

MINCOR RESOURCES NL

**2011 Full Year
Financial Results**

2011 Highlights

- As previously announced, Mincor incurred an operating loss of \$5.9M before impairment charges;
- Full-year net loss after tax was **\$23.4M** after non-cash impairment charges of \$24.99M and exploration costs written-off of \$9.9M;
- Earnings from Operations were **\$40.83M** (2010: \$83.10M) (revenue less cash costs before provisional pricing adjustment); EBITDA was **\$16.29M**;
- Capital expenditures of **\$37.75M** were completed – providing access to new high-grade production sources for FY2012 and beyond;
- Kambalda operations re-structured to improve efficiencies, minimise costs, maximise grade and increase operating margins;
- Strong balance sheet: Cash at **\$87.34M**; working capital at **\$92.97M**; no debt;
- Board declares **2 cents per share fully-franked final dividend**;
- Previously announced **share buy-back** continues.

Outlook for 2012 and Beyond

- Kambalda operations expected to return to sound financial footing based on re-structuring and production from new high-grade ore sources;
- Upside to current four-year mine life through ongoing conversion of Mincor's substantial resource base – consistent with the Company's ten-year track record;
- Strong exploration upside in Kambalda – active drilling programs underway;
- Outstanding growth opportunities in PNG and NSW – fully-funded exploration programs underway;
- Strong cash balance, healthy operations and ongoing nickel cash flows provide solid foundation for Mincor's next stage of growth.

Key Operational Results

	2011	2010	2009	2008	2007
Ore Delivered (tonnes)	395,979	371,159	573,124	722,615	616,230
Nickel Grade	2.61%	3.18%	3.08%	2.63%	2.46%
Nickel-in-Concentrate (tonnes)	9,056	10,673	15,768	16,562	12,927
Pounds payable Nickel	12,796,138	15,186,423	22,513,131	23,733,581	18,524,774
Average Ni Price (A\$/lb)	10.95*	11.11*	8.39	13.53	17.28
Average Cash Cost (A\$/lb)	7.95	5.66	5.37	6.40	6.59
Average Cash Margin (A\$/lb)	3.00	5.45	3.02	7.13	10.69

*Excludes the impact of negative sales adjustments on the establishment of final nickel prices for April, May and June 2010 (\$1.40 million). Based on price estimates pending the fixing of the nickel price for the months of April, May and June 2011 – see explanation on following pages.

Headline Earnings

	2011	2010	2009	2008	2007
Revenues (\$M)	152.11*	184.03	191.87	329.30	334.51
EBITDA (\$M)	16.30	77.62	45.16	140.81	175.67
Net Profit/(Loss) After Tax (\$M)	(23.39)	28.10	(16.66)	64.04	101.33
Earnings/(Loss) per Share (CPS)	(11.7)	14.0	(8.40)	32.10	51.30
Dividends per Share (CPS)	4.0	9.0	6.0	12.0	12.0

*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 2011 full year accounts for the production months of April, May and June 2011 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 April, May and June 2011 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 2010. As a result Mincor has recognised a negative sales revenue adjustment of \$1.4 million attributable to those production months. This adjustment is incorporated in the above figures.

Analysis of Earnings

	2011	2010	2009	2008	2007
Earnings from Operations (Revenue less Cash Costs) (\$M)*	40.83	83.10	67.15	171.15	191.36
Less: Exploration Costs Expended (\$M)	(9.92)	(6.31)	(10.13)	(12.82)	(10.33)
Less: Corporate Overheads (\$M)	(5.80)	(4.96)	(4.58)	(5.59)	(5.36)
Less: Foreign Exchange Gain/(Loss) (\$M)	(8.37)	(0.53)	(1.54)	(2.01)	(5.59)
Add: Net Other Income (\$M)	1.02	0.58	1.13	-	-
EBITDA before recognition of provisional pricing adjustments (\$M)	17.76	72.41	53.57	152.74	175.67
Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2010(\$M)	(1.47)	5.21	(8.41)	(11.93)	-
EBITDA (\$M)	16.29	77.62	45.16	140.81	175.67
Depreciation and Amortisation (\$M)	(28.13)	(40.17)	(57.11)	(55.64)	(35.00)
Impairment Loss (\$M)	(24.99)	-	(17.86)	-	-
EBIT (\$M)	(36.83)	37.45	(29.81)	85.17	140.67
Net Interest Income (\$M)	3.42	2.48	3.50	6.77	4.34
Income Tax Benefit/(Expense) (\$M)	10.02	(11.83)	9.65	(27.90)	(43.68)
Net Profit/(Loss) after Tax (\$M)	(23.39)	28.10	(16.66)	64.04	101.33

*Excludes the impact of provisional pricing adjustments.

Balance Sheet

	2011	2010	2009	2008	2007	2006
Assets (\$M)	210.89	260.43	251.20	328.96	310.77	169.93
Liabilities (\$M)	40.04	55.38	51.87	90.47	160.51	98.81
Shareholder's Equity (\$M)	164.79	203.07	187.91	219.43	177.66	90.78
Return on Equity	N/A	14%	N/A	29%	57%	27%

Note: Shareholder's Equity has been adjusted (by \$6.06 million) to remove the impact of cashflow hedges. 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

	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000
Net Operating Cashflow before recognition of provisional pricing adjustments	37,908	95,273	51,933	159,575	205,750
Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2010	(1,469)	5,208	(8,418)	(11,928)	-
Net Operating Cash Inflow	36,439	100,481	43,515	147,647	205,750
Income Tax Paid	(10,238)	(990)	(3,662)	(53,809)	(13,592)
Payment for Acquisition of GMM	-	(1,561)	(6,575)	(55,074)	(11,750)
Capital Expenditure	(39,163)	(28,370)	(43,674)	(37,398)	(28,764)
Exploration and Development Expenditure	(9,873)	(5,171)	(9,634)	(35,331)	(10,549)
Dividends Paid	(16,049)	(14,012)	(15,911)	(23,722)	(17,596)
Proceeds from Issue of Shares	359	1,002	149	1,763	2,168
Other	(930)	(383)	(906)	(1,144)	(1,235)
Net Cash Inflow/(Outflow)	(39,455)	50,996	(36,698)	(57,068)	124,432
Cash at 30 June 2011	87,342	126,797	75,801	112,499	169,567

Analysis of Cash Flows

