

Mincor delivers record \$37.2m first half profit

Kambalda nickel producer Mincor Resources has delivered its strongest-ever half-year financial performance, with record production and nickel prices generating a 271 percent increase in net profit after tax to \$37.2m.

The record profit underlines the value of Mincor's aggressive growth strategy, under which the company is targeting the development of up to three new nickel mines over the next 18 months.

The first-half net profit, which compares with a \$10.0m net profit for the previous corresponding period and eclipses Mincor's 2005/6 full-year profit of \$29.3m, was struck on an 85 percent increase in sales revenue to \$147.1m. It equates to record half-year earnings per share of 19 cents.

The exceptional result and continued strong cash generation from Mincor's four Kambalda nickel mines has enabled the company to declare an interim dividend of six cents per share, representing a threefold increase on the two cents per share payout for the previous corresponding half.

Earnings before interest, tax, depreciation and amortization (EBITDA) for the period increased by 150 percent to \$67.8m, while net operating cash flows were \$66.7m for the six months, representing an almost fivefold increase on the previous corresponding period.

The result further strengthens Mincor's balance sheet, with cash reserves rising to \$87.4m at December 31, 2006 and net assets almost doubling to \$123.5m.

The first half result was underpinned by strong production from Mincor's four Kambalda mines of 6,888 tonnes of nickel-in-concentrate.

The principal driver of the increased revenue and earnings was an average realised nickel price of A\$14.26/lb for the 6 months to December 31, 2006, compared with A\$7.74/lb for the previous corresponding period. This resulted in an increase in average cash margin to A\$8.11 per pound payable nickel compared with A\$2.93/lb previously.



Mincor mining operations

Mincor's Managing Director, David Moore said the company was delighted with the exceptional first-half result, which he said reflects a strong operational performance at an opportune time of record nickel prices.

"It comes as we prepare to enter a new phase of production growth, driven by a combination of exploration success and prudent acquisitions that have generated a pipeline of potential new mine developments in our core nickel business," he said.

"We are currently conducting feasibility studies on three separate nickel projects and, if these are successful, we could soon enter another major phase of new mine development that will establish Mincor's growth profile well into the next decade," Mr Moore said. "In the meantime, our exploration effort will remain strong, both in nickel and in other commodities where we believe our expertise is applicable."

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