

# **MINCOR RESOURCES NL**

**Half-Year 2011/12**  
**(31 December 2011)**

**FINANCIAL RESULTS**

# Highlights of the Half Year to December 2011

- First half profit of **\$0.35M** (2010: loss of \$2.14M) despite lowest nickel price since GFC, on EBITDA of **\$15.5M** and sales revenue of **\$62.44M**;
- Director's declare 2 cps fully franked interim dividend;
- Profit turnaround built on **24% reduction** in cash costs following successful operational restructuring, delivering a **36% increase** in EBITDA despite lower nickel prices;
- Operational Cashflows of **\$15.97M** well in excess of nickel exploration and capital development costs of \$11.1M;
- Other major expenditures included \$4.6M in regional exploration, \$5.0M investment in Niuminco, \$3.96M in dividends and \$3.87M in share buyback costs;
- Strong balance sheet maintained, with no debt and \$80.1M in net cash and receivables.

# Exploration success strengthens production outlook, builds growth options

- Discovery of the N29C ore body lifts Miitel's Ore Reserves by 48%;
- Initial results of infill drilling of Mariners N10 ore body substantially exceed expectations;
- High-grade nickel discovery at McMahon below the MN02B ore body in close proximity to existing underground infrastructure;
- Initial drill testing of the Ken ore trend below McMahon provides encouraging results;
- Major airborne survey successfully completed at May River in PNG – VTEM and ZTEM targets identified. Work underway at Edie Creek;
- New copper-in-soil anomalies discovered at Tottenham Copper-Gold prospect in New South Wales.

# Operational Results for the Half Year to December 2011

	Dec Half '11	Dec Half '10	Dec Half '09	Dec Half '08	Dec Half '07
<b>Ore Delivered (tonnes)</b>	166,423	206,934	188,878	354,052	345,369
<b>Nickel Grade</b>	3.12%	2.68%	3.27%	2.87%	2.70%
<b>Nickel-in-Ore (tonnes)</b>	5,184	5,553	6,175	10,155	9,321
<b>Nickel-in-Concentrate (tonnes)</b>	4,632	4,900	5,611	8,976	8,196
<b>Pounds Payable Nickel</b>	6,626,096	7,003,043	8,013,193	12,843,094	11,744,863
<b>Average Nickel Price (A\$/lb)</b>	9.20*	11.01	10.59	7.99	14.05
<b>Average Cash Cost (A\$/lb)</b>	6.05	7.24	5.29	5.76	6.26
<b>Average Cash Margin (A\$/lb)</b>	3.15	3.77	5.30	2.23	7.79

\*Excludes the impact of negative prior period nickel sales adjustment on the establishment of final nickel prices for April, May and June 2011 (\$1.88 million). Based on estimates of the nickel price for October, November and December 2011; see explanation on following page. This is the price realised by Mincor after taking into account Mincor's hedging.

# Earnings for the Half Year to December 2011

	Dec Half' 11	Dec Half '10	Dec Half '09	Dec Half '08	Dec Half '07
<b>Revenues (\$M)</b>	62.44*	80.38	94.36	100.39	164.87
<b>EBITDA (\$M)</b>	15.50	11.40	39.88	11.56	71.14
<b>Net Profit/(Loss) After Tax (\$M)</b>	0.35	(2.14)	14.17	(22.71)	31.31
<b>Earnings/(Loss) per Share (CPS)</b>	0.2	(1.1)	7.1	(11.4)	15.6
<b>Interim Dividend per Share (CPS)</b>	2.0	2.0	3.0	2.0	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 2011 half-year accounts for the production months of October, November and December 2011 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 2011. As a result Mincor has recognised a negative sales revenue adjustment of \$1.88 million attributable to those production months. This negative adjustment is incorporated in the above figures.

## Balance Sheet at 31 December 2011

	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
<b>Assets (\$M)</b>	193.96	247.57	248.46	280.34	303.09
<b>Liabilities (\$M)</b>	31.82	56.92	51.47	73.10	97.39
<b>Shareholder's Equity (\$M)</b>	<b>155.83</b>	<b>189.74</b>	<b>195.41</b>	<b>184.44</b>	<b>197.75</b>
<b>Return on Equity (annualised)</b>	0.4%	N/A	15%	N/A	32%

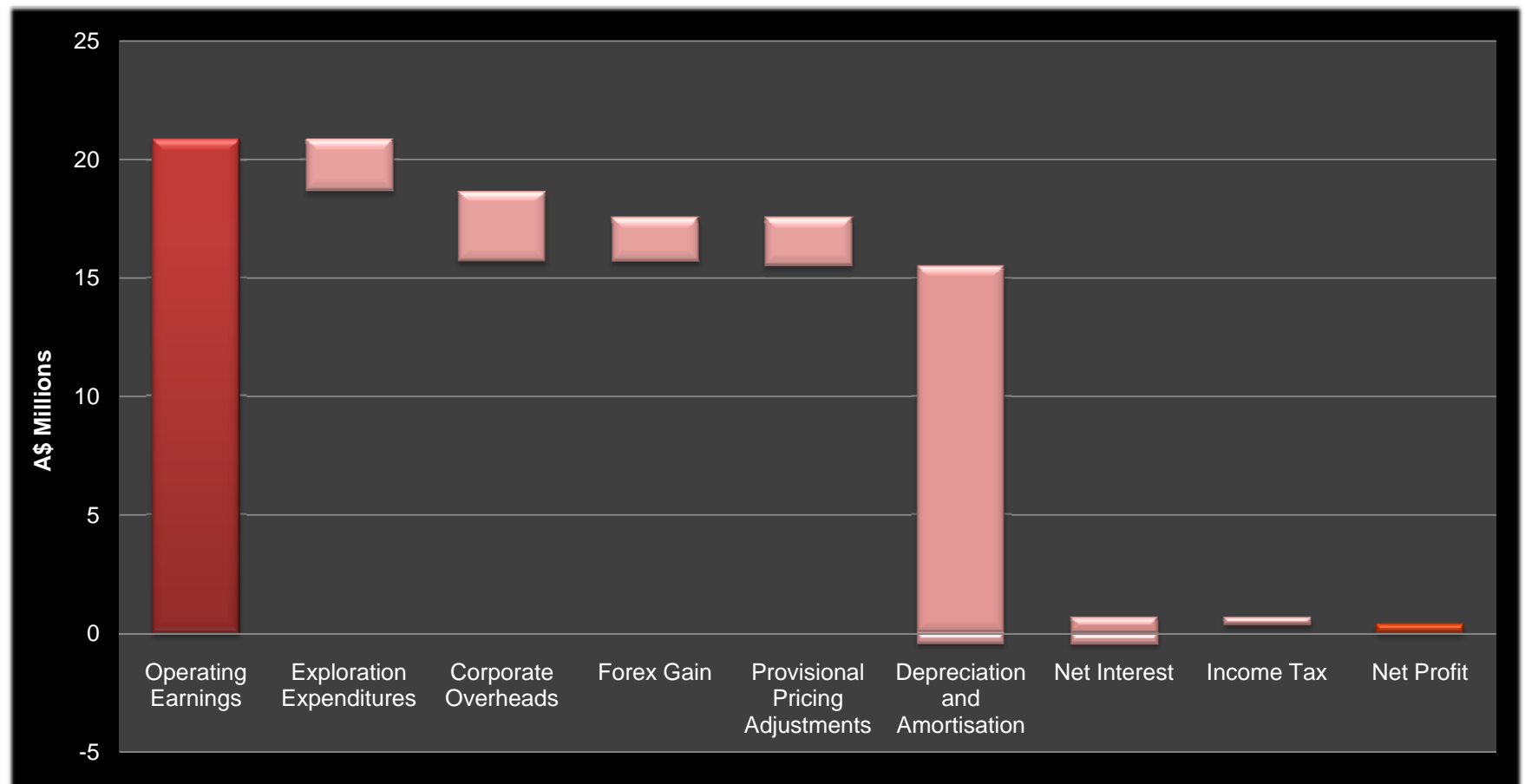
Note: Shareholder's Equity has been adjusted (by \$6.31 million) to remove the impact of cash flow hedges. Under the current AIFRS rules hedges must be fair valued with mark to market adjustments made against equity. As this fair value adjustment fluctuates with nickel and currency prices and has no 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 2011

	Dec Half' 11	Dec Half '10	Dec Half '09	Dec Half '08	Dec Half '07
<b>Operating Earnings (Revenue less Cash Costs) (\$M)*</b>	<b>20.84</b>	<b>25.72</b>	<b>42.94</b>	<b>24.88</b>	<b>91.53</b>
Less: Exploration Costs Expensed (\$M)	(2.20)	(3.28)	(2.99)	(6.73)	(6.26)
Less: Corporate Overheads (\$M)**	(2.98)	(2.61)	(2.30)	(2.38)	(2.58)
Less: Foreign Exchange Gain/(Loss)	2.46	(7.59)	(3.15)	3.72	0.38
Add: Other Income/Expenses	(0.60)	0.63	0.47	0.48	-
<b>EBITDA before recognition of provisional pricing adjustments (\$M)</b>	<b>17.52</b>	<b>12.87</b>	<b>34.97</b>	<b>19.97</b>	<b>83.07</b>
Add/(less) : Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2011(\$M)	(2.02)	(1.47)	4.91	(8.41)	(11.93)
<b>EBITDA (\$M)</b>	<b>15.50</b>	<b>11.40</b>	<b>39.88</b>	<b>11.56</b>	<b>71.14</b>
Depreciation and Amortisation (\$M)	(15.98)	(16.27)	(20.86)	(32.04)	(30.41)
Impairment Loss (\$M)	-	-	-	(17.29)	-
<b>EBIT (\$M)</b>	<b>(0.47)</b>	<b>(4.87)</b>	<b>19.02</b>	<b>(37.77)</b>	<b>40.73</b>
Net Interest Income (\$M)	1.18	1.71	0.90	2.58	4.27
Income Tax Benefit/(Expense) (\$M)	(0.36)	1.02	(5.75)	12.48	(13.70)
<b>Net Profit/(loss) after Tax (\$M)</b>	<b>0.35</b>	<b>(2.14)</b>	<b>14.17</b>	<b>(22.71)</b>	<b>31.30</b>

\*Excludes the impact of provisional pricing adjustments. \*\* "Corporate Overheads" include New Business Development costs.

# Analysis of Earnings – Half Year to December 2011





# Analysis of Cash Flows – Half Year to December 2011

	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000
Net Operating Cash Flow before recognition of provisional pricing adjustments	17,984	20,417	45,911	23,664	82,529
Add/(less): Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2011	(2,015)	(1,469)	4,915	(8,418)	(11,928)
<b>Net Operating Cash Inflow</b>	<b>15,969</b>	<b>18,948</b>	<b>50,826</b>	<b>15,246</b>	<b>70,601</b>
Income Tax (Paid)/Received	972	(9,689)	(1,490)	(13,818)	(37,109)
Payment for Acquisition of GMM	-	-	(1,671)	(6,196)	(50,323)
Payment for Investment	(5,000)	-	-	-	-
Capital Expenditure (including near-mine exploration exp.)	(11,522)	(20,824)	(14,955)	(31,957)	(25,455)
Exploration Expenditure	(5,312)	(3,119)	(2,134)	(7,966)	(5,428)
Dividends Paid	(3,959)	(12,036)	(8,007)	(11,933)	(11,854)
Proceeds from Issue of Shares	-	359	1,002	-	705
Payment for On-market Share Buy-Back	(3,868)	-	-	-	-
Other	514	(346)	(13)	(27)	135
<b>Net Cash Inflow/(Outflow)</b>	<b>(12,206)</b>	<b>(26,707)</b>	<b>23,558</b>	<b>(56,651)</b>	<b>(58,728)</b>
Cash at 31 December 2011	75,136	100,090	99,359	55,848	110,839

# Analysis of Cash Flows – Half Year to December 2011

