

MINCOR RESOURCES NL

**2013 Full Year
Financial Results**



2013 Highlights

- Net Loss after Tax of **\$22.45M** (pcp profit \$0.24M), after writing off:
 - \$4.1M in Australian exploration costs incurred during the Financial Year, as per Mincor's normal practise.
 - \$11.4M in PNG exploration costs – this is the total of the Company's cumulative exploration expenditure to date in PNG, and comprises \$6.07M spent during FY2013 and \$5.33M spent during FY2012.
 - \$2.8M impairment charge against McMahon Mine – McMahon carries it's share of the original acquisition cost of GMM Pty Ltd (the Otter Juan Mine and tenements) as well as its own development costs.
- Mincor's net after-tax loss before exploration write-downs and impairments was \$6.2M.
- Earnings from operations (revenue less cash costs before provisional pricing adjustment) at **\$27.88M** was 34% lower than the prior year due to the much weaker nickel price.
- Mincor's nickel operations performed extremely well, beating production and cost targets to generate 9,688 tonnes Nickel-in-Ore at a cash cost of \$5.34/lb.
- 7.1% reduction in cash costs, on top of a 27% reduction in the previous year – Mincor continues to drive cost and operational improvements.
- Despite difficult operating conditions, Mincor's cash flows funded a 4cps fully franked dividend (\$7.5M) and investments in future production (\$18.19M capex) and future growth (\$14.87M exploration).
- Year-end balance sheet strong with **\$59.66M** cash and no debt.
- Board declares **2 cents per share fully-franked final dividend, bringing full-year payout to 4 cps.**

Outlook for 2014

- Focus on core business of mining nickel in Kambalda, returning value to shareholders, and discovering new gold and nickel ore bodies in Western Australia;
- Kambalda production targeted at 8,500–9,000 tonnes of nickel-in-ore at a cash cost of \$5.30/lb payable nickel;
- \$15M committed to Kambalda, including capital development and drill-out of emerging discoveries at Mariners and Miitel;
- \$7M set aside for high-quality gold and nickel exploration in Western Australia;
- Initial drill-testing of the exciting MW Gold Anomaly scheduled for September Quarter 2013.

Key Operational Results

	2013	2012	2011	2010	2009
Ore Delivered (tonnes)	312,075	332,877	395,979	371,159	573,124
Nickel Grade	3.10%	3.09%	2.61%	3.18%	3.08%
Nickel-in-Concentrate (tonnes)	8,637	9,179	9,056	10,673	15,768
Pounds payable Nickel	12,376,435	13,138,073	12,796,138	15,186,423	22,513,131
Average Nickel Price (A\$/lb)	7.59*	8.89	10.95	11.11	8.39
Average Cash Cost (A\$/lb)	5.34	5.78	7.95	5.66	5.37
Average Cash Margin (A\$/lb)	2.25	3.11	3.00	5.45	3.02

*Excludes the impact of negative sales adjustments on the establishment of final nickel prices for April, May and June 2012 (\$0.79 million). Based on price estimates pending the fixing of the nickel price for the months of April, May and June 2013 – see explanation on following pages.

Headline Earnings

	2013	2012	2011	2010	2009
Revenues (\$M)	98.58	121.55	152.11	184.03	191.87
EBITDA (\$M)	8.78	32.43	16.30	77.62	45.16
Net Profit/(Loss) After Tax (\$M)	(22.45)	0.24	(23.39)	28.10	(16.66)
Earnings/(Loss) per Share (CPS)	(11.9)	0.0	(11.7)	14.0	(8.40)
Dividends per Share (CPS)	4.0	4.0	4.0	9.0	6.0

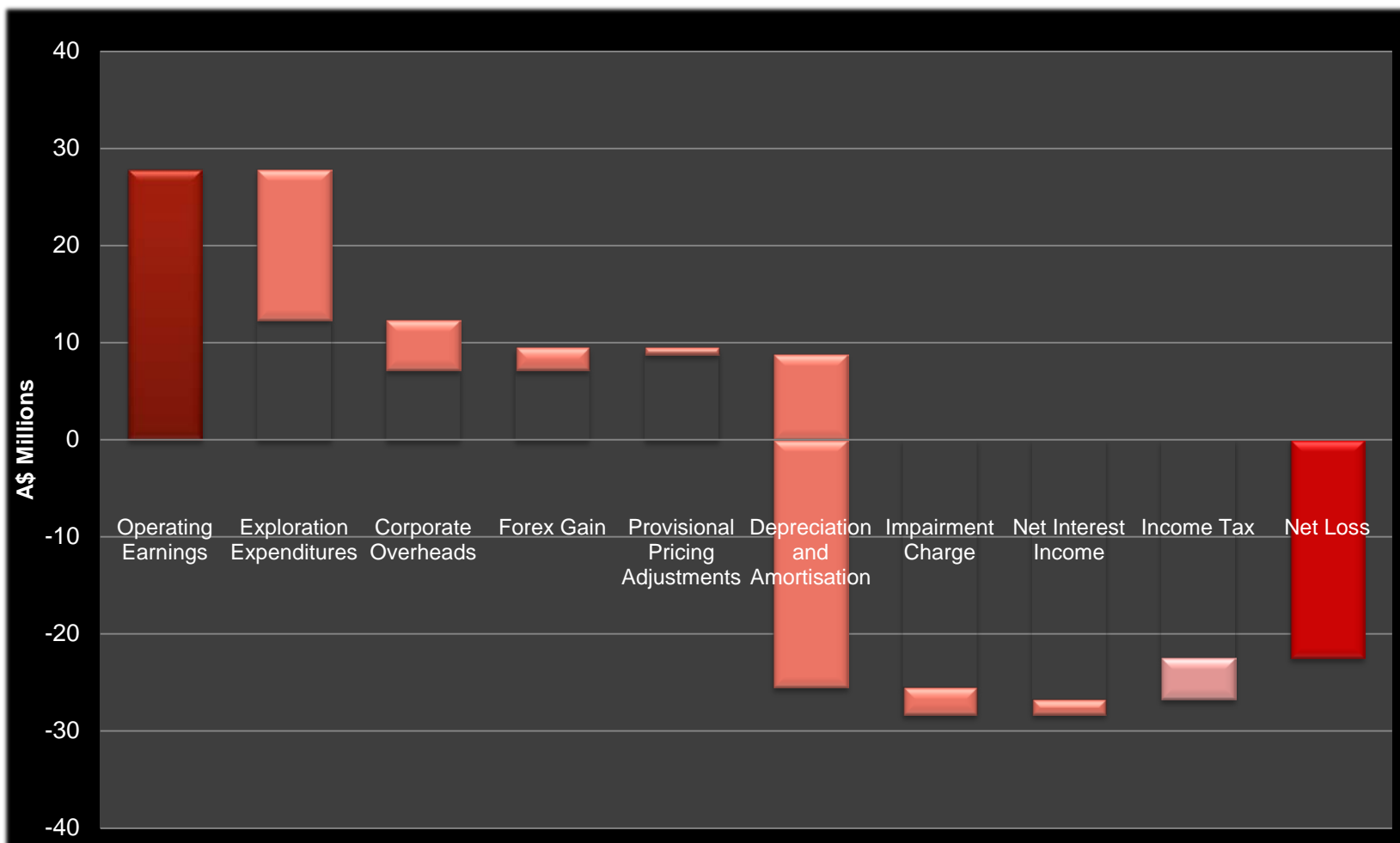
*The nickel price received by Mincor for any month of production is the average LME spot price during the third month following the month of delivery. Therefore the nickel price in the June 2013 full year accounts for the production months of April, May and June 2013 must be estimated. The Company's policy is to base this estimate upon the three-month forward nickel price at the end of the month of delivery. Revenue for April, May and June 2013 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 year have been adjusted to take account of the final nickel prices established for April, May and June 2012. As a result Mincor has recognised a negative sales revenue adjustment of \$0.79M attributable to those production months. This adjustment is incorporated in the above figures.

Analysis of Earnings

	2013	2012	2011	2010	2009
Earnings from Operations (Revenue less Cash Costs) (\$M)*	27.88	42.31	40.83	83.10	67.15
Less: Exploration Costs Expensed (\$M)	(15.51)	(4.01)	(9.92)	(6.31)	(10.13)
Less: Corporate Overheads (\$M)	(5.20)	(5.65)	(5.80)	(4.96)	(4.58)
Less: Foreign Exchange Gain/(Loss) (\$M)	2.43	2.68	(8.37)	(0.53)	(1.54)
Add: Net Other Income/(Costs) (\$M)	(0.09)	(1.10)	1.02	1.11	2.67
EBITDA before recognition of provisional pricing adjustments (\$M)	9.51	34.23	17.76	72.41	53.57
Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May & June 2012 (\$M)	(0.73)	(1.80)	(1.47)	5.21	(8.41)
EBITDA (\$M)	8.78	32.43	16.29	77.62	45.16
Depreciation and Amortisation (\$M)	(34.25)	(33.62)	(28.13)	(40.17)	(57.11)
Impairment Loss (\$M)	(2.82)	-	(24.99)	-	(17.86)
EBIT (\$M)	(28.29)	(1.19)	(36.83)	37.45	(29.81)
Net Interest Income (\$M)	1.57	2.30	3.42	2.48	3.50
Income Tax Benefit/(Expense) (\$M)	4.27	(0.87)	10.02	(11.83)	9.65
Net Profit/(Loss) after Tax (\$M)	(22.45)	0.24	(23.39)	28.10	(16.66)

*Excludes the impact of provisional pricing adjustments.

Analysis of Earnings



Balance Sheet

	2013	2012	2011	2010	2009	2008
Assets (\$M)	134.72	179.66	210.89	260.43	251.20	328.96
Liabilities (\$M)	19.08	29.95	40.04	55.38	51.87	90.47
Shareholder's Equity (\$M)	115.65	146.13	164.79	203.07	187.91	219.43
Return on Equity	N/A	N/A	N/A	14%	N/A	29%

NOTE: Shareholder's Equity has been adjusted to remove the impact of cash flow hedges. The adjustment for 30 June 2013 was nil. Under Australian International Financial Reporting Standards (AIFRS), hedges must be fair valued with mark to market adjustments made against equity. As this fair value fluctuates with nickel and currency prices, the adjustment has been removed in the above table to allow comparisons with previous years.

Analysis of Cash Flows

	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Net Operating Cash Flow before recognition of provisional pricing adjustments	25,496	41,055	37,908	95,273	51,933
Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2013	(735)	(1,803)	(1,469)	5,208	(8,418)
Net Operating Cash Inflow	24,761	39,252	36,439	100,481	43,515
Income Tax (Paid)/Received	-	1,357	(10,238)	(990)	(3,662)
Payment for Acquisition of GMM	-	-	-	(1,561)	(6,575)
Payment for On-market Share Buy-Back	-	(9,090)	-	-	-
Capital Expenditure (including near-mine exploration)	(22,870)	(21,209)	(39,163)	(28,370)	(43,674)
Exploration and Development Expenditure	(10,192)	(9,110)	(9,873)	(5,171)	(9,634)
Dividends Paid	(7,528)	(7,854)	(16,049)	(14,012)	(15,911)
Proceeds from Issue of Shares	-	-	359	1,002	149
Payment for Investment	(504)	(5,000)	-	-	-
Other	96	210	(930)	(383)	(906)
Net Cash Inflow/(Outflow)	(16,237)	(11,444)	(39,455)	50,996	(36,698)
Cash at 30 June 2012	59,661	75,898	87,342	126,797	75,801

Analysis of Cash Flows

