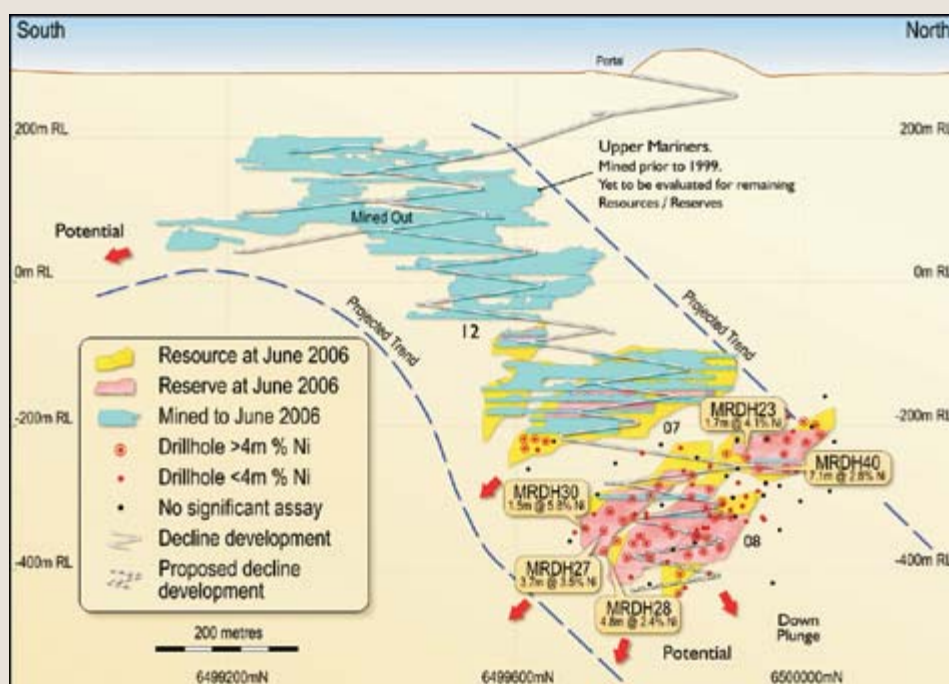
## Mariners

The Mariners ore body is a generally thick ore system that has to date produced a total of 1.3 million tonnes for 32,000 tonnes of contained nickel metal.

Underground drilling during the year achieved considerable success, adding to reserves at both the 07 and, most especially, the 08, ore bodies.

Mariners is structurally complex and faulting is interpreted to have generated a number of ore pods that trend and stack in a steep northerly orientation. The ore trend is completely open down-plunge. It is also noteworthy that the individual ore bodies have a generally southerly plunge. Significant extensions to all the known resources at Mariners are considered highly likely (see Figure 13). An extensive and systematic underground drilling campaign will be undertaken during the coming year.

Figure 13: Mariners – Long Section



# EXPANDING IN MINERALS



The goal of Mincor's Expansion Strategy is to have one new gold or base metals mine under development or in production by the end of the current decade.

Exploration is underway on 100%-owned projects covering copper in New South Wales and tungsten and gold in Western Australia, while the granting of a number of tenements prospective for zinc, lead and silver is awaited.

## Gascoyne Tungsten Prospect (Mincor 100%)

High-grade tungsten mineralisation (plus gold, copper, molybdenum and silver) with open-pit potential

At Nardoo Well, Mincor is targeting the early open-pit potential of outcropping high-grade tungsten mineralisation in shallowly dipping skarns. Exploration to date has included detailed mapping and channel rock chip sampling of tungsten-bearing horizons along the Nardoo Well trend. High-grade tungsten (scheelite) mineralisation has been confirmed, with better results including:

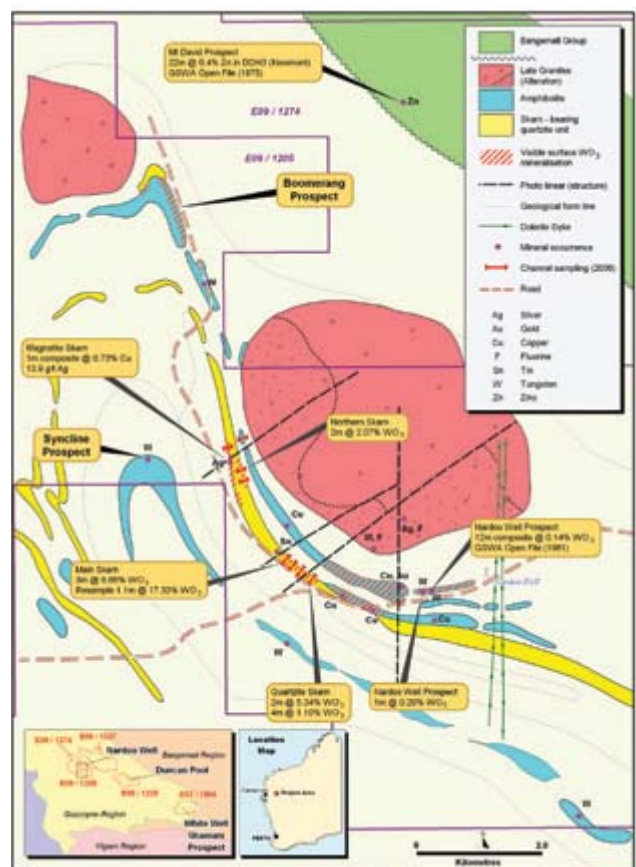
- 2 metres at 5.34% WO<sub>3</sub> (Quartzite Skarn)
- 4 metres at 1.10% WO<sub>3</sub> (Quartzite Skarn)
- 2 metres at 2.07% WO<sub>3</sub> (Northern Skarn)
- 3 metres at 6.66% WO<sub>3</sub> (Main Skarn)

Preparations are now underway for drill-testing of numerous target zones identified along the outcropping skarn units. Drilling will test the continuity of mineralisation below surface and the size of the potential ore zones. The generally flat dip of the skarn units highlight the open pit potential of the mineralisation, and it is this potential that is Mincor's initial target in the drilling.

Nardoo Well is primarily a tungsten project containing scheelite (CaWO<sub>4</sub>) mineralisation hosted within outcropping contact metamorphosed Palaeo- and Meso-Proterozoic sediments. Vesuvianite skarns (an altered calcareous sediment) and para amphibolites (metamorphosed sediments) are the main hosts.

High level Meso-Proterozoic granite intrusions have injected fluids into these rocks, thereby generating the mineralisation which forms a series of high-grade pods along a strike length of 2-3km within the calcareous sediment (Nardoo Skarn, Main Skarn, Quartzite Skarn, Northern Skarn and Magnetite Skarn), as well as zones of disseminated mineralisation within the amphibolites (Figure 14).

**Figure 14:** Distribution of tungsten mineralisation at Nardoo Well and adjacent prospects



**Figure 15:** Regional location and distribution of tungsten and other mineral occurrences at Nardoo Well and Duncan Pool





Nardoo Well is only one of numerous areas of interest within the area of the Gascoyne Project, which now totals 1,200km<sup>2</sup>. Other metals targeted by Mincor include copper, molybdenum, bismuth, gold and uranium. Recent literature studies have also highlighted the presence of zinc bearing gossans that crop out sporadically along a 20km long "keel" zone of younger Bangemall Group sediments on Mincor's E90/1274 application to the north of Nardoo Well (Figure 15).

## Tottenham Copper Prospect (Mincor 100%)

**Widespread copper mineralisation with early resource potential in a well-established copper district**

The 331km<sup>2</sup> Tottenham Project is located 120km south of Girrilambone in the prospective Laghlan Fold Belt of New South Wales. The geological setting is similar to that of the Girrilambone group of mines. The town of Tottenham owes its origins to the discovery and mining of copper, initially at Caroline in approximately 1871 and then sporadically at a number of localities up until 1972.

Mineralisation in the area occurs as shallow-dipping zones of massive sulphides within silica and magnetite altered sedimentary and volcanic rocks. Drilling in the late 1990's and early 2000 by previous explorers concentrated on shallow oxide mineralisation and returned significant results including 20 metres @ 2.1% copper (from 10 metres) at the Caroline Prospect, and 7 metres @ 1.5% copper (from 29 metres) and

10 metres @ 1.4% copper (from 43 metres) at the Orange Plains Prospect (Figure 16).

Mincor's exploration strategy is to pursue both the near-surface oxide potential, with a view to early delineation of resources and the commencement of scoping studies, and the potential for deeper high-grade massive sulphides amenable to exploitation via narrow vein underground mining techniques. Drilling, starting at the Caroline and Orange Plains Prospects, will commence early in the current financial year and will ultimately cover all the 35km of prospective stratigraphy.

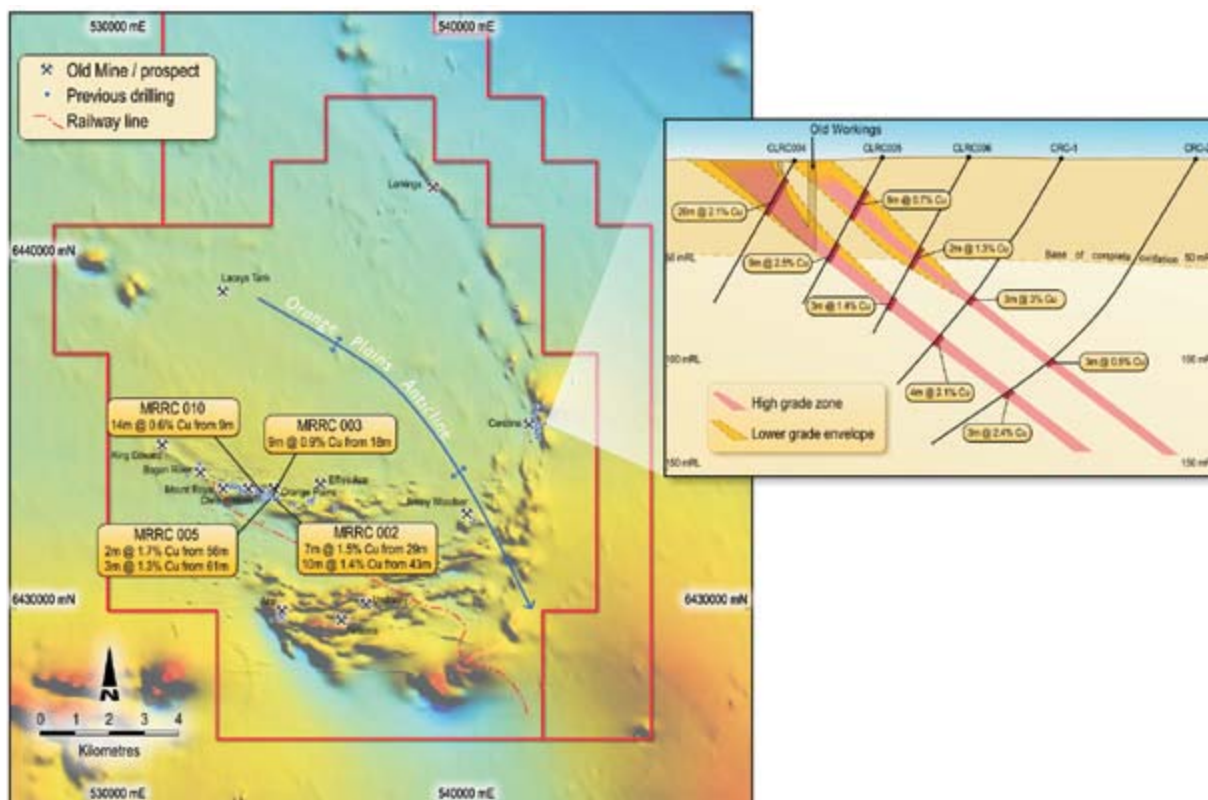
## Widgiemooltha Gold (Mincor 100%)

Mincor's gold exploration at Widgiemooltha continued in early 2006. Mincor has the advantage of holding virtually the entire Widgiemooltha Dome, allowing a regional approach to be used to maximum advantage.

Drilling continued over the Lake Zot Dolerite to the north and at Ohlsson's, SW Dome and Blacksmith. An underground sludge program was also carried out to test the continuity of high-grade gold values encountered in the southern part of the Miitel ore body.

Results from this stage of the program were generally disappointing. However a number of conceptual gold targets remain to be tested, particularly within the southern and southwestern parts of the tenement package. In addition, there are still untested soil anomalies that require follow-up on newly granted exploration licenses.

**Figure 16:** Tottenham aeromagnetic image showing the distribution of prospective magnetic unit and associated mines and prospects





## Lake Cowan Gold Prospect (Mincor 100%)

### A highly prospective Eastern Goldfields gold target

The Lake Cowan Gold Project covers part of a large antiform in mafic basalt-gabbro-dolerite rocks in a region that hosts a number of gold bearing structures, including the Zuleika Shear and the Boulder-Lefroy Fault. The world-class St Ives group of gold mines (15Moz) are located adjacent to the Boulder Lefroy fault some 60km north of Mincor's tenement and the Higginsville deposits and 5Moz Norseman mining centre are located approximately 15km northeast and 40km south respectively (Figure 17).

**Figure 17:** Geological setting of the Lake Cowan tenement



The positioning of the Zuleika Shear and associated structures together with the distribution of mafic rocks impacts strongly on the prospectivity of the Lake Cowan area (the tenement area is completely concealed beneath a salt lake). Mincor plans to commence aircore drilling on the lake as soon as possible and has just completed a detailed ground magnetic survey to assist with the geological interpretation and optimum siting of first pass aircore drill-holes. Progress has been delayed to some extent by availability of geophysical contractors, however drilling is scheduled to take place during the first quarter of the current financial year.

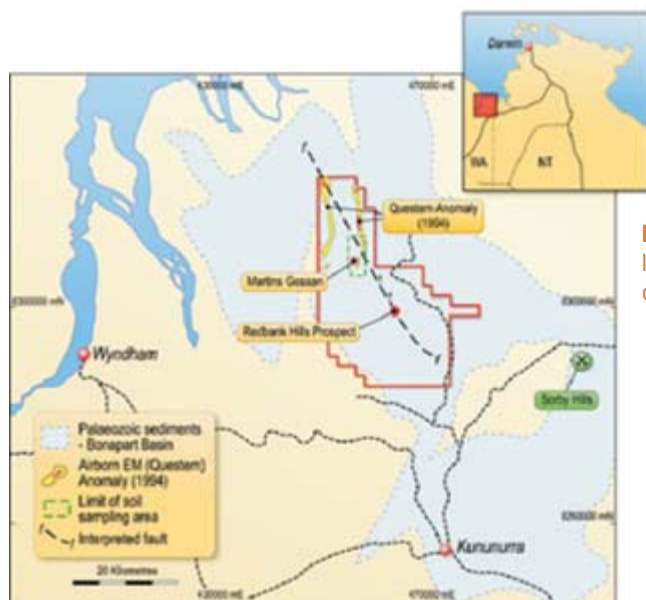
## Zinc and Lead Prospects (Under Application, Mincor 100%)

### Walk up drill targets in the Bonaparte Basin of Western Australia and a big conceptual play – the potential for a whole new zinc province – in the Northern Territory

In the far north of Western Australia, Mincor has exploration licence applications covering 662km<sup>2</sup> of the Bonaparte Basin. The area is prospective for carbonate hosted zinc-lead-silver mineralisation. Work by earlier explorers identified a number of geochemical and geophysical anomalies that were not drilled at the time, and which constitute immediate drill targets for Mincor (Figure 18).

In the Northern Territory, Mincor has approximately 9,000km<sup>2</sup> of the Georgina Basin under application. Once granted, the Company plans to explore the base metal potential of the area, most particularly the potential for Mississippi Valley Type and Irish-style zinc-lead-silver mineralisation as well as other styles of sediment hosted deposits. Mincor's concepts are based on excellent work completed by the Northern Territory Geological Survey ('NTGS') (Figure 19).





**Figure 18:** Bonaparte Project – interpreted geological setting and location of untested geophysical anomalies and known lead-zinc occurrences



**Figure 19:** New basement thickness model for the southern Georgina Basin showing some of the data sources provided by NTGS

## Alcaston Joint Venture (South Pacific)

### Sabeto Project, Fiji

Mincor's Sabeto project is located 25km from Nadi on the main island of Viti Levu in Fiji and is the subject of an exploration and farm-in agreement with Alcaston Mining NL.

Alcaston has recently completed an airborne magnetic and radiometric survey covering 1,858 line km. In addition, mapping and rock chip sampling at the Kingston Mine prospect have identified new gold and copper targets and also indicated gold and copper mineralisation in the area may be related to a swarm of silicified porphyry dykes.

## Vanuatu Projects

Mincor's Vanuatu projects are subject to the same agreement with Alcaston as Sabeto and comprise the Webe Creek and Tafuse Projects on the northern island of Espiritu Santo.

At Webe Creek, Alcaston has identified a 1.3 x 0.25km zone containing a number of soil sample assays that exceed 300 parts per million copper at the Laonasmata prospect. This is coincident with a high resistivity and low magnetic geophysical anomaly and contains historical rock chip results up to 1.5 metres @ 12.4% copper. Further mapping and sampling is planned for this area.

Alcaston has also commenced a 2,000 metre (14 hole) diamond drilling program at Webe Creek to test gold and copper targets.

## Other Gold Assets

Barrick Gold withdrew from the Imweru Option Agreement in Tanzania and a decision was made to relinquish the licence.





# 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 work force 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 11 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 him.
- 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.

# CORPORATE GOVERNANCE STATEMENT

During the 2005/06 financial year (the “Reporting Period”) Mincor Resources NL has continued to operate in accordance with systems of control and accountability, which the Company has previously adopted as the basis for the administration of corporate governance. This report sets out the key corporate governance practices of the Company during the Reporting Period, providing disclosure to the extent recommended by the Australian Stock Exchange Limited (“ASX”) in accordance with its “Principles of Good Corporate Governance and Best Practice Recommendations” (the “ASX Guidelines”).

Commensurate with the spirit of the ASX Guidelines, the Company has followed each recommendation to the extent the Directors considered that their implementation was practicable and likely to genuinely improve the Company’s internal processes and accountability to external stakeholders. To the extent that the Company has adopted a practice that differs from the recommendations, disclosure is made of the Company’s practice and how that practice embraces the ASX Principles.

Additional information about the Company’s corporate governance practices, including disclosure of the various charters, policies and procedures which form the Company’s corporate governance framework, is set out on the Company’s website at [www.mincor.com.au](http://www.mincor.com.au).

## BOARD COMPOSITION

The Board refers to the criteria for independence as recommended by the ASX in considering independence of Directors. To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company’s website.

The Board comprises of 5 directors, all of whom with the exception of the Managing Director, Mr David CA Moore and Mr James S Reeve are non-executive, independent Directors. Details of the Directors are set out in the Directors’ Report.

In the interests of disclosure, the Board notes that Mr Humann is a director of and minority shareholder in James Anne Holdings Pty Limited, a company which provides the services of Mr Humann to act as director and chairman of the Company. James Anne Holdings Pty Limited receives consulting fees for providing the services of Mr Humann to the Company.

The Directors (in absence of Mr Humann) have ascertained the level of consulting fees paid to James Anne Holdings Pty Limited is not material to either the Company, James Anne Holdings Pty Limited or Mr Humann and that the arrangement does not affect Mr Humann’s non-executive status. Furthermore, the Board notes that Mr Humann is not an executive and does not have a major shareholding in the Company. As such, the Board considers that there is limited scope for Mr Humann’s personal interests to conflict with those of shareholders.

The Board (subject to members’ voting rights in general meeting) is responsible for selection of new members and succession planning, and has regard to a candidate’s experience and competence in areas such as mining, exploration, geology, finance and administration. The wide commercial experience of its board members assists Mincor Resources NL in meeting its corporate objectives and plans.

The Board delegates responsibility for the Company’s administration and operation to its Managing Director, who is accountable to the Board.

Under the Company’s Constitution:

- The maximum number of directors on the Board is currently set at 9.
- A director (other than the Managing Director) may not retain office for more than 3 years without submitting for re-election.
- At the Annual General Meeting each year effectively one third of the directors in office retire by rotation and must seek re-election by the shareholders.

## INDEPENDENT PROFESSIONAL ADVICE

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office 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.

## COMPENSATION ARRANGEMENTS

All compensation arrangements for Directors and Senior Executives are determined at Board level after taking into account the current competitive rates prevailing in the market.

# CORPORATE GOVERNANCE STATEMENT

## AUDIT COMMITTEE

The Audit Committee comprises Mr IF Burston (Chairman of the Audit Committee) (Independent), Mr DJ Humann (Independent) and Mr JW Gardner (Independent), who was appointed to the Audit Committee on 12 August 2005. Mr DCA Moore was a member of the Audit Committee until he retired from the committee on 14 July 2005. Mr Burston has over 30 years experience in the extractive and related industries and therefore possesses the requisite industry knowledge to participate on this committee. Mr Humann is a chartered accountant and therefore possesses the requisite financial literacy and expertise to participate on this committee. Mr JW Gardner is an Independent Director with requisite financial and industry knowledge.

The main responsibilities of the Audit Committee are to:

- Review and report to the Board on the annual financial report, the half-year financial report and all other financial information published by the Company or released to the market;
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - compliance with applicable laws and regulations;
- Oversee the effective operation of the risk management framework; and
- Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, and the scope and quality of the audit.

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.

Details of Audit Committee Meetings held during the year can be found in the Directors' Report.

## CONFIRMATION WHETHER PERFORMANCE EVALUATION OF THE BOARD AND ITS MEMBERS HAVE TAKEN PLACE AND HOW CONDUCTED

During the financial year the Nomination Committee of the Company carried out an evaluation of the Board and its members. In particular, the structure and composition of the Board was considered. This evaluation resulted in the recommendation and eventual appointment of Mr JS Reeve to the Board of Directors.

The performance and effectiveness of the Company's Board was reviewed. It was considered that the Board members had a diverse skill set and had performed effectively in the last 12 months.

## NOMINATION COMMITTEE MEETINGS

Name	No. of Meetings Held	No. of Meetings Attended
DJ Humann	1	1
DCA Moore	1	1



# CORPORATE GOVERNANCE STATEMENT

## COMPANY'S REMUNERATION POLICIES

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

All compensation arrangements for Directors and key management personnel are determined at Board level 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 and the South West Pacific. 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.

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

## NAMES OF REMUNERATION COMMITTEE MEMBERS AND THEIR ATTENDANCE AT COMMITTEE MEETINGS

Name	No. of Meetings Held	No. of Meetings Attended
DJ Humann	1	1
DCA Moore	1	1

## EXISTENCE AND TERMS OF ANY SCHEMES FOR RETIREMENT BENEFITS FOR NON-EXECUTIVE DIRECTORS

There are no termination or retirement benefits for Non-executive Directors.

## MANAGING RISK

The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives, benchmarked against a strategic plan, which is regularly updated.

Regular controls established by the Board include:

- Detailed monthly financial reporting; and
- Delegated authority to ensure expenditure and revenue obligations are approved by the Managing Director.

The Board recognises the need to identify any areas of significant business risk and to develop and implement strategies to mitigate these risks.

The Company has purchased Director's and Officer's Insurance cover for its board of Directors.

## ETHICAL STANDARDS

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 interests;
- 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 Mincor Resources NL and its staff to people affected by its operations, and for responsible management of the environment.

# CORPORATE GOVERNANCE STATEMENT

## HEALTH, SAFETY AND ENVIRONMENTAL POLICY

The Company recognises the importance of maintaining responsible environmental standards and practices in the conduct of its business and is committed to:

- Provide every employee with a safe and healthy work environment in accordance with generally accepted mining industry practice.
- Comply with relevant legislation and adhere to standards of responsible environmental practice for the mining industry, even in the absence of legislation.
- Design, construct and operate exploration, mining and processing facilities to mitigate environmental impacts to the extent technically and economically feasible.
- Maintain a self-monitoring program to ensure ongoing compliance with corporate policy and with government laws and regulations.
- Reclaim disturbed areas in accordance with site specific criteria and applicable regulations and permits.
- Cooperate with governments and other stakeholders in connection with the formulation of environmental laws, regulations and standards affecting the mining industry.
- Support industry associations which promote good environmental practices and which advance environmental protection in mining and mineral processing.
- Communicate this policy to its shareholders, employees, the public, governments, suppliers and customers.

## SHAREHOLDERS

The Board aims to ensure that shareholders are at all times fully informed in accordance with the spirit and letter of the ASX's continuous and timely disclosure requirements.

The Annual Report and every Quarterly Report is lodged with the ASX and is distributed to all shareholders. The Annual Report and every Quarterly Report are also made available to shareholders on the Company's website. The Board encourages full participation of shareholders at the Company's General Meetings to ensure a high level of accountability and identification with its strategy and goals.

## EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the Reporting Period from 1 July 2005 to 30 June 2006, there was only one recommendation of the ASX that was not followed.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
4	4.3	David Moore – Executive Director was a member of the audit committee for 2 weeks of the year until his retirement from the committee on 14 July 2005. Recommendation 4.3 requires only non-executive directors to participate on the audit committee. Mr JW Gardner, a non-executive director was appointed to the audit committee on 12 August 2005.	It was considered beneficial for Mr Moore to be available to participate in audit committee meetings to answer issues raised by the 2 independent members. There was scope for the independent Directors to meet separately with the external auditors if required. Accordingly, the Directors consider the audit committee to be an effective structure to ensure the integrity of the Company's financial reporting. Mr Moore retired from the audit committee on 14 July 2005.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

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 2006.

### DIRECTORS

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

Name	Particulars	Shareholding Interest
<b>DJ Humann</b> FCA, FCPA, FAICD (Chairman)	<p><b>Experience and expertise</b></p> <p>Mr Humann joined Mincor Resources NL on 30 September 1999 as a Non-executive Director and Chairperson of the Company. Mr Humann is a Chartered Accountant and Certified Practising Accountant. 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><b>Other current directorships</b></p> <p>Non-executive chairman of Atomaer Holdings Pty Ltd; Matrix Metals Ltd; and Braemore Resources PLC. Non-executive director of Rewards Group Pty Ltd; Macmahon Holdings Ltd Group; and Tigor Ltd. Director of James Anne Holdings Pty Ltd; Durack Estates Pty Ltd; and Durack International Pty Ltd.</p> <p><b>Former directorships in last 3 years</b></p> <p>Non-executive director of ERG Ltd from 1998 to 2003. Non-executive director of Barron Entertainment Ltd from 1998 to 2003. Non-executive director of Tethyan Copper Company Ltd from 2000 to 2006. Non-executive chairman of Jupiter Energy Ltd from 2003 to 2005. Non-executive chairman of Pearl River Tyre Holdings Ltd from 1996 to 2004.</p>	200,000 shares
<b>DCA Moore</b> (Managing Director)	<p><b>Experience and expertise</b></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 led 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><b>Other current directorships</b></p> <p>None.</p> <p><b>Former directorships in last 3 years</b></p> <p>Managing director of Tethyan Copper Company Ltd from 2000 to 2006.</p>	5,334,374 shares



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### DIRECTORS (continued)

Name	Particulars	Shareholding Interest
JW Gardner	<p><b>Experience and expertise</b></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. 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. He is currently actively involved in Canadian listed company, Guinor Gold Corporation where he is Chief Engineer, Mining Projects. Since 1996 he has developed and managed the 100,000 ounce per annum Lero gold project and recently completed the LEFA Corridor project study and supervised the EPCM contractor constructing its 350,000 ounce per annum project in remote Guinea, West Africa.</p> <p><b>Other current directorships</b></p> <p>Non-executive director of Norske Precious Metals.</p> <p><b>Former directorships in last 3 years</b></p> <p>None.</p>	4,974,276 shares
IF Burston	<p><b>Experience and expertise</b></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><b>Other current directorships</b></p> <p>Non-executive chairman of Imdex Ltd; Aztec Resources Ltd; Broome Port Authority; and Cape Lambert Iron Ore Ltd.</p> <p><b>Former directorships in last 3 years</b></p> <p>Non-executive director of Aviva Corporation Ltd.</p>	50,000 shares
JS Reeve	<p><b>Experience and expertise</b></p> <p>Mr Reeve was appointed an Executive Director of the Company on 1 July 2006. He joined the Company as General Manager – Operations in March 2001, after 2 years as a consultant specialising in nickel sulphides. Mr Reeve stepped down as Chief Operating Officer of the Company on 30 June 2006 to assume the position of Executive Director.</p> <p>Mr Reeve graduated as a geologist with a Bachelor of Science (Hons) degree from Sydney University. Mr Reeve has spent over 30 years in the mining industry in a variety of operating and exploration roles. His prior positions included Chief Geologist at WMC's Olympic Dam (Cu-U-Au) operation in South Australia, and Chief Geologist of WMC's nickel and gold operations in the Kambalda area in Western Australia. Between 1994 and 1999, Mr Reeve held the position of Geology Manager of WMC's Nickel Business Unit. He has also served on a number of industry organisations, including the Joint Ore Reserves Committee during the revision of the 1999 JORC Code for Reporting of Resources and Reserves.</p> <p><b>Other current directorships</b></p> <p>None.</p> <p><b>Former directorships in last 3 years</b></p> <p>None.</p>	791,000 shares

All Directors held office for the full year and up until the date of this report except Mr Reeve who was appointed on 1 July 2006.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### 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 19 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

During the year, the Company's Miitel Nickel Mine produced 238,670 dry metric tonnes at an average nickel grade of 2.92%, to produce 6,101 tonnes of nickel-in-concentrate.

The Company's Wannaway Nickel Mine produced 28,220 dry metric tonnes at an average nickel grade of 2.64%, to produce 641 tonnes of nickel-in-concentrate.

The Redross Nickel Mine produced 121,473 dry metric tonnes at an average nickel grade of 3.76%, to produce 3,999 tonnes of nickel-in-concentrate.

The Company's Mariners Nickel Mine produced 152,534 dry metric tonnes at an average nickel grade of 2.07%, to produce 2,754 tonnes of nickel-in-concentrate.

#### Exploration and Development Projects

During the year, the Company spent \$7.4 million on both extensional and regional exploration activities which resulted in further success.

Further details can be obtained in the 'Review of Operations' contained within this Annual Report.

### 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 2006, except as outlined below.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- On 30 September 2005 the Company paid a fully franked dividend of 2 cents per share for a total payment of \$3,893,000.
- On 7 April 2006 the Company paid a fully franked dividend of 2 cents per share for a total payment of \$3,893,000.
- The Company has sold forward 4,813 tonnes of nickel to June 2008, at an average price of A\$18,784.

### GROUP RESULTS

The profit of the consolidated entity for the year after income tax was \$29,309,000 (2005 profit: \$20,190,000). The current year's profit includes an \$8,790,000 gain on derivatives held for trading related to options in Tethyan Copper Company Limited which were sold during the year.

### DIVIDENDS

A fully franked dividend of 2 cents per share in respect of the year ended 30 June 2005 was paid on 30 September 2005. On 7 April 2006 a fully franked interim dividend of 2 cents per share in respect of the year ended 30 June 2006 was paid. On 25 August 2006 the Directors declared a fully franked final dividend of 3 cents per share in respect of the year ended 30 June 2006.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### 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 2006, 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	1	1
JW Gardner *	6	6	3	3
IF Burstn	6	6	4	3

\* During the reporting period, Mr Moore resigned from the Audit Committee and Mr Gardner was appointed.

### 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 and the South West Pacific. 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 overall level of executive remuneration 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 activities after income tax has grown at an average rate of 84.8% per annum. During the same period, average executive remuneration has increased by approximately 46.1% per annum.

### Remuneration of Directors and Key Management Personnel

#### a) Principles used to Determine the Nature and Amount of Remuneration (audited)

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.

#### 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.

#### i) Directors' fees

The current base remuneration was last reviewed with effect from 8 November 2002. 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 \$200,000, which was last approved by shareholders on 8 November 2002.

#### ii) Retirement allowances for directors

No retirement allowances exist for non-executive directors.



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### *iii) Remuneration of key management personnel*

The pay and reward framework for key management personnel has 4 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 introduced in the current year; and
- Other remuneration.

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

### *iv) 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.

Key management personnel receive benefits including car allowances and provision of accommodation.

### *v) Short term incentives*

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.

For the year ended 30 June 2006, the Incentive Bonus Scheme was linked to group, individual business and personal objectives.

### *vi) Employee share option plans*

Information on the Executive Share Option Scheme and the 2002 Employee Share Option Plan is set out in Note 35 to the financial statements.

## **b) Details of Remuneration (audited)**

Details of the remuneration of the directors and the key management personnel 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 are also the highest paid executives of the consolidated and parent entity. The executives are:

- JS Reeve – Chief Operating Officer
- ST Cowle – General Manager (Kambalda Operations)
- B Lynn – Chief Financial Officer

All of the above persons were also Executive Officers during the year ended 30 June 2005.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### REMUNERATION REPORT (continued)

#### Remuneration of Directors and Key Management Personnel (continued)

##### b) Details of Remuneration (audited) (continued)

###### i) Key management personnel of Mincor Resources NL and its Controlled Entities

2006	Short Term Benefits					Post-employment Benefits	Share-based Payments	
Name	Directors fees \$	Salary \$	Bonus \$	Non-monetary benefits \$	Other \$	Superannuation \$	Options \$	Total \$
<b>Non-executive Directors</b>								
DJ Humann (Chairman)	54,600	-	-	-	-	5,400	-	60,000
JW Gardner	33,028	-	-	-	-	2,972	-	36,000
IF Burston	36,000	-	-	-	-	-	-	36,000
<b>Sub-total</b>	<b>123,628</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,372</b>	<b>-</b>	<b>132,000</b>
<b>Executive Directors</b>								
DCA Moore	-	427,273	180,000	588	-	12,139	-	620,000
<b>Other Key Management Personnel</b>								
JS Reeve	-	257,273	18,900	588	-	12,139	802	289,702
ST Cowle	-	227,861	15,413	-	45,937	14,538	25,672	329,421
B Lynn	-	228,770	17,500	588	-	20,642	14,188	281,688
<b>Total</b>	<b>123,628</b>	<b>1,141,177</b>	<b>231,813</b>	<b>1,764</b>	<b>45,937</b>	<b>67,830</b>	<b>40,662</b>	<b>1,652,811</b>

###### 2005

<b>Non-executive Directors</b>								
DJ Humann (Chairman)	54,600	-	-	-	-	5,400	-	60,000
JW Gardner	33,027	-	-	-	-	2,973	-	36,000
IF Burston	33,027	-	-	-	-	2,973	-	36,000
<b>Sub-total</b>	<b>120,654</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,346</b>	<b>-</b>	<b>132,000</b>
<b>Executive Directors</b>								
DCA Moore	-	387,827	12,000	588	-	11,585	-	412,000
<b>Other Key Management Personnel</b>								
JS Reeve	-	227,827	19,200	588	-	11,585	-	259,200
ST Cowle	-	203,415	20,000	-	38,924	11,585	117,730	391,654
B Lynn	-	175,100	10,980	588	-	15,812	-	202,480
<b>Total</b>	<b>120,654</b>	<b>994,169</b>	<b>62,180</b>	<b>1,764</b>	<b>38,924</b>	<b>61,913</b>	<b>117,730</b>	<b>1,397,334</b>

Following the adoption of Australian equivalents to International Financial Reporting Standards for the first time, the Company assessed and identified employees who were key management personnel pursuant to the definitions contained within AASB 124. As a result, certain disclosures made in the financial statements for 30 June 2005 have been excluded.

###### ii) Cash bonuses and options (unaudited)

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 or grants of options are payable in future years.

Name	Cash Bonus			Options		
	Paid %	Forfeited %	Vested %	Forfeited %	Minimum total value of grant yet to vest \$	Maximum total value of grant yet to vest \$
DCA Moore	100	-	-	-	Nil	-
JS Reeve	100	-	-	-	Nil	1,032
ST Cowle	100	-	100	-	Nil	1,032
B Lynn	100	-	-	-	Nil	160,146

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### c) Service Agreements (audited)

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.

#### ***DCA Moore, Managing Director***

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2006 of \$440,000, to be reviewed annually by the remuneration committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 3 months of the base salary.

#### ***JS Reeve, Chief Operating Officer***

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2006 of \$270,000, to be reviewed annually by the remuneration committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to one month of the base salary.

#### ***ST Cowle, General Manager – Operations***

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2006 of \$240,000, to be reviewed annually by the remuneration committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to one month of the base salary.
- Costs associated with the provision of accommodation paid by the Company.
- Costs associated with providing a private vehicle paid by the Company.

#### ***B Lynn, Chief Financial Officer***

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2006 of \$250,000, to be reviewed annually by the remuneration committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to one month of the base salary.

### d) Share-based Compensation – Options (audited)

#### ***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 ASX 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 ASX during the 5 trading days immediately before the options are granted.



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### REMUNERATION REPORT (continued)

#### Remuneration of Directors and Key Management Personnel (continued)

##### d) Share-based Compensation – Options (audited) (continued)

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise Price	Value Per Option at Grant Date	Date Exercisable
6 November 2003 <sup>(1)</sup>	6 November 2008	\$0.84	\$0.286	50% after 6 November 2004; 50% after 6 November 2005
22 December 2005 <sup>(1)</sup>	25 October 2010	\$0.70	\$0.1834	100% after 18 November 2006
8 May 2006 <sup>(2)</sup>	7 May 2011	\$0.85	\$0.240	100% after 8 May 2007
8 May 2006 <sup>(2)</sup>	7 May 2011	\$0.85	\$0.230	100% after 8 May 2008
8 May 2006 <sup>(2)</sup>	7 May 2011	\$0.85	\$0.220	100% after 8 May 2009

(1) Options granted under the 2002 Employee Share Option Plan which was approved by shareholders at the 2003 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.

All options are granted for no consideration for a maximum period of 5 years.

All options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

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

#### Options provided as remuneration

Details of options over ordinary shares in the Company provided as remuneration to each Director of Mincor Resources NL and each of the key management personnel of the consolidated entity are set out below. When exercisable, each option is convertible into one ordinary share of Mincor Resources NL.

Name	Number of Options Granted during the Year		Number of Options Vested during the Year	
	2006	2005	2006	2005
<b>Directors of Mincor Resources NL</b>				
DJ Humann (Chairman)	-	-	-	-
DCA Moore	-	-	-	-
JW Gardner	-	-	-	-
IF Burston	-	-	-	-
<b>Other Key Management Personnel of the consolidated entity</b>				
JS Reeve	10,000	-	-	-
ST Cowle	10,000	-	500,000	500,000
B Lynn	760,000	-	-	-

#### Fair value of options granted under the Plan

The assessed fair value at grant date of options granted under the 2002 Employee Share Option Plan during the year ended 30 June 2006 was 18.34 cents per option (2005: 28.6 cents). The fair value at grant date is independently determined using the Binomial option valuation methodology that takes into account the exercise price, the term of the option, the impact of dilution, 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 model inputs for the options granted during the year ended 30 June 2006 included:

- a) Options are granted for no consideration and are exercisable any time between 18 November 2006 and the expiry date
- b) Exercise price: \$0.70 (2005: \$0.84)
- c) Grant date: 22 December 2005 (2005: 17 December 2003)
- d) Expiry date: 25 October 2010 (2005: 6 November 2008)
- e) Share price at grant date: \$0.64 (2005: \$0.84)
- f) Expected price volatility of the Company's shares: 35% (2005: 50%)
- g) Risk-free interest rate: 5.305% (2005: 5.70%)

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### Fair value of options granted under the Scheme

The assessed fair value at grant date of options granted under the Mincor Resources Executive Option Scheme during the year ended 30 June 2006 were 24 cents per option for Instalment 1, 23 cents per option for Instalment 2, and 22 cents per option for Instalment 3. The fair value at grant date is independently determined using the Binomial option valuation methodology that takes into account the exercise price, the term of the option, the impact of dilution, 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 model inputs for the options granted during the year ended 30 June 2006 included:

- a) Options are granted for no consideration and will vest over 3 equal annual instalments
- b) Exercise price: \$0.85
- c) Grant date: 8 May 2006
- d) Expiry date: 7 May 2011
- e) Share price at grant date: \$0.90
- f) Expected price volatility of the Company's shares: 40%
- g) Expected dividend yield: 5.6%
- h) Risk-free interest rate: 5.7%

### e) Additional Information (unaudited)

Further details relating to options are set out below:

Name	A Remuneration Consisting of Options	B Value at Grant Date \$	C Value at Exercise Date \$	D Value at Lapse Date \$	E Total of Columns B-D \$
JS Reeve	0.28%	1,834	-	-	1,834
ST Cowle	7.79%	287,834	-	-	287,834
B Lynn	5.04%	174,334	-	-	174,334

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.

B = The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

During the year no ordinary shares in the Company were issued as a result of the exercise of options by any Director of Mincor Resources NL or key management personnel of the consolidated entity.

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each Director of Mincor Resources NL and other key management personnel of the parent entity and the consolidated entity during the year ended 30 June 2005 are set out below.

Name	Date of Exercise of Options	Number of Ordinary Shares Issued on Exercise of Options during the Year	Amount Paid per Share
Directors DCA Moore	7 January 2005	500,000	\$0.17

### 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
6 November 2003	6 November 2008	\$0.84	1,088,800
22 December 2005	25 October 2010	\$0.70	560,000
8 May 2006	7 May 2011	\$0.85	4,500,000
			<b>6,148,800</b>

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

No ordinary shares of the Company were issued during the year ended 30 June 2006 on the exercise of options granted. No further shares have been issued since that date.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2006

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 25 August 2006 the Directors declared a fully franked dividend of 3 cents per share in respect of the year ended 30 June 2006.

### 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 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.

### INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of \$34,278 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 26 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 26, 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 Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

### 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 98/0100, 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 28th day of August 2006 in accordance with a resolution of the Directors.



DCA Moore  
Managing Director



# AUDITOR'S INDEPENDENCE DECLARATION



## Auditor's Independence Declaration

PricewaterhouseCoopers  
ABN 52 780 433 757

QV1  
250 St Georges Terrace  
PERTH WA 6000  
GPO Box D198  
PERTH WA 6840  
DX 77 Perth  
Australia  
[www.pwc.com/au](http://www.pwc.com/au)  
Telephone +61 2 8266 0000  
Facsimile +61 2 8266 9999

As lead auditor for the audit of Mincor Resources NL for the year ended 30 June 2006, 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 audit; 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  
28 August 2006

# INCOME STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

	Note	CONSOLIDATED		PARENT ENTITY	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue	2	175,261	121,533	175,156	121,502
Other income	3	10,285	1,006	10,099	1,006
Mining contractor costs		(59,606)	(36,861)	(59,606)	(36,861)
Ore tolling costs		(18,304)	(13,964)	(18,304)	(13,964)
Royalty expense		(10,988)	(7,876)	(10,988)	(7,876)
Employee benefit expense		(9,220)	(5,812)	(9,220)	(5,812)
Finance costs	4	(699)	(290)	(695)	(290)
Exploration costs expensed	4	(4,982)	(2,774)	(3,500)	(2,774)
Depreciation and amortisation expense	4	(30,231)	(17,711)	(30,231)	(17,711)
Loss on disposal of investment in subsidiary		-	-	(1,234)	-
Other expenses from ordinary activities		(10,920)	(8,158)	(11,128)	(8,148)
Profit before income tax		40,596	29,093	40,349	29,072
Income tax expense	5	(11,287)	(8,903)	(11,152)	(8,903)
Profit attributable to the members of Mincor Resources NL		29,309	20,190	29,197	20,169
		Cents	Cents		
Earnings per share	33	15.1	10.4		
Diluted earnings per share	33	15.1	10.4		

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

## BALANCE SHEETS

AS AT 30 JUNE 2006

		CONSOLIDATED		PARENT ENTITY	
	Note	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current Assets					
Cash and cash equivalents	31	45,135	18,205	45,134	18,204
Trade and other receivables	6	54,188	29,921	54,186	29,917
Inventory	7	825	617	825	617
Derivative financial instruments	8	347	-	347	-
Other current assets		-	5,043	-	5,043
Total Current Assets		100,495	53,786	100,492	53,781
Non-Current Assets					
Receivables	6	-	-	285	555
Investments	9	-	2,800	-	5,774
Available-for-sale financial assets	10	1,410	-	52	-
Property, plant and equipment	11	56,673	59,462	56,673	59,462
Exploration and evaluation expenditure	12	6,351	7,683	4,615	4,465
Other financial assets	13	-	-	2,047	-
Other non-current assets		-	1,279	-	1,279
Total Non-Current Assets		64,434	71,224	63,672	71,535
TOTAL ASSETS		164,929	125,010	164,164	125,316
Current Liabilities					
Payables	14	45,257	34,745	45,257	34,745
Interest bearing liabilities	15	1,116	1,002	1,116	1,002
Current tax liabilities	16	6,750	2,165	6,750	2,165
Provisions	17	1,128	498	1,128	498
Derivative financial instruments	8	20,178	-	20,178	-
Other current liabilities		-	5,043	-	5,043
Total Current Liabilities		74,429	43,453	74,429	43,453
Non-Current Liabilities					
Interest bearing liabilities	15	3,269	3,333	3,269	3,333
Provisions	17	1,435	1,359	1,435	1,359
Deferred tax liabilities	18	6,422	10,345	6,199	10,345
Derivative financial instruments	8	8,252	-	8,252	-
Other non-current liabilities		-	1,279	-	1,279
Total Non-Current Liabilities		19,378	16,316	19,155	16,316
TOTAL LIABILITIES		93,807	59,769	93,584	59,769
NET ASSETS		71,122	65,241	70,580	65,547
Equity					
Contributed equity	19	27,313	27,313	27,313	27,313
Reserves	20	(18,789)	118	(19,525)	118
Retained profits	21	62,598	37,810	62,792	38,116
TOTAL EQUITY		71,122	65,241	70,580	65,547

The above Balance Sheets should be read in conjunction with the accompanying notes.



## STATEMENTS OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2006

	Note	CONSOLIDATED		PARENT ENTITY	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Total Equity at the Beginning of the Financial Year	36	65,241	49,749	65,547	50,076
Adjustments on adoption of AASB 132 and AASB 139, net of tax:					
- Retained profits	21	3,265	-	3,265	-
- Available-for-sale investments revaluation reserve	20	253	-	(71)	-
- Hedging reserve-cash flow hedges	20	(6,182)	-	(6,182)	-
Restated Total Equity at the Beginning of the Financial Year		62,577	49,749	62,559	50,076
Changes in the fair value of available-for-sale financial assets, net of tax	20	345	-	(67)	-
Changes in the fair value of cash flow hedges, net of tax	20	(13,477)	-	(13,477)	-
Net Income Recognised Directly in Equity		(13,132)	-	(13,544)	-
Profit for the Year		29,309	20,190	29,197	20,169
Total Recognised Income and Expense for the Year		16,177	20,190	15,653	20,169
Transactions with equity holders in their capacity as equity holders:					
- Dividends provided for or paid	22	(7,786)	(4,859)	(7,786)	(4,859)
- Employee share options	20	154	161	154	161
Total Equity at the End of the Financial Year		71,122	65,241	70,580	65,547

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

# CASH FLOWS STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

		CONSOLIDATED		PARENT ENTITY	
	Note	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Cash Flows from Operating Activities</b>					
Receipts from customers (inclusive of GST)		174,949	131,898	174,949	131,898
Payments to suppliers and employees (inclusive of GST)		(119,462)	(76,678)	(119,462)	(76,702)
		55,487	55,220	55,487	55,196
Interest received		528	259	528	259
Other revenue		136	-	31	-
Interest paid		(446)	(162)	(442)	(162)
Income tax paid		(3,671)	(2,258)	(3,630)	(2,258)
<b>Net Cash Inflow from Operating Activities</b>	31(a)	52,034	53,059	51,974	53,035
<b>Cash Flows from Investing Activities</b>					
Payments for acquisition of exploration properties		(150)	(15)	(150)	(15)
Payments for acquisition of interest in joint venture		-	(7,134)	-	(7,134)
Payments for property, plant and equipment		(28,282)	(21,347)	(28,282)	(21,347)
Proceeds from sale of property, plant and equipment		17	38	17	38
Payments for exploration, evaluation and development expenditure		(4,244)	(10,534)	(4,244)	(10,534)
Loans to related parties		-	-	(4)	(9)
Loans to other parties		-	(265)	-	(265)
Repayments of loans from related parties		-	-	64	33
Repayments of loans from other parties		200	-	200	-
Proceeds from sale of derivative held-for-trading		15,697	-	15,697	-
<b>Net Cash (Outflow) from Investing Activities</b>		(16,762)	(39,257)	(16,702)	(39,233)
<b>Cash Flows from Financing Activities</b>					
Proceeds from issues of shares		-	86	-	86
Proceeds from borrowings		-	6,800	-	6,800
Dividends paid		(7,786)	(4,859)	(7,786)	(4,859)
Repayment of borrowings		(556)	(6,800)	(556)	(6,800)
<b>Net Cash (Outflow) from Financing Activities</b>		(8,342)	(4,773)	(8,342)	(4,773)
<b>Net Increase in Cash Held</b>		26,930	9,029	26,930	9,029
Cash at the Beginning of the Financial Year		18,205	9,176	18,204	9,175
<b>Cash at the End of the Financial Year</b>	31(b)	45,135	18,205	45,134	18,204
Non-cash financing and investing activities	32				

The above Cash Flows Statements should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

##### Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Mincor Resources NL comply with International Financial Reporting Standards ("IFRSs"). The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure*.

##### Application of AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

These financial statements are the first Mincor Resources NL financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Mincor Resources NL until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles ("AGAAP"). AGAAP differs in certain respects from AIFRS. When preparing Mincor Resources NL 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The consolidated entity has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in Note 36.

##### Historical Cost Convention

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

#### b) Principles of Consolidation

##### Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mincor Resources NL ("company" or "parent entity") as at 30 June 2006 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 those entities (including special purpose entities) over which the consolidated entity has power to govern the financial and operating policies, generally accompanying a shareholder 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity (refer to Note 1(s)).

#### c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### 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 despatched to the customer and 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 as it accrues 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 the income statement.

### 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 between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### g) Foreign Currency Translation

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### g) Foreign Currency Translation (continued)

##### 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 the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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. 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.

##### 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 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 as a separate component of equity.

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 taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement 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 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

Exploration and evaluation costs related to an area of interest are written off as incurred except 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.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 3 *Business Combinations*.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### j) Development Properties

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, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated with the cost of development and classified under non-current assets as "Development Properties".

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.

### 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 establishment costs represent those costs incurred by or on behalf of the consolidated entity in establishing borrowing facilities. Borrowing establishment costs are amortised over the term of the borrowing facility.

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of 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 lower of the fair value of the leased property and 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 the income statement 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 the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### o) Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in Note 28.

#### p) Employee Benefits

##### **Wages and Salaries, Annual Leave and Sick Leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

##### **Long Service Leave**

The liability for long service leave 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 reporting date. 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### **Share-based Payments**

Share-based compensation benefits are provided to employees via the Mincor Resources NL 2002 Employee Share Option Plan and an Executive Share Option Scheme.

##### ***Share options granted before 7 November 2002 and/or vested before 1 January 2005***

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

##### ***Share options granted after 7 November 2002 and vested after 1 January 2005***

The fair value of options granted under both the Mincor Resources NL 2002 Employee Share Option Plan 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.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

#### q) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes deposits at call, 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.

#### r) 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### s) Business Combinations

The purchase 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. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the consolidated entity's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the 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.

### t) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 flows (cash generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### u) Investments and Other Financial Assets

#### From 1 July 2004 to 30 June 2005

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The consolidated entity has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

#### Adjustments on Transition Date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is exclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes to carrying amounts are taken to retained earnings or reserves.

#### From 1 July 2005

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 re-evaluates this designation at each reporting date.

#### *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. 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 if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### u) Investments and Other Financial Assets (continued)

##### From 1 July 2005 (continued)

###### **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 balance sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

###### **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.

###### **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 management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments 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 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.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. 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 included in the income statement in the period 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 equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

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.

The consolidated entity assesses at each balance date 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 in determining whether the security is 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 removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### v) Derivatives

##### From 1 July 2004 to 30 June 2005

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The consolidated entity has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

##### Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes in the carrying amounts of derivatives are taken to retained earnings or reserves, depending on whether the criteria for hedge accounting are satisfied at the transition date.

##### From 1 July 2005

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 each reporting date. 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).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

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.

### ***Fair Value Hedge***

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, 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.

### ***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 equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect 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 transferred 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 the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

### ***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 the income statement and are included in other income or other expense.

## **w) 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 nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. 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.

## **x) 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.

## **y) 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 financial period but not distributed at balance date.

## **z) Earnings per Share**

### **Basic Earnings per Share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### z) Earnings per Share (continued)

##### 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.

#### aa) Financial Instrument Transaction Costs

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The consolidated entity has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP, transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts, except for financial assets or liabilities that are measured at fair value through profit or loss. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the consolidated entity was immaterial.

#### ab) 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 must include 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 must 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.

#### ac) Royalties

Royalties are accrued and charged against earnings when the liability from production or sale of the mineral crystallises.

#### ad) Goods and Services Tax (GST)

Revenues, expense 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.

#### ae) 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(ab) and 17);
- 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 (Note 1(v)).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### af) New Accounting Standards and UIG Interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The consolidated entity's assessment of the impact of these standards and interpretations is set out below.

#### UIG 4 – Determining whether an Arrangement Contains a Lease

UIG 4 is applicable to annual periods beginning on or after 1 January 2006. The consolidated entity has not elected to adopt UIG 4 early. It will apply UIG 4 in its 2007 financial statements and the UIG 4 transition provisions. The consolidated entity will therefore apply UIG 4 on the basis of facts and circumstances that existed as of 1 July 2006. Implementation of UIG 4 is not expected to change the accounting for any of the consolidated entity's current arrangements.

#### UIG 5 – Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The consolidated entity does not have interests in decommissioning, restoration and environmental rehabilitation funds. This interpretation will not affect the consolidated entity's financial statements.

#### AASB 2005-9 – Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]

AASB 2005-9 is applicable to annual reporting periods beginning on or after 1 January 2006. The amendments relate to the accounting for financial guarantee contracts. The consolidated entity does not have financial guarantee contracts and this interpretation will not affect the consolidated entity's financial statements.

#### AASB 7 – Financial Instruments: Disclosures and AASB2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The consolidated entity has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statement, but will impact the type of information disclosed in the consolidated entity's financial instruments.

#### AASB 2005-6 – Amendments to Australian Accounting Standards [AASB 121]

AASB 2005-6 is applicable to annual reporting periods ending on or after 31 December 2006. The amendment relates to monetary terms that form part of a reporting entity's net investment in a foreign operation. It removes the requirement that such monetary items had to be denominated either in the functional currency of the reporting entity or the foreign operation. Mincor Resources NL does not have any monetary items forming part of a net investment in a foreign operation. The amendment to AASB 121 will therefore have no impact on the consolidated entity's financial statements.

Other standards and guidance issued in the current period are not anticipated to have an impact on the consolidated entity.

### ag) 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 financial report. Amounts in the financial report 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 – REVENUE

#### Revenue from Continuing Operations

Sale of goods

#### Other Revenue

Interest income

Sundry income

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
174,593	121,178	174,593	121,178
528	259	528	259
140	96	35	65
175,261	121,533	175,156	121,502

### NOTE 3 – OTHER INCOME

Gain on derivative held-for-trading (Note 8(b)(iii))

Gain on sale of available-for-sale financial assets

Net gain on disposal of subsidiary

Foreign exchange gains

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
8,790	-	8,790	-
29	-	29	-
186	-	-	-
1,280	1,006	1,280	1,006
10,285	1,006	10,099	1,006

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 4 – EXPENSES

Profit before income tax includes the following specific expenses:

#### Expenses

- Cost of sale of goods
- Write off of amounts owing from subsidiary
- Finance costs
  - Interest paid or due and payable to other persons
  - Amortisation of borrowing costs
- Exploration expenditure written off
- Rental expenses relating to operating leases
- Government royalty expense
- Depreciation and amortisation:
  - Mine property
  - Plant and equipment
  - Transferred to development expenditure

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
125,728	80,792	125,728	80,792
-	-	210	-
536	210	532	210
163	80	163	80
699	290	695	290
4,982	2,774	3,500	2,774
248	211	248	211
7,598	5,136	7,598	5,136
23,883	16,327	23,883	16,327
6,348	2,367	6,348	2,367
-	(983)	-	(983)
30,231	17,711	30,231	17,711

### NOTE 5 – INCOME TAX EXPENSE

#### a) Income tax expense

- Current tax
- Deferred tax (Note 18)
- Over provision in prior year
- Aggregate income tax expense

9,255	5,831	9,102	5,831
3,293	3,478	3,311	3,478
(1,261)	(406)	(1,261)	(406)
11,287	8,903	11,152	8,903

#### b) Numerical reconciliation of income tax expense to prima facie tax

- Profit before income tax expense
- Tax at the Australian tax rate of 30% (2005: 30%)
- Tax effect of amounts which are not deductible (taxable) in calculating taxable income:
  - Amortisation of property, plant and equipment
  - Over provision in prior year
  - Sundry items
- Income tax expense

40,596	29,093	40,349	29,072
12,179	8,728	12,105	8,721
764	625	764	625
(1,261)	(406)	(1,261)	(406)
(395)	(44)	(456)	(37)
11,287	8,903	11,152	8,903

#### c) Amounts recognised directly in equity

- Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity
  - Net deferred tax – debited/(credited) directly to equity (Notes 18 and 20)

(8,172)	-	(8,485)	-
(8,172)	-	(8,485)	-

The Company is not impacted by the new tax consolidation regime.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### d) Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30%

PARENT ENTITY	
2006 \$'000	2005 \$'000
14,726	14,421

The above amounts represent the balance of the franking account as at the end of the financial year, 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

#### Current

Trade receivables  
Other receivables  
Prepayments

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
53,420	28,902	53,420	28,902
348	742	346	738
420	277	420	277
54,188	29,921	54,186	29,917
-	-	285	555

#### Non-Current

Amounts owing from controlled entities

At 30 June 2006 the consolidated entity and Company had trade receivables totalling A\$13,993,000 (2005: A\$7,365,000) which are denominated in US Dollars and are unhedged.

Recoverability of the Company's interest in loans to and shares in controlled entities is subject to the successful exploitation and development of the controlled entities' interests in mineral tenements or alternatively, the sale of the Company's interest in the loans and shares at amounts at least equal to the book values.

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

#### Bad and Doubtful Receivables

During the year ended 30 June 2006 the parent entity recognised a loss of \$210,000 (2005: Nil) in respect of amounts owing from controlled entities. The loss has been included in 'other expenses' in the income statement.

### NOTE 7 – INVENTORY

Work in progress – at cost

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
825	617	825	617

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 8 – DERIVATIVE FINANCIAL INSTRUMENTS

#### Current Assets

Forward foreign exchange contracts – cash flow hedges  
Total Current Derivative Financial Instrument Assets

#### Current Liabilities

Futures commodity contracts – cash flow hedges  
Total Current Derivative Financial Instrument Liabilities

#### Non-Current Liabilities

Forward foreign exchange contracts – cash flow hedges  
Futures commodity contracts – cash flow hedges  
Total Non-Current Derivative Financial Instrument Liabilities  
Net Derivative Financial Instruments Liabilities

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
347	-	347	-
347	-	347	-
(20,178)	-	(20,178)	-
(20,178)	-	(20,178)	-
(319)	-	(319)	-
(7,933)	-	(7,933)	-
(8,252)	-	(8,252)	-
(28,083)	-	(28,083)	-

#### a) Transition to AASB 132 and AASB 139

The consolidated entity has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Reporting Standards* to apply AASB 132 *Financial Instrument: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

At the date of transition to these standards on 1 July 2005 the consolidated and parent entity recognised a pre-tax net decrease of \$4,166,000 in net assets representing:

- the reclassification of foreign currency cash flow hedges under AASB 139 from other liabilities to equity and re-measurement to fair value of a net asset of \$6,323,000;
- the recognition of futures commodity cash flow hedges under AASB 139 at fair value being a net liability of \$15,154,000; and
- the reclassification of 12,557,556 unlisted options in Tethyan Copper Company Limited with a cost of \$2,242,000, from investments to held-for-trading derivative financial instrument assets and re-measurement to a fair value of \$6,907,000. The fair value increase of \$4,665,000 to the unlisted options in Tethyan Copper Company Limited resulted in an equivalent pre-tax adjustment to retained earnings as at 1 July 2005. The post-tax adjustment to retained earnings totalled \$3,265,000 (refer Note 21).

For further information refer to Note 1(v) and Note 37.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### b) 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.

#### 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 Company 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.

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\$)	
	2006	2005	2006	2005
Sell US Dollars				
30 June 2006	-	0.6835	-	62,854
30 June 2007	0.7365	0.7322	53,060	34,081
30 June 2008	0.7426	-	37,349	-
			<b>90,409</b>	<b>96,935</b>

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Company adjusts the initial measurement of the component recognised in the income statement by the related amount deferred in equity.

#### For the Consolidated Entity and Parent Entity

At balance date these contracts represented assets of \$28,000.

#### Commodity Price Contracts – Cash Flow Hedges

The Company 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 2006:

Year	Nickel Tonnes		Average Price (US\$/Tonne)	
	2006	2005	2006	2005
30 June 2006	-	3,816	-	11,257
30 June 2007	2,919	1,992	13,888	12,527
30 June 2008	1,894	-	14,644	-
Total	<b>4,813</b>	<b>5,808</b>		

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Company adjusts the initial measurement of the component recognised in the income statement by the related amount deferred in equity.

#### For the Consolidated Entity and Parent Entity

At balance date these contracts represented liabilities of \$28,111,000.

#### Held-for-Trading Derivative Financial Instruments

On 1 July 2005 the consolidated entity held 12,557,566 options in Tethyan Copper Company Limited ("TCC Options"). The TCC Options had an expiry date of 30 April 2008 and an exercise price of 15 cents to convert each option into one fully paid ordinary share in Tethyan Copper Company Limited. The TCC Options met the definition of a derivative held for trading pursuant to AASB 139 which resulted in the change in fair value at 1 July 2005 being recognised in retained earnings. Accordingly, retained earnings at 1 July 2005 was increased by \$3,265,000 to recognise the fair value adjustment (net of tax) of the TCC Options on transition.

On 9 May 2006 the Company sold the TCC Options to Antofagasta PLC for \$1.40 per share following their successful off-market takeover of Tethyan, resulting in the Company receiving sale proceeds of \$15.69 million (net of the option exercise price of 15 cents per share). As a result, the Company recognised a gain of \$8,790,000.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 9 – INVESTMENTS

Shares in listed companies at cost  
Options in listed company at cost  
Shares in subsidiaries – at cost (refer Note 27)  
Less: Provision for diminution in value

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
-	5,144	-	252
-	2,242	-	2,242
-	-	-	3,902
-	(4,586)	-	(622)
-	2,800	-	5,774

### Transition to AASB 132 and AASB 139

The consolidated entity has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Reporting Standards* to apply AASB 132 *Financial Instrument: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

At the date of transition to these standards on 1 July 2005, for both the consolidated entity and the parent entity:

- equity securities with a carrying value of \$2,242,000 under previous AGAAP, were designated and reclassified as Held-for-Trading Derivative Financial Instruments and re-measured at a fair value of \$6,907,000 (refer to Note 8(a));
- equity securities with a carrying value of \$558,000 (parent entity: \$252,000) under previous AGAAP, were designated and re-classified as Available-For-Sale Financial Assets and re-measured at a fair value of \$921,000 (parent entity: \$151,000) (refer to Note 10); and
- shares in subsidiaries with a carrying value of \$3,280,000 in the parent entity under previous AGAAP, were reclassified as Other Non-Current Financial Assets (refer to Note 13).

### NOTE 10 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

At beginning of year  
Reclassification on adoption of AASB 132 and AASB 139  
Re-measurement to fair value on adoption of AASB 132 and AASB 139  
Revaluation in current year transferred to equity  
At end of year

Represented by:  
Equity securities – listed

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
-	-	-	-
558	-	252	-
363	-	(101)	-
489	-	(99)	-
1,410	-	52	-
1,410	-	52	-

### Transition to AASB 132 and AASB 139

The consolidated entity has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Reporting Standards* to apply AASB 132 *Financial Instrument: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. At the date of transition to these standards on 1 July 2005:

- equity securities with a carrying value of \$558,000 (the parent entity: \$252,000) that were classified in the balance sheet under previous AGAAP as Investments were designated and reclassified as Available-For-Sale Financial Assets (refer Note 9); and
- an adjustment of \$363,000 (parent entity: credit \$101,000) was recognised. This represented an initial gain/(loss) on re-measurement to fair value of assets that under previous AGAAP had been measured at cost.

For further information refer to Note 1(u) and Note 37.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Mine Property \$'000	Plant & Equipment \$'000	Leased Plant & Equipment \$'000	Total \$'000
<b>At 1 July 2004</b>				
Cost	69,319	12,780	-	82,099
Accumulated depreciation/amortisation	(45,408)	(4,910)	-	(50,318)
Net book amount	23,911	7,870	-	31,781
<b>Year ended 30 June 2005</b>				
Opening net book amount	23,911	7,870	-	31,781
Additions	13,794	2,051	7,049	22,894
Transfers from exploration and evaluation expenditure	23,553	-	-	23,553
Disposals	-	(72)	-	(72)
Depreciation/amortisation charge	(16,327)	(1,646)	(721)	(18,694)
Closing net book amount	44,931	8,203	6,328	59,462
<b>At 30 June 2005</b>				
Cost	106,666	14,693	7,049	128,408
Accumulated depreciation/amortisation	(61,735)	(6,490)	(721)	(68,946)
Net book amount	44,931	8,203	6,328	59,462
<b>Year ended 30 June 2006</b>				
Opening net book amount	44,931	8,203	6,328	59,462
Additions	20,190	5,527	1,826	27,543
Disposals	-	(1)	(100)	(101)
Depreciation/amortisation charge	(23,883)	(3,805)	(2,543)	(30,231)
Closing net book amount	41,238	9,924	5,511	56,673
<b>At 30 June 2006</b>				
Cost	126,827	20,494	8,502	155,823
Accumulated depreciation	(85,589)	(10,570)	(2,991)	(99,150)
Net book amount	41,238	9,924	5,511	56,673

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (continued)

Parent	Mine Property \$'000	Plant & Equipment \$'000	Leased Plant & Equipment \$'000	Total \$'000
<b>At 1 July 2004</b>				
Cost	69,319	12,780	-	82,099
Accumulated depreciation/amortisation	(45,408)	(4,910)	-	(50,318)
Net book amount	23,911	7,870	-	31,781
<b>Year ended 30 June 2005</b>				
Opening net book amount	23,911	7,870	-	31,781
Additions	13,794	2,051	7,049	22,894
Transfers from exploration and evaluation expenditure	23,553	-	-	23,553
Disposals	-	(72)	-	(72)
Depreciation/amortisation charge	(16,327)	(1,646)	(721)	(18,694)
Closing net book amount	44,931	8,203	6,328	59,462
<b>At 30 June 2005</b>				
Cost	106,666	14,693	7,049	128,408
Accumulated depreciation/amortisation	(61,735)	(6,490)	(721)	(68,946)
Net book amount	44,931	8,203	6,328	59,462
<b>Year ended 30 June 2006</b>				
Opening net book amount	44,931	8,203	6,328	59,462
Additions	20,190	5,527	1,826	27,543
Disposals	-	(1)	(100)	(101)
Depreciation/amortisation charge	(23,883)	(3,805)	(2,543)	(30,231)
Closing net book amount	41,238	9,924	5,511	56,673
<b>At 30 June 2006</b>				
Cost	126,827	20,494	8,502	155,823
Accumulated depreciation/amortisation	(85,589)	(10,570)	(2,991)	(99,150)
Net book amount	41,238	9,924	5,511	56,673

Refer to Note 15 for information on non-current assets pledged as security by the parent entity or its controlled entities.

### NOTE 12 – EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Exploration and Evaluation Expenditure</b>				
Opening balance	7,683	8,531	4,465	5,312
Current year expenditure	3,500	2,774	3,500	2,775
Cost of acquisition	150	15	150	15
Expenditure transferred to mine property	-	(863)	-	(863)
Expenditure written off in current year	(4,982)	(2,774)	(3,500)	(2,774)
Closing balance	6,351	7,683	4,615	4,465
<b>Development Expenditure</b>				
Opening balance	-	14,572	-	14,572
Current year expenditure	-	8,118	-	8,118
Expenditure transferred to mine property	-	(22,690)	-	(22,690)
Closing balance	-	-	-	-
<b>Total Exploration and Evaluation Expenditure</b>	<b>6,351</b>	<b>7,683</b>	<b>4,615</b>	<b>4,465</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 13 – OTHER FINANCIAL ASSETS

#### Shares in subsidiaries

At beginning of year	
Reclassification on adoption of AASB 132 & AASB 139	
Disposals	
At end of year	

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
-	-	-	-
-	-	3,280	-
-	-	(1,233)	-
-	-	2,047	-

These financial assets are carried at cost. Refer to Note 27.

#### Transition to AASB 132 and AASB 139

The consolidated entity has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Reporting Standards* to apply AASB 132 *Financial Instrument: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

At the date of transition to these standards on 1 July 2005, shares in subsidiaries with a carrying value of \$3,280,000 in the parent entity under previous AGAAP, were reclassified as Other Non-Current Financial Assets from Investments (refer to Note 9).

For further information refer to Note 37.

### NOTE 14 – PAYABLES

#### Current

Trade payables	
Other creditors and accruals	

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
3,708	10,408	3,708	10,408
41,549	24,337	41,549	24,337
45,257	34,745	45,257	34,745

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 15 – INTEREST BEARING LIABILITIES

#### Current

Lease liabilities (secured)

#### Non-Current

Lease liabilities (secured)

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
1,116	1,002	1,116	1,002
3,269	3,333	3,269	3,333

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:

Corporate Revolver Facility – secured

Less: Draw down portion

Bonding Facility – secured

Less: Draw down portion

10,000	10,000	10,000	10,000
-	-	-	-
500	500	500	500
(500)	(500)	(500)	(500)
10,000	10,000	10,000	10,000

The Corporate Revolver Facility is denominated in Australian dollars and is repayable by March 2007. Interest is charged at the BBSW rate plus an applicable margin.

The Bonding Facility is denominated in Australian dollars and is repayable in December 2006. 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.

### NOTE 16 – TAX LIABILITIES

#### Current

Income tax

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
6,750	2,165	6,750	2,165

The current tax liability for the Company and consolidated entity of \$6,750,000 (2005: \$2,165,000) represent the amount of income taxes payable in respect of current and prior financial periods. In accordance with the tax consolidation legislation, the Company has taken the "Group Allocation Approach" to recognise tax assets and liabilities. Under this approach, current and deferred taxes are allocated to entities in the group in a systematic manner which is consistent with the principles of AASB 112.

There is no tax funding arrangement in place.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 17 – PROVISIONS

#### Current

Employee benefits  
Other

#### Non-Current

Rehabilitation

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
986	356	986	356
142	142	142	142
1,128	498	1,128	498
1,435	1,359	1,435	1,359

As at 30 June 2006 the consolidated entity employed 92 people (2005: 71 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(ab) of the significant accounting policies. Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred and the life of the mine.

#### Movements in Provisions

Movements in each class of provisions during the financial year other than employee benefits, are set out below.

#### Consolidated and Parent Entity – 2006

Carrying amount at start of year  
Unwinding of discounted provision recognised  
Carrying amount at end of year

Rehabilitation \$'000	Other \$'000	Total \$'000
1,359	142	1,501
76	-	76
1,435	142	1,577

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 18 – DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

#### Amounts recognised in profit or loss

	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Trade receivables	12,722	7,480	12,722	7,480
Inventory	(1,742)	(655)	(1,742)	(655)
Property, plant and equipment	2,830	2,127	2,830	2,127
Evaluation and acquired exploration	1,325	1,765	803	799
Employee benefits	(207)	(109)	(207)	(109)
Investments in subsidiary	-	-	614	965
Rehabilitation	(431)	(280)	(431)	(280)
Other items	97	17	95	18
	14,594	10,345	14,684	10,345

#### Amounts recognised directly in equity

Available-for-sale financial assets (Note 20)	253	-	(60)	-
Cash flow hedges (Note 20)	(8,425)	-	(8,425)	-
	(8,172)	-	(8,485)	-
Net deferred tax liabilities	6,422	10,345	6,199	10,345

#### Movements

Opening balance at 1 July	10,345	5,203	10,345	5,203
Change on adoption of AASB 132 and AASB 139 (Note 37)	(1,140)	-	(1,279)	-
Charged to the income statement (Note 5)	3,293	3,478	3,311	3,478
Credited to equity (Note 20)	(5,631)	-	(5,808)	-
Disposal of subsidiary	(445)	-	(370)	-
Over provision in prior year	-	1,664	-	1,664
Closing balance at 30 June	6,422	10,345	6,199	10,345

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 19 – CONTRIBUTED EQUITY

#### a) Issued and Paid-up Capital

Fully paid 194,663,005 ordinary shares (2005: 194,663,005)

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
27,313	27,313	27,313	27,313

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

2006

Opening and closing balance

No. of Shares	Issue Price	\$'000
194,663,005		27,313
194,663,005		27,313

2005

Opening balance

Share issue pursuant to the exercise of options over fully paid shares

No. of Shares	Issue Price	\$'000
194,163,005		27,227
500,000	\$0.17	86
194,663,005		27,313

#### c) Options

At 30 June 2006 options to take up shares in the parent entity are as follows:

Number and Class	Issue Date	Expiry Date	Exercise Price
1,088,800 unlisted <sup>(1)</sup>	17 December 2003	6 November 2008	84 cents per share
560,000 unlisted <sup>(1)</sup>	22 December 2005	25 October 2010	70 cents per share
4,500,000 unlisted <sup>(2)</sup>	8 May 2006	7 May 2011	85 cents per share

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 20 – RESERVES

Available-for-Sale Investments Revaluation Reserve  
Hedging Reserve – Cash Flow Hedges  
Share-based Payments Reserve

#### Movements

##### Available-for-Sale Investments Revaluation Reserve

Balance at 1 July  
Adjustments on adoption of AASB 132 and AASB 139, net of tax (Note 9)  
Revaluation – gross (Note 10)  
Deferred tax (Note 18)  
Balance at 30 June

##### Hedging Reserve – Cash Flow Hedges

Balance at 1 July  
Adjustments on adoption of AASB 132 and AASB 139, net of tax (Note 8)  
Revaluation – net  
Deferred tax (Note 18)  
Balance at 30 June

##### Share-based Payments Reserve

Balance at 1 July  
Option expense  
Transfer to share capital (options exercised)  
Balance at 30 June

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
598	-	(138)	-
(19,659)	-	(19,659)	-
272	118	272	118
(18,789)	118	(19,525)	118
-	-	-	-
253	-	(71)	-
489	-	(99)	-
(144)	-	32	-
598	-	(138)	-
-	-	-	-
(6,182)	-	(6,182)	-
(19,253)	-	(19,253)	-
5,776	-	5,776	-
(19,659)	-	(19,659)	-
118	43	118	43
154	161	154	161
-	(86)	-	(86)
272	118	272	118

### Nature and Purpose of Reserves

#### Available-for-Sale Investments Revaluation Reserve

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

#### Hedging Reserve – 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 directly in equity, as described in Note 1(v). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

#### Share-based Payments Reserve

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 21 – RETAINED PROFITS

Balance 1 July
Adjustment on adoption of AASB 132 and AASB 139 (Note 8(a))
Net profit for the year
Dividends paid (Note 22)
Balance 30 June

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
37,810	22,479	38,116	22,806
3,265	-	3,265	-
29,309	20,190	29,197	20,169
(7,786)	(4,859)	(7,786)	(4,859)
62,598	37,810	62,792	38,116

### NOTE 22 – DIVIDENDS

#### a) Ordinary Shares

Final fully franked dividend for the year ended 30 June 2005 of 2 cents (2005: 1.5 cents) per fully paid ordinary shares paid on 30 September 2005 (2005: 24 September 2004)

Interim fully franked dividend for the year ended 30 June 2006 of 2 cents (2005: 1 cent) per fully paid ordinary share paid on 7 April 2006 (2005: 21 March 2005)

PARENT ENTITY	
2006 \$'000	2005 \$'000
3,893	2,913
3,893	1,946
7,786	4,859

#### b) Dividends Not Recognised at Year End

The Directors have recommended the payment of a final dividend of 3 cents per fully paid ordinary share, (2005: 2 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 6 October 2006 out of retained profits at 30 June 2006, but not recognised as a liability at year end is \$5,840,000.

### NOTE 23 – 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:

- JS Reeve – Chief Operating Officer
- ST Cowle – General Manager (Kambalda Operations)
- B Lynn – Chief Financial Officer

All the above persons are employees of Mincor Resources NL and were also key management persons during the year ended 30 June 2005.

Mr JS Reeve was appointed a director on 1 July 2006.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 23 – KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

#### c) Key Management Personnel Compensation

Short-term employee benefits  
Post-employment benefits  
Share-based payments

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
1,544	1,217	1,544	1,217
68	62	68	62
41	118	41	118
1,653	1,397	1,653	1,397

The Company has taken advantage of the relief provided by Corporations Regulations CR2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information 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

##### 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.

##### 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 parent entity and consolidated entity, including their personally-related parties, are set out below.

2006	Balance at the Start of the Year	Granted during the Year as Remuneration	Exercised during the Year	Other Changes during the Year	Balance at the End of the Year	Vested and Exercisable at the End of the Year
Directors of Mincor Resources NL						
<b>Ordinary Shares</b>						
DJ Humann (Chairman)	-	-	-	-	-	-
DCA Moore	-	-	-	-	-	-
JW Gardner	-	-	-	-	-	-
IF Burstson	-	-	-	-	-	-
Other Key Management Personnel of the consolidated entity						
<b>Ordinary Shares</b>						
JS Reeve	-	10,000	-	-	10,000	-
ST Cowle	1,000,000	10,000	-	-	1,010,000	1,000,000
B Lynn	-	760,000	-	-	760,000	-
2005						
Directors of Mincor Resources NL						
<b>Ordinary Shares</b>						
DJ Humann (Chairman)	-	-	-	-	-	-
DCA Moore	500,000	-	(500,000)	-	-	-
JW Gardner	-	-	-	-	-	-
IF Burstson	-	-	-	-	-	-
Other Key Management Personnel of the consolidated entity						
<b>Ordinary Shares</b>						
JS Reeve	-	-	-	-	-	-
ST Cowle	1,000,000	-	-	-	1,000,000	500,000
B Lynn	-	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### 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 parent entity and the consolidated entity, including their personally-related parties, are set below.

2006	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
<b>Directors of Mincor Resources NL</b>				
<b>Ordinary Shares</b>				
DJ Humann (Chairman)	200,000	-	-	200,000
DCA Moore	5,334,374	-	-	5,334,374
JW Gardner	4,974,276	-	-	4,974,276
IF Burston	50,000	-	-	50,000
<b>Other Key Management Personnel of the consolidated entity</b>				
<b>Ordinary Shares</b>				
JS Reeve	1,041,000	-	(250,000)	791,000
ST Cowle	-	-	-	-
B Lynn	115,000	-	(100,000)	15,000
<b>2005</b>				
<b>Directors of Mincor Resources NL</b>				
<b>Ordinary Shares</b>				
DJ Humann (Chairman)	200,000	-	-	200,000
DCA Moore	4,964,374	500,000	(130,000)	5,334,374
JW Gardner	4,974,276	-	-	4,974,276
IF Burston	50,000	-	-	50,000
<b>Other Key Management Personnel of the consolidated entity</b>				
<b>Ordinary Shares</b>				
JS Reeve	1,086,000	-	(45,000)	1,041,000
ST Cowle	-	-	-	-
B Lynn	375,000	-	(260,000)	115,000

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 24 – EXPENDITURE COMMITMENTS AND CONTINGENCIES

#### a) Exploration Expenditure Commitments

Discretionary exploration expenditure commitments relating to existing mineral tenements are as follows:

- Within 1 year

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
2,698	2,592	2,698	2,592

In order to maintain current rights of tenure to exploration tenements, the Company 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:

Office Rental

- Within 1 year
- Later than 1 year but not later than 5 years

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
252	239	252	239
42	40	42	40
294	279	294	279

#### c) Finance Lease Commitments

Finance and hire purchase rentals for plant and equipment are payable as follows:

- Within 1 year
- Later than 1 year but not later than 5 years
- Minimum lease payments
- Less: Future finance charges
- Recognised as a liability

Representing interest bearing liabilities:

- Current (Note 15)
- Non-current (Note 15)

1,470	1,583	1,470	1,583
3,794	3,945	3,794	3,945
5,264	5,528	5,264	5,528
(879)	(1,193)	(879)	(1,193)
4,385	4,335	4,385	4,335
1,116	1,002	1,116	1,002
3,269	3,333	3,269	3,333
4,385	4,335	4,385	4,335

#### d) Capital Commitments

There are no capital expenditure commitments as at 30 June 2006.

#### e) Contingent Liabilities

There are no known contingent liabilities as at 30 June 2006.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 25 – SEGMENT INFORMATION

The consolidated entity operates predominantly in the mining industry which is its primary business segment. The consolidated entity operates within the geographical areas of Australia, Africa and South West Pacific.

#### a) Primary Reporting Format – Business Segments

##### 2006

Sales to external customers  
Total sales revenue  
Other revenue/income  
Total segment revenue/income

Segment result

Profit before income tax  
Income tax expense  
Profit for the year

Segment assets  
Total Assets

Segment liabilities  
Total Liabilities

Acquisition of property, plant and equipment and non-current segment assets  
Depreciation and amortisation expense  
Other non-cash expenses

Mining  
\$'000

Other  
\$'000

Consolidated  
\$'000

174,593	-	174,593
174,593	-	174,593
1,420	9,533	10,953
176,013	9,533	185,546
31,063	9,533	40,596
		40,596
		(11,287)
		29,309
163,571	1,358	164,929
163,571	1,358	164,929
93,807	-	93,807
93,807	-	93,807
31,193	-	31,193
30,231	-	30,231
4,982	-	4,982

##### 2005

Sales to external customers  
Total sales revenue  
Other revenue/income  
Total segment revenue/income

Segment result

Profit before income tax  
Income tax expense  
Profit for the year

Segment assets  
Total Assets

Segment liabilities  
Total Liabilities

Acquisition of property, plant and equipment and non-current segment assets  
Depreciation and amortisation expense  
Other non-cash expenses

121,178	-	121,178
121,178	-	121,178
1,102	259	1,361
122,280	259	122,539
28,834	259	29,093
		29,093
		(8,903)
		20,190
122,462	2,548	125,010
122,462	2,548	125,010
59,769	-	59,769
59,769	-	59,769
33,801	-	33,801
17,711	-	17,711
2,774	-	2,774

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 25 – SEGMENT INFORMATION (continued)

#### b) Secondary Reporting Format – Geographical Segments

	Segment Revenues from Sales to External Customers		Segment Assets		Acquisitions of Property, Plant and Equipment and Other Non-Current Segment Assets	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Australia	174,593	121,178	161,834	121,483	31,193	33,801
Africa	-	-	-	1,484	-	-
South West Pacific	-	-	1,737	1,737	-	-
	174,593	121,178	163,571	124,704	31,193	33,801
Unallocated assets			1,358	306		
Total assets			164,929	125,010		

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

### NOTE 26 – REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

	CONSOLIDATED		PARENT ENTITY	
	2006 \$	2005 \$	2006 \$	2005 \$
<b>PricewaterhouseCoopers – Australian firm</b>				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	83,775	69,200	83,775	69,200
Other Assurance Services				
- IFRS accounting services	21,410	20,900	21,410	20,900
Total remuneration for audit and other assurance services	105,185	90,100	105,185	90,100
Tax compliance services, including review of company income tax returns	78,655	192,722	78,655	192,722
Total remuneration	183,840	282,822	183,840	282,822

### NOTE 27 – SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2006 (%)	2005 (%)
Oribi Resources Inc	British Virgin Islands	Ordinary	100	100
Mincor Tanzania Limited *	Tanzania	Ordinary	-	100
Mincor Operations Pty Limited	Australia	Ordinary	100	100
Mincor Holdings Pty Ltd **	Australia	Ordinary	100	-
Mincor Gold Pty Ltd **	Australia	Ordinary	100	-
Mincor Copper Pty Ltd **	Australia	Ordinary	100	-
Mincor Tungsten Pty Ltd **	Australia	Ordinary	100	-
Mincor Zinc Pty Ltd **	Australia	Ordinary	100	-

\* On 30 June 2006 Mincor Tanzania Limited was sold to Rupia Investment Company Limited for a total cash consideration of US\$1. Mincor Tanzania Limited held no cash at the time of disposal.

\*\* On 2 June 2006, the consolidated entity incorporated each of these subsidiaries with a share capital of \$100.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 28 – INTERESTS IN JOINT VENTURES

The consolidated entity holds interests in the following jointly controlled assets:

Name	Principal Activity	Percentage Interest	
		2006	2005
Bankole Joint Venture	Gold exploration	20	20
Minerals International Limited Farm-in and Joint Venture	Gold exploration	(earning)	(earning)
Webe Creek Farm-in and Joint Venture	Gold exploration	75	75
Imweru Joint Venture	Gold exploration	-	60
Carnilya Hill Farm-in and Joint Venture*	Nickel exploration	(earning)	-

\* During the year the Company entered into an agreement with View Resources Ltd ("View") whereby it agreed to pay \$150,000 to View and undertook to spend a minimum of \$2,350,000 by 28 February 2009 to earn a 70% interest in the Carnilya Hill Project.

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 29 – RELATED PARTY TRANSACTIONS

#### a) Parent Entity

The ultimate parent entity within the consolidated entity is Mincor Resources NL.

#### b) Transactions with Related Parties

During the financial year ended 30 June 2006, rent, personnel and administrative costs of \$615,000 (2005: \$650,000) were charged to Tethyan Copper Company Limited. Mr DJ Humann and Mr DCA Moore were Directors of Tethyan Copper Company Limited until 5 May 2006. All transactions with director related entities are on normal commercial terms and conditions and are conducted on an arms-length basis.

#### c) Subsidiaries

The aggregate amounts receivable from controlled entities is disclosed in Note 6. These loans are on an interest free basis and are repayable on demand.

#### d) Loans to Related Parties

##### Loans to subsidiaries

Beginning of the year
Write off of loan
Loan repayments received
End of year

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
-	-	555	579
-	-	(210)	-
-	-	(60)	(24)
-	-	285	555

#### e) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 23.

### NOTE 30 – EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 25 August 2006 the Directors declared a fully franked dividend of 3 cents per share in respect of the year ended 30 June 2006.

The financial effect of these post balance date events has not been recorded in the 30 June 2006 financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 31 – 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 after income tax

Profit for the year
Add/(Less): Non-Cash Items
Depreciation
Amortisation
Net (gain)/loss on sale of non-current assets
Loss on disposal of investment in subsidiary
Gain on derivative held-for-trading
Write off of amounts owing from subsidiary
Exploration expenditure written off
Net gain on deconsolidation of former controlled entity
Employee benefits expense – share based payments

#### Change in operating assets and liabilities

(Increase)/decrease in trade receivables
(Increase)/decrease in inventories
(Increase)/decrease in prepayments
Increase/(decrease) in creditors and accruals
Increase/(decrease) in income tax payable
Increase/(decrease) in deferred tax
Increase in employee entitlement provisions

#### Net cash inflow from operating activities

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
29,309	20,190	29,197	20,169
6,348	2,367	6,348	2,367
23,883	16,327	23,883	16,327
(32)	35	(32)	35
-	-	1,234	-
(8,790)	-	(8,790)	-
-	-	210	-
4,982	2,774	3,500	2,774
(186)	-	-	-
154	75	154	75
(24,016)	(11,568)	(24,016)	(11,571)
(208)	(380)	(208)	(380)
(143)	(84)	(143)	(84)
12,488	16,584	12,485	16,584
3,324	1,502	3,324	1,502
4,291	5,142	4,198	5,142
630	95	630	95
52,034	53,059	51,974	53,035

#### b) Cash and cash equivalents

Cash at bank and in hand
Deposits at call

3	603	3	602
45,132	17,602	45,131	17,602
45,135	18,205	45,134	18,204

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 32 – NON-CASH FINANCING AND INVESTING ACTIVITIES

Acquisition of property, plant and equipment by means of finance leases

CONSOLIDATED		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
1,185	7,049	1,185	7,049

### NOTE 33 – EARNINGS PER SHARE

#### a) Basic and Diluted earnings per share

Profit attributable to the ordinary equity holders of the company

CONSOLIDATED	
2006 cents	2005 cents
15.1	10.4

#### b) Earnings used in calculating earnings per share

Basic and Diluted earnings per share

Profit for the period

Profit attributable to the ordinary equity holders of the company

2006 \$'000	2005 \$'000
29,309	20,190
29,309	20,190

#### c) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

Adjustments for calculation of diluted earnings per share:

Options on issue

Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share

CONSOLIDATED	
2006	2005
194,663,005	194,413,005
12,043	184,615
194,675,048	194,597,620

### NOTE 34 – FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks including foreign exchange risk, price risk, credit risk, liquidity risk and cash flow interest rate 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 futures commodity contracts to hedge certain risk exposures.

Risk management is carried out 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 Company hedges less than 60% of its proved and probable ore reserves from its combined operations. The Company 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.

#### a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The consolidated entity is exposed to foreign exchange risk arising from currency exposures to the US dollar as a result of transactions or sales in US dollars. Refer to Note 8(b)(i).

#### b) Price Risk

The consolidated entity is exposed to fluctuations in base metal prices arising from the sale of its products. Refer to Note 8(b)(ii).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 34 – FINANCIAL RISK MANAGEMENT (continued)

#### c) Interest Rate Risk

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:

	Weighted Average Interest Rate	Floating Interest Maturing In:			Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	Non-Interest Bearing \$'000	
<b>2006</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	5.14%	45,135	-	-	45,135
Trade and other receivables		-	-	54,188	54,188
Available-for-sale financial assets		-	-	1,410	1,410
Derivative financial instruments		-	-	347	347
		45,135	-	55,945	101,080
<b>Financial Liabilities</b>					
Payables		-	-	45,257	45,257
Lease liabilities	9.40%	1,116	3,269	-	4,385
Derivative financial instruments		-	-	28,430	28,430
		1,116	3,269	73,687	78,072
<b>2005</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	4.10%	18,205	-	-	18,205
Trade and other receivables		-	-	29,921	29,921
Investments		-	-	2,800	2,800
Other assets		-	-	6,322	6,322
		18,205	-	39,043	57,248
<b>Financial Liabilities</b>					
Payables		-	-	34,745	34,745
Lease liabilities	7.00%	1,002	3,333	-	4,335
Other liabilities		-	-	6,322	6,322
		1,002	3,333	41,067	45,402

#### d) Credit Risk

The consolidated entity's maximum exposure to credit risk at balance date is the carrying amount of the recognised financial asset net of any provision for doubtful debts.

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises with amounts receivable from unrealised gains on derivative financial instruments.

At balance sheet date the consolidated entity has an exposure to loss in the event counterparties fail to settle on contracts which are favourable to the consolidated entity. This exposure to loss is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

#### e) Liquidity Risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, marketable securities and committed credit facilities to meet the consolidated entity's commitments as they arise.

Liquidity risk management covers daily, short-term and long-term liquidity needs. The appropriate levels of liquidity are determined by both the nature of the consolidated entity's business and its risk profile.

#### f) Cash Flow and Fair Value Interest Rate Risk

The consolidated entity can have significant cash and cash equivalent balances that may materially expose the consolidated entity's income and operating cash inflows to changes in market interest rates. All cash and cash equivalent balances are invested at variable market interest rates.

As the consolidated entity has no significant interest bearing liabilities, the consolidated entity's costs and operating cash outflows are not materially exposed to changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 35 – 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 Number	Granted during the Year Number	Exercised during the Year Number	Lapsed during the Year Number	Closing Balance Number	Exercisable at End of the Year Number
<b>2006</b>								
6 November 2003	6 November 2008	84 cents	1,254,000	-	-	165,200	1,088,800	1,088,800
22 December 2005	25 October 2010	70 cents	-	780,000	-	220,000	560,000	-
Total			1,254,000	780,000	-	385,200	1,648,800	1,088,800
Weighted average exercise price			\$0.84	\$0.70	-	\$0.76	\$0.79	\$0.84
<b>2005</b>								
6 November 2003	6 November 2008	84 cents	1,500,000	-	-	246,000	1,254,000	1,254,000
Total			1,500,000	-	-	246,000	1,254,000	1,254,000
Weighted average exercise price			\$0.84	-	-	\$0.84	\$0.84	\$0.84

#### Fair Value of Options Granted

The assessed fair value at grant date of options granted under the 2002 Employee Share Option Plan during the year ended 30 June 2006 was 18.34 cents per option (2005: 28.6 cents). The fair value at grant date is independently determined using the Binomial option valuation methodology that takes into account the exercise price, the term of the option, the impact of dilution, 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 weighted average remaining contractual life of share options outstanding at the end of the period was 3.02 years (2005: 3.36 years).

The model inputs for the options granted during the year ended 30 June 2006 included:

- Options are granted for no consideration and are exercisable any time between 18 November 2006 and the expiry date
- Exercise price: \$0.70 (2005: \$0.84)
- Grant date: 22 December 2005 (2005: 17 December 2003)
- Expiry date: 25 October 2010 (2005: 6 November 2008)
- Share price at grant date: \$0.64 (2005: \$0.84)
- Expected price volatility of the Company's shares: 35% (2005: 50%)
- Risk-free interest rate: 5.305% (2005: 5.70%)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any changes to future volatility due to publicly available information.

#### 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.

Vesting and Date Exercisable	Number of Options Exercisable
8 May 2007	33.3% of options
8 May 2008	66.6% of options
8 May 2009	100% of options

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 35 – SHARE-BASED PAYMENTS (continued)

#### Mincor Resources Executive Share Option Scheme (continued)

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 Number	Granted during the Year Number	Exercised during the Year Number	Lapsed during the Year Number	Closing Balance Number
<b>2006</b>							
8 May 2006	7 May 2011	85 cents	-	4,500,000	-	-	4,500,000
Total			-	4,500,000	-	-	4,500,000

#### Fair Value of Options Granted

The assessed fair value at grant date of options granted under the Mincor Resources Executive Option Scheme during the year ended 30 June 2006 were 24 cents per option for Instalment 1, 23 cents per option for Instalment 2, and 22 cents per option for Instalment 3 of options granted. The fair value at grant date is independently determined using the Binomial option valuation methodology that takes into account the exercise price, the term of the option, the impact of dilution, 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 model inputs for the options granted during the year ended 30 June 2006 included:

- Options are granted for no consideration and will vest over three equal annual instalments
- Exercise price: \$0.85
- Grant date: 8 May 2006
- Expiry date: 7 May 2011
- Share price at grant date: \$0.90
- Expected price volatility of the Company's shares: 40%
- Expected dividend yield: 5.6%
- Risk-free interest rate: 5.7%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any changes to future volatility due to publicly available information.

No options were exercised under either the Plan or the Scheme during the financial year. Options exercised and the number of shares issued to employees on the exercise of options in the prior year are set out below:

Exercise Date	Fair Value of Shares at Issue Date	CONSOLIDATED		PARENT ENTITY	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
7 January 2005	\$0.60	-	500,000	-	500,000
Options vested at the reporting date		1,088,800	1,254,000	1,088,800	1,254,000

#### 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:

	CONSOLIDATED		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Options issued under employee option plans (refer Note 20)	154	161	154	161
	154	161	154	161

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 36 – EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

**Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)**

**At the date of transition to AIFRS: 1 July 2004**

		CONSOLIDATED			PARENT ENTITY		
	Note	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Current Assets							
Cash assets		9,176	-	9,176	9,175	-	9,175
Receivables		18,074	193	18,267	18,070	191	18,261
Inventory		237	-	237	237	-	237
Prepayments		193	(193)	-	191	(191)	-
Other current assets	c	1,902	-	1,902	1,902	-	1,902
		29,582	-	29,582	29,575	-	29,575
Non-Current Assets							
Receivables		-	-	-	579	-	579
Investments	c	2,800	-	2,800	5,774	-	5,774
Property, plant and equipment	f	31,045	736	31,781	31,045	736	31,781
Development expenditure		14,572	-	14,572	14,572	-	14,572
Exploration and evaluation expenditure	g	8,464	67	8,531	5,245	67	5,312
Other non-current assets	c	1,384	-	1,384	1,384	-	1,384
Total Non-Current Assets		58,265	803	59,068	58,599	803	59,402
TOTAL ASSETS		87,847	803	88,650	88,174	803	88,977
Current Liabilities							
Payables		24,810	-	24,810	24,810	-	24,810
Interest bearing liabilities		119	-	119	119	-	119
Tax liabilities		663	-	663	663	-	663
Provisions		403	-	403	403	-	403
Other current liabilities	c	1,902	-	1,902	1,902	-	1,902
Total Current Liabilities		27,897	-	27,897	27,897	-	27,897
Non-Current Liabilities							
Payables		3,000	-	3,000	3,000	-	3,000
Interest bearing liabilities		140	-	140	140	-	140
Provisions	e	816	461	1,277	816	461	1,277
Deferred tax liabilities	a	3,825	1,378	5,203	3,825	1,378	5,203
Other non-current liabilities	c	1,384	-	1,384	1,384	-	1,384
Total Non-Current Liabilities		9,165	1,839	11,004	9,165	1,839	11,004
TOTAL LIABILITIES		37,062	1,839	38,901	37,062	1,839	38,901
NET ASSETS		50,785	(1,036)	49,749	51,112	(1,036)	50,076
Equity							
Contributed equity		27,227	-	27,227	27,227	-	27,227
Reserves	i	545	(502)	43	-	43	43
Retained profits	h	23,013	(534)	22,479	23,885	(1,079)	22,806
TOTAL EQUITY		50,785	(1,036)	49,749	51,112	(1,036)	50,076

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 36 – EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS (continued)

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS) (continued)

At the end of the last reporting period under previous AGAAP: 30 June 2005

		CONSOLIDATED			PARENT ENTITY		
	Note	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Current Assets							
Cash assets		18,205	-	18,205	18,204	-	18,204
Receivables		29,644	277	29,921	29,640	277	29,917
Inventory		617	-	617	617	-	617
Prepayments		277	(277)	-	277	(277)	-
Other current assets	c	5,043	-	5,043	5,043	-	5,043
		53,786	-	53,786	53,781	-	53,781
Non-Current Assets							
Receivables		-	-	-	555	-	555
Investments	c	2,800	-	2,800	5,774	-	5,774
Property, plant and equipment	f	58,816	646	59,462	58,816	646	59,462
Exploration and evaluation expenditure	g	7,616	67	7,683	4,398	67	4,465
Other non-current assets	c	1,279	-	1,279	1,279	-	1,279
Total Non-Current Assets		70,511	713	71,224	70,822	713	71,535
TOTAL ASSETS		124,297	713	125,010	124,603	713	125,316
Current Liabilities							
Payables		34,745	-	34,745	34,745	-	34,745
Interest bearing liabilities		1,002	-	1,002	1,002	-	1,002
Current tax liabilities		2,165	-	2,165	2,165	-	2,165
Provisions		498	-	498	498	-	498
Other current liabilities	c	5,043	-	5,043	5,043	-	5,043
Total Current Liabilities		43,453	-	43,453	43,453	-	43,453
Non-Current Liabilities							
Interest bearing liabilities		3,333	-	3,333	3,333	-	3,333
Provisions	e	934	425	1,359	934	425	1,359
Deferred tax liabilities	a	8,983	1,362	10,345	8,983	1,362	10,345
Other non-current liabilities	c	1,279	-	1,279	1,279	-	1,279
Total Non-Current Liabilities		14,529	1,787	16,316	14,529	1,787	16,316
TOTAL LIABILITIES		57,982	1,787	59,769	57,982	1,787	59,769
NET ASSETS		66,315	(1,074)	65,241	66,621	(1,074)	65,547
Equity							
Contributed equity		27,313	-	27,313	27,313	-	27,313
Reserves	i	545	(427)	118	-	118	118
Retained profits	h	38,457	(647)	37,810	39,308	(1,192)	38,116
TOTAL EQUITY		66,315	(1,074)	65,241	66,621	(1,074)	65,547



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRS (AIFRS) for the year ended 30 June 2005

	Note	CONSOLIDATED			PARENT ENTITY		
		Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of Transition to AIFRS \$'000	AIFRS \$'000
Revenue	d	122,577	(38)	122,539	122,546	(38)	122,508
Mining contractor costs		(36,861)	-	(36,861)	(36,861)	-	(36,861)
Ore tolling costs		(13,964)	-	(13,964)	(13,964)	-	(13,964)
Royalty expense		(7,876)	-	(7,876)	(7,876)	-	(7,876)
Employee benefit expense	b	(5,737)	(75)	(5,812)	(5,737)	(75)	(5,812)
Borrowing cost expense	e	(210)	(80)	(290)	(210)	(80)	(290)
Exploration costs expensed		(2,774)	-	(2,774)	(2,774)	-	(2,774)
Depreciation and amortisation expense	f	(17,621)	(90)	(17,711)	(17,621)	(90)	(17,711)
Other expenses from ordinary activities	d,e	(8,313)	155	(8,158)	(8,303)	155	(8,148)
<b>Profit before income tax expense</b>		<b>29,221</b>	<b>(128)</b>	<b>29,093</b>	<b>29,200</b>	<b>(128)</b>	<b>29,072</b>
Income tax expense		(8,919)	16	(8,903)	(8,919)	16	(8,903)
<b>Profit attributable to members of Mincor Resources NL</b>		<b>20,302</b>	<b>(112)</b>	<b>20,190</b>	<b>20,281</b>	<b>(112)</b>	<b>20,169</b>
		Cents	Cents	Cents			
Earnings per share		10.4	-	10.4			
Diluted earnings per share		10.4	-	10.4			

### Reconciliation of Cash Flow Statement for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

### Notes to the Reconciliations

#### a) Income Tax

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to the amounts recognised in equity. The adoption of AIFRS has resulted in a change in accounting policy. The effects of the application of AASB 112 *Income Taxes* are as follows:

#### At 1 July 2004 and at 30 June 2005

The effects on the deferred tax liability of the adoption of AIFRS are as follows (tax rate of 30%):

	1 JULY 2004		30 JUNE 2005	
	Consolidated \$'000	Parent Entity \$'000	Consolidated \$'000	Parent Entity \$'000
Adjustments arising from adoption of AASB 112				
- Permanent differences not previously tax effected under AGAAP	1,276	1,276	1,276	1,276
Application of AASB 112 to adjustments arising from adoption of other				
- Provision for rehabilitation	102	102	86	86
<b>Increase in deferred tax liability</b>	<b>1,378</b>	<b>1,378</b>	<b>1,362</b>	<b>1,362</b>

#### For the year ended 30 June 2005

For the consolidated entity and parent entity there has been a decrease in tax expense of \$16,000.

#### b) Equity-based Compensation Benefits

Under AASB 2 *Share-based Payment*, from 1 July 2004, the consolidated entity is required to recognise an expense for those options that were issued to employees under the 2002 Employee Share Option Plan after 7 November 2002 but that had not vested by 1 January 2005. The effect of this is:

#### At 1 July 2004

For the consolidated entity and parent entity there has been a decrease in retained earnings of \$43,000 and a corresponding increase in reserves.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 36 – EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS (continued)

#### Notes to the Reconciliations (continued)

#### b) Equity-based Compensation Benefits (continued)

##### At 30 June 2005

For the consolidated entity and parent entity there has been a decrease in retained earnings of \$118,000 and a corresponding increase in reserves.

##### For the year ended 30 June 2005

For the consolidated entity and parent entity there has been an increase in employee benefits expense of \$75,000.

#### c) Financial Instruments

The consolidated entity has elected to apply the exemption from restatement of comparatives for AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. It has therefore continued to apply the previous AGAAP rules to derivatives, financial assets and financial liabilities and also to hedge relationships for the year ended 30 June 2005. The adjustments required for differences between previous AGAAP and AASB 132 and 139 have been determined and recognised at 1 July 2005. Refer to Adjustments on Transition to AASB 132 and AASB 139 on 1 July 2005 in Note 37 and Note 1(u) and (v) for further details.

#### d) Revenue Disclosures in Relation to the Sale of Non-Current Assets

Under previous AGAAP, proceeds from the sale of non-current assets were included in revenue and the book value of the assets sold was included in other expense. Under AIFRS, net gains on the sale of assets are presented in other income and net losses in other expense. The effect of this is:

##### At 1 July 2004 and 30 June 2005

There is no effect on the consolidated entity and parent entity.

##### For the year ended 30 June 2005

For the consolidated entity and parent entity, revenue from ordinary activities has been decreased by \$38,000 and other expenses from ordinary activities has been decreased by \$38,000. There is no effect on profit for the year.

#### e) Provision for Restoration and Rehabilitation

Under AASB 137, *Provisions, Contingent Liabilities and Contingent Assets*, the obligation to make good environmental or other damage is provided for in full immediately. The effect on provisions on adoptions of AIFRS is as follows:

	1 JULY 2004		30 JUNE 2005	
	Consolidated \$'000	Parent Entity \$'000	Consolidated \$'000	Parent Entity \$'000
Increase in provision for rehabilitation on transition	461	461	461	461
Reversal of provision for rehabilitation under AGAAP	-	-	(117)	(117)
Unwinding of discounted provision recognised	-	-	81	81
Increase in provisions	461	461	425	425

##### For the year ended 30 June 2005

For the consolidated entity and parent entity there has been an increase in borrowing costs of \$80,000 and a decrease in other expenses of \$117,000.

#### f) Property, Plant and Equipment

Under AASB 116 *Property, Plant and Equipment* estimates of restoration and rehabilitation costs are included in the cost of related asset. This is in contrast to AGAAP treatment where restoration and rehabilitation costs are charged to production on a gradual basis over the life of the economically recoverable resources. The effects of the application of this standard on property, plant and equipment are as follows:

	1 JULY 2004		30 JUNE 2005	
	Consolidated \$'000	Parent Entity \$'000	Consolidated \$'000	Parent Entity \$'000
Present value of rehabilitation costs capitalised on transition	1,078	1,078	1,078	1,078
Accumulated amortisation costs capitalised	(342)	(342)	(432)	(432)
Increase in provisions	736	736	646	646

##### For the year ended 30 June 2005

For the consolidated entity and parent entity, amortisation expense increased by \$90,000.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### g) Exploration and Evaluation Expenditure

	1 JULY 2004		30 JUNE 2005	
	Consolidated \$'000	Parent Entity \$'000	Consolidated \$'000	Parent Entity \$'000
Present value of rehabilitation costs capitalised on transition	67	67	67	67

### h) Retained Earnings

The effect on retained earnings of the changes set out above are as follows:

	1 JULY 2004		30 JUNE 2005	
	Consolidated \$'000	Parent Entity \$'000	Consolidated \$'000	Parent Entity \$'000
Income taxes (Note 36 (a))	1,378	1,378	1,362	1,362
Provision for rehabilitation and amortisation expense	(342)	(342)	(288)	(288)
Share-based payments	43	43	118	118
Transfer of increment upon dilution of interest in controlled entity (Note 36(i))	(545)	-	(545)	-
Decrease in retained earnings	534	1,079	647	1,192

### i) Reserves

The effect on reserves of the changes set out above are as follows:

	1 JULY 2004		30 JUNE 2005	
	Consolidated \$'000	Parent Entity \$'000	Consolidated \$'000	Parent Entity \$'000
Transfer of increment upon dilution of interest in controlled entity <sup>(1)</sup>	(545)	-	(545)	-
Recognition of share-based payments	43	43	118	118
Increase/(decrease) in reserves	(502)	43	(427)	118

*(1) Increment upon dilution of interest in controlled entity*

Under AASB 127 *Consolidated and Separate Financial Statements* the issuance of securities by a controlled entity to a minority interest can result in a gain or loss to the shareholders of the economic entity. This is in contrast to the previous AGAAP treatment whereby the gain or loss upon issuance of shares by a controlled entity to a minority interest was treated as a capital transaction and taken to a capital reserve.

Under AASB 127 the consolidated entity and parent entity's capital reserve decreased by \$545,000 with a corresponding increase to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 37 – EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

**Adjustments on transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*: 1 July 2005**

		CONSOLIDATED			PARENT ENTITY		
	Note	AIFRS \$'000	Adjustment \$'000	AIFRS \$'000	AIFRS \$'000	Adjustment \$'000	AIFRS \$'000
Current Assets							
Cash assets		18,205	-	18,205	18,204	-	18,204
Receivables		29,921	-	29,921	29,917	-	29,917
Inventory		617	-	617	617	-	617
Derivative financial instruments	i	-	11,950	11,950	-	11,950	11,950
Other current assets	v	5,043	(5,043)	-	5,043	(5,043)	-
		53,786	6,907	60,693	53,781	6,907	60,688
Non-Current Assets							
Receivables		-	-	-	555	-	555
Investments	ii	2,800	(2,800)	-	5,774	(5,774)	-
Available-for-sale financial assets	iii	-	920	920	-	151	151
Derivative financial instruments	i	-	1,280	1,280	-	1,280	1,280
Property, plant and equipment		59,462	-	59,462	59,462	-	59,462
Exploration and evaluation expenditure		7,683	-	7,683	4,465	-	4,465
Other financial assets		-	-	-	-	3,280	3,280
Other non-current assets	v	1,279	(1,279)	-	1,279	(1,279)	-
Total Non-Current Assets		71,224	(1,879)	69,345	71,535	(2,342)	69,193
TOTAL ASSETS		125,010	5,028	130,038	125,316	4,565	129,881
Current Liabilities							
Payables		34,745	-	34,745	34,745	-	34,745
Interest bearing liabilities		1,002	-	1,002	1,002	-	1,002
Current tax liabilities		2,165	-	2,165	2,165	-	2,165
Provisions		498	-	498	498	-	498
Derivative financial instruments	i	-	10,838	10,838	-	10,838	10,838
Other current liabilities	v	5,043	(5,043)	-	5,043	(5,043)	-
Total Current Liabilities		43,453	5,795	49,248	43,453	5,795	49,248
Non-Current Liabilities							
Interest bearing liabilities		3,333	-	3,333	3,333	-	3,333
Provisions		1,359	-	1,359	1,359	-	1,359
Deferred tax liabilities	iv	10,345	(1,140)	9,205	10,345	(1,279)	9,066
Derivative financial instruments	i	-	4,316	4,316	-	4,316	4,316
Other non-current liabilities	v	1,279	(1,279)	-	1,279	(1,279)	-
Total Non-Current Liabilities		16,316	1,897	18,213	16,316	1,758	18,074
TOTAL LIABILITIES		59,769	7,692	67,461	59,769	7,553	67,322
NET ASSETS		65,241	(2,664)	62,577	65,547	(2,988)	62,559
Equity							
Contributed equity		27,313	-	27,313	27,313	-	27,313
Reserves	vi	118	(5,929)	(5,811)	118	(6,253)	(6,135)
Retained profits	vii	37,810	3,265	41,075	38,116	3,265	41,381
TOTAL EQUITY		65,241	(2,664)	62,577	65,547	(2,988)	62,559

The consolidated entity has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Reporting Standards* to apply AASB 132 *Financial Instrument: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### Notes to the Reconciliations

The effects of the application of AASB 132 and AASB 139 at the date of transition (being 1 July 2005) are as follows:

	1 JULY 2005	
	Consolidated \$'000	Parent Entity \$'000
<b>i) Derivative Financial Instruments</b>		
<b>Current Assets</b>		
Reclassification of forward foreign exchange contracts – cash flow hedges	5,043	5,043
Reclassification of the AGAAP cost of TCC Options from Investments (refer Note (iii))	2,242	2,242
Revaluation of TCC Options to fair value	4,665	4,665
Increase in Derivative Financial Instruments	11,950	11,950
<b>Non-Current Assets</b>		
Reclassification of forward foreign exchange contracts – cash flow hedges	1,280	1,280
Increase in Derivative Financial Instruments	1,280	1,280
<b>Current Liabilities</b>		
Recognition of futures commodity contracts – cash flow hedges	10,838	10,838
Increase in Derivative Financial Instruments	10,838	10,838
<b>Non-Current Liabilities</b>		
Recognition of futures commodity contracts – cash flow hedges	4,316	4,316
Increase in Derivative Financial Instruments	4,316	4,316
<b>ii) Investments</b>		
Reclassification of the AGAAP cost of TCC Options to Derivative Financial Instruments (refer Note (i))	2,242	2,242
Reclassification of the AGAAP value of shares in listed companies to Available-for-Sale Financial Assets (refer Note (iii))	558	252
Reclassification of the AGAAP value of shares in subsidiaries to Other Non-Current Assets (refer Note (v))	-	3,280
Decrease in Investments	2,800	5,774
<b>iii) Available-for-Sale Financial Assets</b>		
Reclassification of the AGAAP value of shares in listed companies from Investments (refer Note (ii))	558	252
Revaluation of shares in listed companies to fair value	362	(101)
Increase in Available-for-Sale Financial Assets	920	151
<b>iv) Deferred Tax Liabilities</b>		
Tax effect of revaluation of TCC Options to fair value (Note (i))	1,400	1,400
Tax effect of recognition of forward foreign exchange contracts – cash flow hedges (Note (i))	1,897	1,897
Tax effect of recognition of futures commodity contracts – cash flow hedges (Note (i))	(4,546)	(4,546)
Tax effect of revaluation of shares in listed companies to fair value (Note (iii))	109	(30)
Decrease in Deferred Tax Liabilities	(1,140)	(1,279)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 37 – EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS (continued)

#### Notes to the Reconciliations (continued)

#### v) Other Assets and Other Liabilities

##### Current Assets

Reclassification of foreign exchange hedges recorded under AGAAP to  
Derivative Financial Instruments  
Decrease in Other Current Assets

##### Non-Current Assets

Reclassification of foreign exchange hedges recorded under AGAAP to  
Derivative Financial Instruments  
Decrease in Other Non-Current Assets

##### Current Liabilities

Transfer of deferred foreign exchange hedge gains recorded under AGAAP to equity  
Decrease in Other Current Liabilities

##### Non-Current Liabilities

Transfer of deferred foreign exchange hedge gains recorded under AGAAP to equity  
Decrease in Other Non-Current Liabilities

1 JULY 2005	
Consolidated \$'000	Parent Entity \$'000
5,043	5,043
5,043	5,043
1,279	1,279
1,279	1,279
5,043	5,043
5,043	5,043
1,279	1,279
1,279	1,279

#### vi) Reserves

Transfer of deferred foreign exchange hedge gains from other liabilities – cash flow hedges (Note (i))  
Tax effect of forward foreign exchange contracts – cash flow hedges (Note (iv))  
Recognition of futures commodity contracts – cash flow hedges (Note (i))  
Tax effect of futures commodity contracts – cash flow hedges (Note (iv))  
Revaluation of shares in listed companies to fair value (Note (iii))  
Tax effect of revaluation of shares in listed companies to fair value (Note (iii))  
Decrease in Reserves

(6,323)	(6,323)
1,897	1,897
15,154	15,154
(4,546)	(4,546)
(362)	101
109	(30)
5,929	6,253

#### vii) Retained Earnings

Revaluation of TCC Options to fair value (Note (i))  
Tax effect of revaluation of TCC Options to fair value (Note (iv))  
Increase in Retained Earnings

4,665	4,665
(1,400)	(1,400)
3,265	3,265

## DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the financial statements and notes set out on pages 44 to 90 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 Company's and consolidated entity's financial position as at 30 June 2006 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, 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) the audited remuneration disclosures set out on pages 36 to 41 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

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 28th day of August 2006.



DCA Moore  
Managing Director



PricewaterhouseCoopers  
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## Independent audit report to the members of Mincor Resources NL

### Audit opinion

In our opinion:

1. the financial report of Mincor Resources NL:
  - gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Mincor Resources NL and the Mincor Resources NL Group (defined below) as at 30 June 2006, and of their performance for the year ended on that date, and
  - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*; and
2. the audited remunerations disclosures that are contained on pages 36 to 41 of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124) and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

### Scope

#### The financial report, remunerations disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statements, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Mincor Resources NL (the company) and the Mincor Resources NL Group (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives (remuneration disclosures) as required by AASB 124, under the heading "remuneration report" on pages 36 to 41 of the directors' report, as permitted by the *Corporations Regulations 2001*.

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. The directors are also responsible for the remuneration disclosures contained in the directors' report.



## Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

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

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

## Independence

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

A stylized, handwritten-style signature in dark blue ink, representing the PricewaterhouseCoopers brand.

PricewaterhouseCoopers

A handwritten signature in dark blue ink, identifying John O'Connor.

John O'Connor  
Partner

Perth  
28 August 2006

## ADDITIONAL SHAREHOLDER INFORMATION

AS AT 31 AUGUST 2006

### a) 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 (%)
MIR Investment Management Ltd	12,986,757	6.67

### b) Distribution of Shareholders

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1 – 1,000	346	271,483
1,001 – 5,000	1,774	5,920,274
5,001 – 10,000	1,438	12,095,971
10,001 – 100,000	1,903	57,476,470
100,001 and over	158	118,898,807

### c) Number of Shareholders Holding Less than a Marketable Parcel 30

### d) Voting Rights

#### i) 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.

#### ii) Options

The Company's options have no voting rights.

### e) Percentage Held by 20 Largest Shareholders 43.35%

### f) Listing of 20 Largest Shareholders

Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held (%)
1. Westpac Custodian Nominees Limited	17,270,894	8.87
2. National Nominees Limited	13,684,699	7.03
3. ANZ Nominees Limited	10,185,570	5.23
4. JP Morgan Nominees Australia Limited	6,222,382	3.20
5. Citicorp Nominees Pty Limited	5,905,947	3.03
6. Cogent Nominees Pty Limited	4,867,101	2.50
7. Mr David Charles Moore	4,500,000	2.31
8. HSBC Custody Nominees (Australia) Limited-GSI ECSA	4,099,477	2.11
9. Mr John William Gardner & Mrs Janet Leigh Gardner	3,000,000	1.54
10. HSBC Custody Nominees (Australia) Limited	1,918,170	0.99
11. Mr Anthony Hubert Shields	1,900,000	0.98
12. Merrill Lynch (Australia) Nominees Pty Ltd	1,656,844	0.85
13. Citicorp Nominees Pty Limited	1,442,182	0.74
14. Mr Anthony Hubert Shields & Ms Amanda Carol Nayton	1,300,000	0.67
15. Ravex Pty Ltd	1,210,000	0.62
16. CS Fourth Nominees Pty Ltd	1,200,434	0.62
17. Mr John William Gardner	1,150,000	0.59
18. Mr Robert Euan Macmillan & Mrs Ruth Durelle Macmillan	1,111,000	0.57
19. Mrs Daphne Georgina Balaam	952,588	0.49
20. Mr Peter Taubman Blackwell & Mrs Daphne Christine Blackwell	800,000	0.41

### g) Stock Exchange Listing

Mincor Resources NL shares are listed on the Australian Stock Exchange. The Company's ASX Code is MCR.

### h) Unlisted Share Options

Number of Options	Exercise Price	Expiry Date	Number of Holders
2002 Employee Share Option Plan			
1,088,800	84 cents	6 November 2008	4
560,000	70 cents	24 October 2010	56
Mincor Resources Executive Share Option Scheme			
4,500,000	85 cents	7 May 2011	6

# TENEMENT SCHEDULE

AS AT 31 AUGUST 2006

Lease	Lease Type	Lease Name	Region	Project	Status	Grant Date	Expiry Date	Area (km <sup>2</sup> )	Mincor Equity
DGL 14979	Dangerous Goods	Wannaway	Kambalda	Widgiemooltha	Granted	18/6/2003	17/6/2007	0.01	100%
DGL 16580	Dangerous Goods	Miitel	Kambalda	Widgiemooltha	Renewal pending	25/2/2003	24/2/2006	0.01	100%
E09/1205	Exploration	Nardoo Well	Gascoyne	Gascoyne	Granted	19/4/2006	18/4/2011	218.19	100%
E09/1228	Exploration	Duncan Pool	Gascoyne	Gascoyne	Granted	19/4/2006	18/4/2011	218.19	100%
E15/201	Exploration	Wannaway South	Kambalda	Widgiemooltha	Converted/ renewal pending	8/8/1991	7/8/1996	6.752	100%
E15/721	Exploration	Railway	Kambalda	Widgiemooltha	Granted	10/8/2005	8/10/2010	8.76	100%
E15/729	Exploration	Lake Cowan	Kambalda	Lake Cowan	Granted	5/1/2006	4/1/2011	40.88	100%
E15/765	Exploration	Chalice North	Kambalda	Widgiemooltha	Granted	8/10/2004	7/10/2009	23.36	100%
E15/791	Exploration	Yallaburra	Kambalda	Madoonia	Granted	8/6/2005	7/6/2010	204.4	100%
E15/801	Exploration	Widgiemooltha	Kambalda	Widgiemooltha	Granted	8/10/2004	7/10/2009	2.92	100%
E15/809	Exploration	Widgie Dome	Kambalda	Widgiemooltha	Granted	16/2/2005	15/2/2010	122.64	100%
E15/811	Exploration	Redross East	Kambalda	Widgiemooltha	Granted	8/10/2004	7/10/2009	8.76	100%
E15/812	Exploration	Dordie West	Kambalda	Widgiemooltha	Granted	8/8/2005	7/8/2010	11.68	100%
E15/858	Exploration	Sunday Soak	Kambalda	Widgiemooltha	Granted	8/6/2005	7/6/2010	26.28	100%
E15/859	Exploration	Wannaway East	Kambalda	Widgiemooltha	Granted	16/2/2005	15/2/2010	5.84	100%
E15/880	Exploration	Lake Lefroy East	Kambalda	Lake Lefroy	Granted	5/1/2006	4/1/2011	14	100%
E25/266	Exploration	Stoneville	Kalgoorlie	Stoneville	Granted	8/8/2005	7/8/2010	11.76	100%
E63/754	Exploration	Tramways	Norseman	Tramways	Granted	23/10/2001	22/10/2006	32.02	100%
E63/756	Exploration	Heartbreak South	Norseman	Dundas	Granted	28/10/2004	27/10/2009	196	100%
E63/757	Exploration	Clear Streak Well North	Norseman	Dundas	Granted	28/10/2004	27/10/2009	196	100%
E63/758	Exploration	Clear Streak Well	Norseman	Dundas	Granted	28/10/2004	27/10/2009	196	100%
E63/759	Exploration	Clear Streak Well South	Norseman	Dundas	Granted	28/10/2004	27/10/2009	196	100%
E63/761	Exploration	Clear Streak Well Southeast	Norseman	Dundas	Granted	28/10/2004	27/10/2009	196	100%
E63/788	Exploration	Killaloe	Norseman	Tramways	Granted	23/12/2002	22/12/2007	14	100%
EL6592	Exploration	Tottenham	Lachlan Fold Belt	Tottenham	Granted	29/6/2006	28/6/2008	208.8	100%
L15/142	Infrastructure	Lake Zot	Kambalda	Widgiemooltha	Granted	8/8/1990	7/8/2010	0.007	100%
L15/143	Infrastructure	Lake Zot	Kambalda	Widgiemooltha	Granted	8/8/1990	7/8/2010	0.022	100%
L15/162	Infrastructure	Mariners	Kambalda	Widgiemooltha	Granted	22/10/1991	21/10/2006	0.030	100%
L15/163	Infrastructure	Mariners	Kambalda	Widgiemooltha	Granted	22/10/1991	21/10/2006	0.007	100%
L15/180	Infrastructure	Wannaway	Kambalda	Widgiemooltha	Granted	8/12/1992	7/12/2007	0.156	100%
L15/191	Infrastructure	North Lake Eaton	Kambalda	Widgiemooltha	Granted	14/2/1995	13/2/2010	0.177	100%
L15/235	Infrastructure	Redross	Kambalda	Widgiemooltha	Granted	17/12/2002	16/12/2023	0.070	100%
L15/243	Infrastructure	Mariners	Kambalda	Widgiemooltha	Granted	16/10/2003	15/10/2024	0.208	100%
L15/244	Infrastructure	Redross	Kambalda	Widgiemooltha	Granted	14/4/2003	13/4/2024	0.045	100%
L15/247	Infrastructure	Miitel	Kambalda	Widgiemooltha	Granted	27/5/2004	26/5/2025	0.263	100%
L15/257	Infrastructure	Wannaway	Kambalda	Widgiemooltha	Granted	1/9/2004	31/8/2025	0.18	100%
M15/103	Mining	Flinders	Kambalda	Widgiemooltha	Granted	12/12/1984	11/12/2026	9.024	100%
M15/105	Mining	Widgiemooltha	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	0.096	100%
M15/1481	Mining	Widgiemooltha	Kambalda	Widgiemooltha	Granted	16/11/2004	15/11/2025	0.097	100%
M15/44	Mining	Wannaway South	Kambalda	Widgiemooltha	Granted	15/2/1984	14/2/2026	9.345	100%
M15/45	Mining	Wannaway South	Kambalda	Widgiemooltha	Granted	15/2/1984	14/2/2026	1.198	100%
M15/46	Mining	Mt Eaton West	Kambalda	Widgiemooltha	Granted	15/2/1984	14/2/2026	9.558	100%
M15/462	Mining	Cardiff Castle	Kambalda	Widgiemooltha	Granted	20/10/1989	19/10/2010	1.105	100%
M15/478	Mining	Flinders South	Kambalda	Widgiemooltha	Granted	3/8/1990	2/8/2011	0.097	100%
M15/48	Mining	Darlek	Kambalda	Widgiemooltha	Granted	14/2/1984	13/2/2026	3.596	100%
M15/543	Mining	Lake Zot	Kambalda	Widgiemooltha	Granted	16/1/1991	15/1/2012	9.662	100%
M15/601	Mining	The Mount	Kambalda	Widgiemooltha	Granted	12/11/1991	11/11/2012	1.02	100%
M15/609	Mining	Mariners West	Kambalda	Widgiemooltha	Granted	12/11/1991	11/11/2012	3.641	100%
M15/611	Mining	Widge Wedge	Kambalda	Widgiemooltha	Granted	29/5/1992	28/5/2013	0.01	100%
M15/634	Mining	NW Wedding Guest Island	Kambalda	Widgiemooltha	Granted	19/2/1993	18/2/2014	1.21	100%
M15/635	Mining	NW Wedding Guest Island	Kambalda	Widgiemooltha	Granted	19/2/1993	18/2/2014	1.21	100%
M15/667	Mining	Widgiemooltha South	Kambalda	Widgiemooltha	Granted	20/10/1993	19/10/2014	6.472	100%
M15/668	Mining	Miitel North	Kambalda	Widgiemooltha	Granted	20/10/1993	19/10/2014	9.861	100%
M15/693	Mining	Wannaway North	Kambalda	Widgiemooltha	Granted	7/4/1994	6/4/2015	2.397	100%



# TENEMENT SCHEDULE

## AS AT 31 AUGUST 2006

Lease	Lease Type	Lease Name	Region	Project	Status	Grant Date	Expiry Date	Area (km <sup>2</sup> )	Mincor Equity
M15/734	Mining	Bass South	Kambalda	Widgiemooltha	Granted	17/10/1994	16/10/2015	0.007	100%
M15/745	Mining	Wannaway	Kambalda	Widgiemooltha	Granted	2/12/1994	1/12/2015	0.199	100%
M15/76	Mining	Wannaway	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	1.189	100%
M15/77	Mining	Mt Eaton	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	9.511	100%
M15/78	Mining	Mt Eaton South	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	9.516	100%
M15/79	Mining	Mt Eaton South	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	7.143	100%
M15/80	Mining	Redross South	Kambalda	Widgiemooltha	Granted	7/9/1984	6/9/2026	8.543	100%
M15/81	Mining	Redross North	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	3.231	100%
M15/82	Mining	Levee Bank	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	0.887	100%
M15/83	Mining	Mariners East	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	1.426	100%
M15/85	Mining	Miitel North	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	5.746	100%
M15/86	Mining	Blacksmith	Kambalda	Widgiemooltha	Granted	22/10/1984	21/10/2026	5.841	100%
M15/88	Mining	Wannaway North	Kambalda	Widgiemooltha	Granted	6/8/1984	5/8/2026	9.167	100%
M15/89	Mining	Wannaway	Kambalda	Widgiemooltha	Granted	6/8/1984	5/8/2026	9.531	100%
M15/90	Mining	Redross	Kambalda	Widgiemooltha	Granted	6/8/1984	5/8/2026	5.908	100%
M15/907	Mining	Munda South	Kambalda	Widgiemooltha	Granted	1/5/1998	30/4/2019	2.142	100%
M15/91	Mining	Lake Eaton Village	Kambalda	Widgiemooltha	Granted	31/5/1984	30/5/2026	1.214	100%
M15/92	Mining	Mariners	Kambalda	Widgiemooltha	Granted	6/8/1984	5/8/2026	2.115	100%
M15/93	Mining	Miitel	Kambalda	Widgiemooltha	Granted	6/8/1984	5/8/2026	6.069	100%
M15/94	Mining	Widgie	Kambalda	Widgiemooltha	Granted	31/5/1984	30/5/2026	8.698	100%
M26/453	Mining	BHP Zone 29	Kambalda	Carnilya Hill	Granted	15/12/1994	14/12/2015	1.090	Earning 70%
M26/47	Mining	Carnilya Hill	Kambalda	Carnilya Hill	Granted	31/5/1984	30/5/2026	6.279	Earning 70%
M26/48	Mining	Carnilya Portal	Kambalda	Carnilya Hill	Granted	31/5/1984	30/5/2026	4.823	Earning 70%
M26/49	Mining	Carnilya South	Kambalda	Carnilya Hill	Granted	31/5/1984	30/5/2026	9.880	Earning 70%
M63/242	Mining	Jeffrey's Find	Norseman	Tramways	Granted	12/11/1991	11/11/2012	1.239	100%
MDL 7875/3	Mine Dewatering	Miitel/Mariners	Kambalda	Widgiemooltha	Granted	31/1/2006	30/1/2010	0.1	100%
P15/2687	Prospecting	Mariners East	Kambalda	Widgiemooltha	Converted/ renewal pending	19/3/1990	18/3/1994	1.203	100%
P15/2688	Prospecting	Mariners East	Kambalda	Widgiemooltha	Converted/ renewal pending	19/3/1990	18/3/1994	1.815	100%
P15/2689	Prospecting	Mariners East	Kambalda	Widgiemooltha	Converted/ renewal pending	19/3/1990	18/3/1994	1.824	100%
P15/2690	Prospecting	Mariners East	Kambalda	Widgiemooltha	Converted/ renewal pending	19/3/1990	18/3/1994	1.628	100%
P15/3605	Prospecting	Widgiemooltha South	Kambalda	Widgiemooltha	Converted/ renewal pending	16/8/1994	15/8/1998	1.21	100%
P15/3606	Prospecting	Widgiemooltha South	Kambalda	Widgiemooltha	Converted/ renewal pending	16/8/1994	15/8/1998	0.873	100%
P15/3788	Prospecting	Widgiemooltha South	Kambalda	Widgiemooltha	Converted/ renewal pending	28/11/1995	27/11/1999	0.09	100%
A2004/0201	Prospecting	Bankole	Guinea	Bankole	Granted	27/9/1997	27/9/2006	120	20%
PL1587	Prospecting	Webe Creek	Vanuatu	Vanuatu	Granted	1/5/2004	30/4/2007	50.12	75%
PL1612	Prospecting	Tafuse	Vanuatu	Vanuatu	Granted	1/5/2004	30/4/2007	39.84	100%
SPL1412	Prospecting	Sabeto	Fiji	Sabeto	Granted	1/3/2000	31/3/2007	106	100%

# CORPORATE DIRECTORY

## DIRECTORS

David Humann (Chairman)  
David Moore (Managing Director)  
Ian Burston  
Jack Gardner  
Jim Reeve

## COMPANY SECRETARY

Brian Lynn

## REGISTERED OFFICE

Level 1, 1 Havelock Street  
West Perth, Western Australia 6005  
AUSTRALIA

## POSTAL ADDRESS

PO Box 1810  
West Perth, Western Australia, 6872  
AUSTRALIA

## CONTACT DETAILS

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Facsimile: (+618) 9321 8994  
Website: [www.mincor.com.au](http://www.mincor.com.au)  
Email: [mincor@mincor.com.au](mailto: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 & ABN NUMBERS

ACN: 072 745 692  
ABN: 42 072 745 692

## AUDITORS

PricewaterhouseCoopers  
QV1 Building, 250 St Georges Terrace  
Perth, Western Australia 6000

## BANKERS

Commonwealth Bank of Australia  
Société Générale Group  
Westpac Banking Corporation

## SOLICITORS

Blakiston & Crabb  
1202 Hay Street  
West Perth, Western Australia 6005

## SHARE REGISTRY

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth, Western Australia 6000

## DATE AND LOCATION OF ANNUAL GENERAL MEETING

Wednesday, 8 November 2006 at 11.00am  
Venue: Celtic Club, 48 Ord Street, West Perth

## MINCOR RESOURCES NL

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