

# **MINCOR RESOURCES NL**

**Half-Year 2010/11**  
**(31 December 2010)**

**FINANCIAL RESULTS**

## Highlights of the Half Year to December 2010

- First half loss of **\$2.14M** incurred on EBITDA of **\$11.4M** and sales revenue of **\$80.38M**;
- Director's declare 2 cps fully franked interim dividend;
- Loss reflects short-term operational hurdles at Kambalda Mines, foreign exchange losses (\$7.6M), negative provisional pricing adjustments (\$1.4M), and exploration expenditures written-off (\$3.3M);
- Healthy cash flow from operations, largely covering a heavy schedule of capital and exploration investments;
- Strong balance sheet, with \$100M in cash and no debt;
- Near- and medium-term outlook strong.

# First Half Investments Support Strong Outlook

- First half capital investments lay foundation for strong near- and medium-term production:
  - Main decline advanced towards the high-grade N10 ore body at Mariners – scheduled to enter production in the December Quarter 2011;
  - Main decline advanced towards the MN03 ore body at McMahon – scheduled to enter production from October 2011;
  - Development of the main South Miitel ore body largely completed – scheduled to provide low-cost stope-ore for the next several years;
- First half exploration expenditures generate exciting opportunities:
  - A substantial new zone of mineralisation south of South Miitel, likely to result in significant mine life extensions;
  - High-grade intersections at Mariners, close to existing development;
  - A high-grade intersection beyond the 50 Level Fault at Otter Juan, possibly representing the re-make of this ore body;
  - High-potential exploration opportunity at Tottenham Copper Project – drilling underway.

# Operational Results for the Half Year to December 2010

	Dec Half '10	Dec Half '09	Dec Half '08	Dec Half '07	Dec Half '06
<b>Ore Delivered (tonnes)</b>	206,934	188,878	354,052	345,369	319,991
<b>Nickel Grade</b>	2.68%	3.27%	2.87%	2.70%	2.50%
<b>Nickel-in-Ore (tonnes)</b>	5,553	6,175	10,155	9,321	8,003
<b>Nickel-in-Concentrate (tonnes)</b>	4,900	5,611	8,976	8,196	6,888
<b>Pounds Payable Nickel</b>	7,003,043	8,013,193	12,843,094	11,744,863	9,870,435
<b>Average Nickel Price (A\$/lb)</b>	11.01*	10.59	7.99	14.05	14.26
<b>Average Cash Cost (A\$/lb)</b>	7.24	5.29	5.76	6.26	6.15
<b>Average Cash Margin (A\$/lb)</b>	3.77	5.30	2.23	7.79	8.11

\*Excludes the impact of negative prior period nickel sales adjustment on the establishment of final nickel prices for April, May and June 2010 (\$1.40 million). Based on estimates of the nickel price for October, November and December 2010; see explanation on following page.

# Earnings for the Half Year to December 2010

	Dec Half '10	Dec Half '09	Dec Half '08	Dec Half '07	Dec Half '06
<b>Revenues (\$M)</b>	80.38*	94.36	100.39	164.87	147.05
<b>EBITDA (\$M)</b>	11.40	39.88	11.56	71.14	67.84
<b>Net Profit/(Loss) After Tax (\$M)</b>	(2.14)	14.17	(22.71)	31.31	37.18
<b>Earnings/(Loss) per Share (CPS)</b>	(1.1)	7.1	(11.4)	15.6	19.0
<b>Interim Dividend per Share (CPS)</b>	2.0	3.0	2.0	6.0	6.0

\*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 prices used in these December 2010 half-year accounts for the production months of October, November and December 2010 are estimates. The Company's policy is to base these estimates upon the 3 month forward nickel price at the end of each 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 half year have been adjusted to take account of the final nickel prices established for April, May and June 2010. As a result Mincor has recognised a negative sales revenue adjustment of \$1.4 million attributable to those production months. This negative adjustment is incorporated in the above figures.

## Balance Sheet at 31 December 2010

	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
<b>Assets (\$M)</b>	247.57	248.46	280.34	303.09	224.36
<b>Liabilities (\$M)</b>	56.92	51.47	73.10	97.39	143.23
<b>Shareholder's Equity (\$M)</b>	<b>189.74</b>	<b>195.41</b>	<b>184.44</b>	<b>197.75</b>	<b>123.48</b>
<b>Return on Equity (annualised)</b>	N/A	15%	N/A	32%	60%

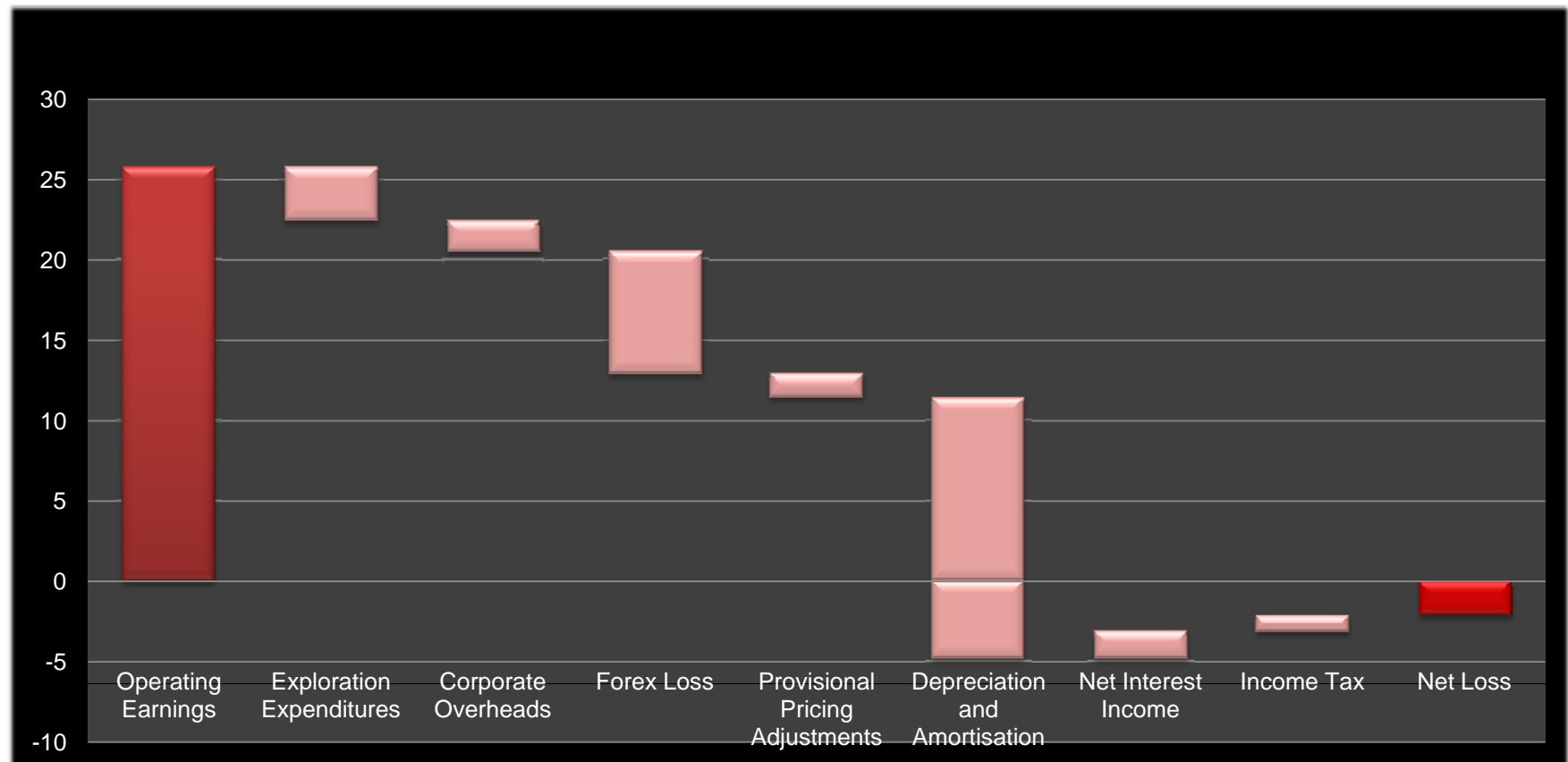
Note: Shareholder's Equity has been adjusted (by \$0.91 million) to remove the impact of cash flow hedges. Under the current AIFRS rules hedges must be fair valued with mark to market adjustments made against equity. As this fair value adjustment fluctuates with nickel and currency prices and has no 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 Earnings – Half Year to December 2010

	Dec Half '10	Dec Half '09	Dec Half '08	Dec Half '07	Dec Half '06
<b>Operating Earnings (Revenue less Cash Costs) (\$M)*</b>	<b>25.72</b>	<b>42.94</b>	<b>24.88</b>	<b>91.53</b>	<b>78.55</b>
Less: Exploration Costs Expensed (\$M)	(3.28)	(2.99)	(6.73)	(6.26)	(5.92)
Less: Corporate Overheads (\$M)	(2.61)	(2.30)	(2.38)	(2.58)	(2.53)
Less: Foreign Exchange Gain/(loss)	(7.59)	(3.15)	3.72	0.38	(2.26)
Add: Other Income	0.63	0.47	0.48	-	-
<b>EBITDA before recognition of provisional pricing adjustments (\$M)</b>	<b>12.87</b>	<b>34.97</b>	<b>19.97</b>	<b>83.07</b>	<b>67.84</b>
Add/(less) : Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2010(\$M)	(1.47)	4.91	(8.41)	(11.93)	-
<b>EBITDA (\$M)</b>	<b>11.40</b>	<b>39.88</b>	<b>11.56</b>	<b>71.14</b>	<b>67.84</b>
Depreciation and Amortisation (\$M)	(16.27)	(20.86)	(32.04)	(30.41)	(16.65)
Impairment Loss (\$M)	-	-	(17.29)	-	-
<b>EBIT (\$M)</b>	<b>(4.87)</b>	<b>19.02</b>	<b>(37.77)</b>	<b>40.73</b>	<b>51.19</b>
Net Interest Income (\$M)	1.71	0.90	2.58	4.27	1.43
Income Tax Benefit/(Expense) (\$M)	1.02	(5.75)	12.48	(13.70)	(15.44)
<b>Net Profit/(loss) after Tax (\$M)</b>	<b>(2.14)</b>	<b>14.17</b>	<b>(22.71)</b>	<b>31.30</b>	<b>37.18</b>

\*Excludes the impact of provisional pricing adjustments.

# Analysis of Earnings – Half Year to December 2010





# Analysis of Cash Flows – Half Year to December 2010

	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000
Net Operating Cash Flow before recognition of provisional pricing adjustments	20,417	45,911	23,664	82,529	75,095
Add/(less): Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2010	(1,469)	4,915	(8,418)	(11,928)	-
<b>Net Operating Cash Inflow</b>	<b>18,948</b>	<b>50,826</b>	<b>15,246</b>	<b>70,601</b>	<b>75,095</b>
Income Tax Paid	(9,689)	(1,490)	(13,818)	(37,109)	(8,385)
Payment for Acquisition of GMM	-	(1,671)	(6,196)	(50,323)	-
Capital Expenditure (including near-mine exploration exp.)	(20,824)	(14,955)	(31,957)	(25,455)	(13,690)
Exploration Expenditure	(3,119)	(2,134)	(7,966)	(5,428)	(5,592)
Dividends Paid	(12,036)	(8,007)	(11,933)	(11,854)	(5,840)
Proceeds from Issue of Shares	359	1,002	-	705	609
Other	(346)	(13)	(27)	135	70
<b>Net Cash Inflow/(Outflow)</b>	<b>(26,707)</b>	<b>23,558</b>	<b>(56,651)</b>	<b>(58,728)</b>	<b>42,267</b>
Cash at 31 December 2010	100,090	99,359	55,848	110,839	87,402

# Analysis of Cash Flows – Half Year to December 2010

