

More record results for Mincor

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A YEAR of solid production from its four Kambalda nickel operations in Western Australia has seen Mincor Resources post its best ever financial results, more than tripling its net profit from last year's record performance.

In its 2007 full year financial results, the Perth-based company announced a net profit after tax of \$101.3 million, up from last year's record NPAT figure of \$29.3 million, while revenues soared 89% to \$329.6 million.

Earnings before interest, tax, depreciation and amortisation increased 149% from \$70.6 million to \$175.1 million, while the company's cash balance at June 30 was \$169.6 million.

Mincor said the strong financial performance was achieved on the back of solid production of 12,927 tonnes of nickel-in-concentrate from its four producing nickel mines at Kambalda and an average selling price (net of hedging) of \$17.28 per pound payable nickel for the year.

In comparison, London Metals Exchange three-month nickel is trading at \$US26,100/t or \$11.84/lb.

The nickel price has offset rising costs from the company's four operating mines – Miiitel, Mariners, Redross and Wannaway. Average cash costs across the operations rose from \$5.11/lb of nickel produced in 2006 to \$6.59/lb of nickel produced in 2007.

Mincor's managing director David Moore said the record net profit was a result of an aggressive growth strategy which had positioned Mincor second only to BHP Billiton in terms of nickel sulphide production from Australian listed companies.

"This has enabled us to benefit fully from the strong nickel prices realised during the year," Moore said.

"But the real message is that we have used the last 12 months to establish an exceptionally strong foundation for further growth, with production likely to rise strongly over at least the next two years as a number of new mines come on stream."

Moore said Mincor was already producing from its recently acquired Otter Juan mine, and early next year will start producing from its Carnilya Hill mine, which is under construction.

"In addition, we are carrying out feasibility studies on two new projects, McMahan and Durkin, and we are drilling out what looks like a major new discovery at Mariners," Moore said.

"So the message is that we are entering another period of sustained production growth, and with our very strong balance sheet, strong cashflows and rising production, we believe Mincor is well-placed to continue to deliver outstanding shareholder returns."

The financial results saw Mincor declare a final fully franked dividend of 6c, which lifts the full-year payout to 12c.

Last month, Mincor announced it was targeting a 28% increase in nickel-in-concentrate production for 2007-08 to between 16,000t and 17,000t, equating to 19,000t of nickel metal contained in ore from its Kambalda operations.

Mincor will be presenting at the 2007 Excellence in Mining & Exploration business investment conference which will be held in Sydney from the 9 - 11 September.

Shares in Mincor gained 31c to close the day at \$3.29.