

# **MINCOR RESOURCES NL**

**Half-Year 2008/09**  
**(31 December 2008)**

**FINANCIAL RESULTS**

# Highlights of the Half Year to December 2008

- First ever net loss following sharp drop in nickel price
- Loss comes despite **record production** and the Company's **best cost performance** in more than two years
- Net loss of **\$22.7 million** – Result impacted by provisional pricing adjustments (\$9.3m), asset impairment charges (\$17.3m), and exploration write-offs (\$6.7 million)
- Solid Operating Earnings of **\$28.6 million** (revenue less cash costs before provisional pricing adjustments) demonstrates the fundamental strength of Mincor's operations
- Strong balance sheet: working capital at **\$72 million**, no debt
- Board declares **2 cps fully franked interim dividend**
- Outlook for second half **much stronger** following implementation of Operational Management Plan
- **Growth options maintained** – Strong exploration program underway

# Operational Results for the Half Year to December 2008

	Dec Half 2008	Dec Half 2007	Dec Half 2006	Dec Half 2005
Ore Delivered (tonnes)	354,052	345,369	319,991	262,945
Nickel Grade	2.87%	2.70%	2.50%	2.93%
Nickel-in-Concentrate (tonnes)	8,976	8,196	6,888	6,754
Pounds Payable Nickel	12,843,094	11,744,863	9,870,435	9,678,414
Average Ni Price (A\$/lb)	7.99*	14.05	14.26	7.74
Average Cash Cost (A\$/lb)	5.76	6.26	6.15	4.81
Average Cash Margin (A\$/lb)	2.23	7.79	8.11	2.93

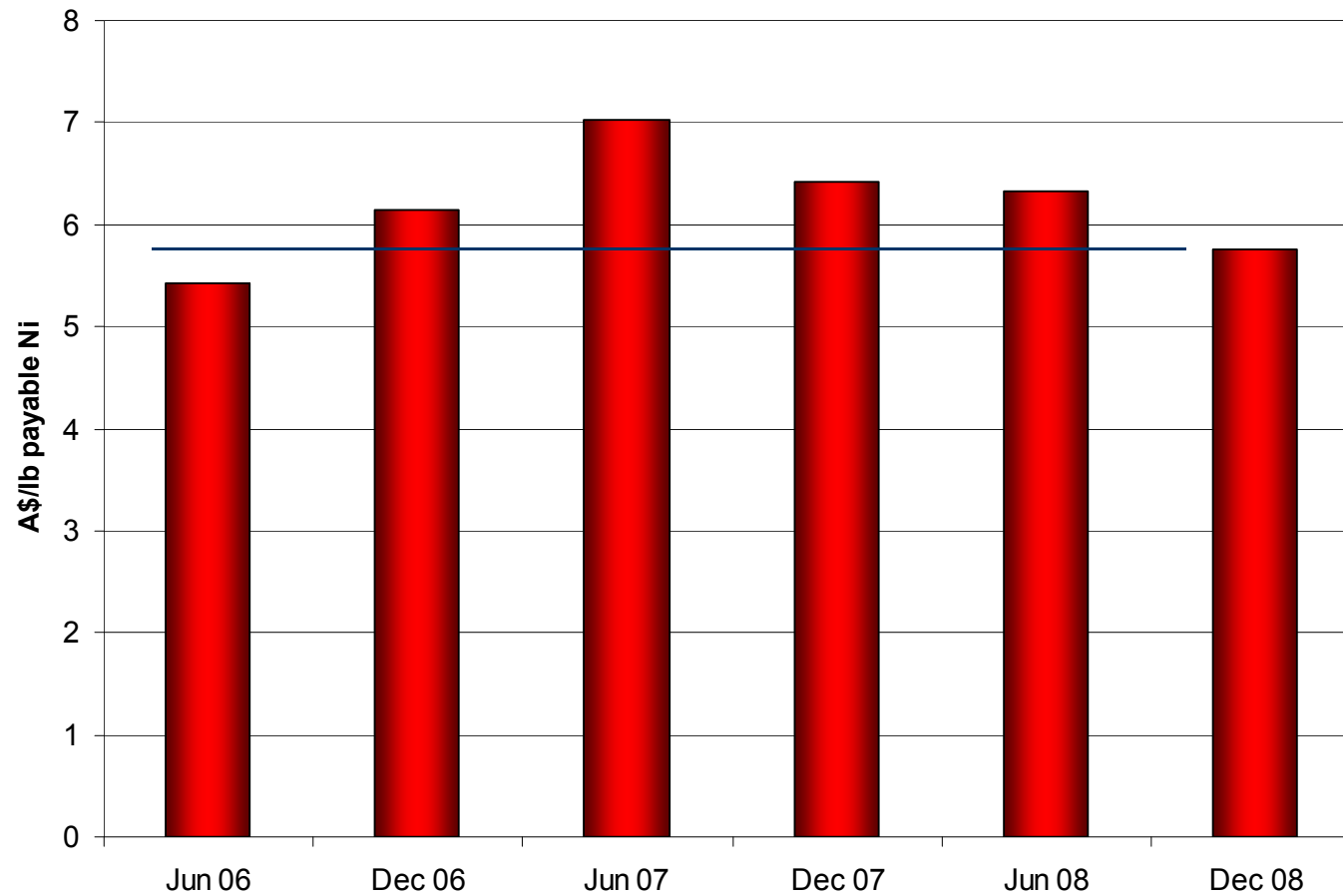
\*Excludes the impact of negative nickel sales adjustment on the establishment of final nickel prices for April, May and June 2008 (\$9.25 million). Based on estimates for October, November and December 2008; awaits the fixing of the nickel price for these months – see explanation on following page.

# Earnings for the Half Year to December 2008

	Dec Half 2008	Dec Half 2007	Dec Half 2006	Dec Half 2005
Revenues (\$M)	100.39*	164.87	147.05	79.65
EBITDA (\$M)	11.56	71.14	67.84	27.13
Net Profit/(Loss) After Tax (\$M)	(22.71)	31.31	37.18	10.02
Earnings/(Loss) per Share (CPS)	(11.4)	15.6	19.0	5.1
Interim Dividend per Share (CPS)	2.0	6.0	6.0	2.0

\*The nickel price received by Mincor for any month of production is the average LME spot price during the third month following the month of delivery. Therefore the nickel price in the December 2008 half-year accounts for the production months of October, November and December 2008 must be estimated. The Company's policy is to base this estimate upon the 3 month forward nickel price at the end of the month of delivery. Revenue for October, November and December in this report has been estimated in this way, and is subject to an adjustment (up or down) when the final nickel price is known. Similarly, revenues for the current half year period have been adjusted to take account of the final nickel prices established for April, May and June 2008. As a result Mincor has recognised a negative sales revenue adjustment of \$9.3 million attributable to those production months. This negative adjustment is incorporated in the above figures.

# Half Year to December 2008: Lowest Cash Costs in more than Two Years



# Analysis of Earnings – Half Year to December 2008

	Dec Half '08	Dec Half '07	Dec Half '06	Dec Half '05
<b>Operating Earnings (Revenue less Cash Costs) (\$M)*</b>	<b>28.60</b>	<b>91.91</b>	<b>76.29</b>	<b>30.44</b>
Less: Exploration Costs Expensed (\$M)	(6.73)	(6.26)	(5.92)	(2.03)
Less: Corporate Overheads (\$M)	(2.38)	(2.58)	(2.53)	(1.28)
Add: Other Income	0.48	-	-	-
<b>EBITDA before recognition of provisional pricing adjustments (\$M)</b>	<b>19.97</b>	<b>83.07</b>	<b>67.84</b>	<b>27.13</b>
Less: Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2008 (\$M)	(8.41)	(11.93)	-	-
<b>EBITDA (\$M)</b>	<b>11.56</b>	<b>71.14</b>	<b>67.84</b>	<b>27.13</b>
Depreciation and Amortisation (\$M)	(32.04)	(30.41)	(16.65)	(14.42)
Impairment Loss (\$M)	(17.29)	-	-	-
<b>EBIT (\$M)</b>	<b>(37.77)</b>	<b>40.73</b>	<b>51.19</b>	<b>12.71</b>
Net Interest Income (\$M)	2.58	4.27	1.43	0.12
Income Tax Benefit/(Expense) (\$M)	12.48	(13.70)	(15.44)	(2.81)
<b>Net Profit/(loss) after Tax (\$M)</b>	<b>(22.71)</b>	<b>31.30</b>	<b>37.18</b>	<b>10.02</b>

\*Excludes the impact of provisional pricing adjustments.

## Balance Sheet at 31 December 2008

	31 Dec 2008	31 Dec 2007	31 Dec 2006	31 Dec 2005	31 Dec 2004
<b>Assets (\$M)</b>	280.34	303.09	224.36	121.73	108.08
<b>Liabilities (\$M)</b>	73.10	97.39	143.23	52.26	51.15
<b>Shareholder's Equity (\$M)</b>	<b>184.44</b>	<b>197.75</b>	<b>123.48</b>	<b>74.65</b>	<b>56.93</b>
<b>Return on Equity (annualised)</b>	N/A	32%	60%	27%	35%

Note: Shareholder's Equity has been adjusted (by \$22.80 million) to remove the impact of cashflow hedges. Under the current AIFRS rules hedges must be fair valued with mark to market adjustments made against equity. As this fair value adjustment fluctuates with nickel and currency prices and has no impact on the Company's profit for the period, it has been removed from the above table. In addition, earnings for the half year have been annualised when calculating Return on Equity.

# Analysis of Cash flows – Half Year to December 2008

	2008 \$000	2007 \$000	2006 \$000	2005 \$000
Net Operating Cashflow before recognition of provisional pricing adjustments	23,664	82,529	75,095	14,485
Less: Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2008	(8,418)	(11,928)	-	-
<b>Net Operating Cash Inflow</b>	<b>15,246</b>	<b>70,601</b>	<b>75,095</b>	<b>14,485</b>
Income Tax Paid	(13,818)	(37,109)	(8,385)	(3,173)
Payment for Acquisition of GMM	(6,196)	(50,323)	-	-
Capital Expenditure	(31,957)	(25,455)	(13,690)	(12,057)
Exploration Expenditure	(7,966)	(5,428)	(5,592)	(2,450)
Dividends Paid	(11,933)	(11,854)	(5,840)	(3,893)
Proceeds from Issue of Shares	-	705	609	-
Other	(27)	135	70	127
<b>Net Cash Inflow/(Outflow)</b>	<b>(56,651)</b>	<b>(58,728)</b>	<b>42,267</b>	<b>(6,961)</b>
Cash at 31 December 2008	55,848	110,839	87,402	11,244



# Analysis of Cash flows – Half Year to December 2008

