



Mincor 'well-placed'

By Ngaire McDiarmid

NICKEL miner Mincor Resources announced record quarterly production and reduced costs in its quarterly report released last week.

During the quarter, Mincor implemented a plan to address the plummeting nickel price by reducing costs and suspending higher-cost operations at Kambalda without affecting its overall production capacity.

Capital expansion was stopped at the Miitel and McMahon Mines in November, with Miitel placed on care and maintenance in December.

Carnilya Hill shifted from contractor to owner-mining mid-January, with full-scale production and capital development continuing there and at the Otter Juan and Mariners Mines.

Mincor's production of 5208 tonnes of nickel-in-ore was a quarterly record and cash costs have dropped three per cent to \$5.61 per pound payable nickel.

The company has also announced an operational surplus of \$20 million for the quarter, before capital and exploration costs, maintaining a working capital of \$72 million, however, Mincor is not expecting to generate an accounting profit for the half-year to December 31 2008.

"This is the result of the sharp falls in the nickel price that took place between July and December, which impacted profits both through negative provisional pricing adjustments from the previous financial year and through the reduction in revenue which made the Miitel Mine, in particular, unable to cover its (non-cash) depreciation and amortisation costs," the report said.

"Looking ahead, Mincor is exceptionally well-placed to weather the current economic down-turn.

"The company has a robust core of production from three low-cost operations, a very

strong balance sheet and the strong internal cash flows required to fund its growth through on-going capital and exploration expenditures.

"Most importantly, Mincor retains the capacity to lift production very substantially, most particularly through the re-start of its Miitel Mine, when economic circumstances make that worthwhile."

Mincor's two new underground diamond drilling rigs and equipment, worth more than \$1.3 million, were both operational by December and are generating a cost saving of about 40 per cent per metre drilled compared to previous contract rates.

The company has also hedged about 11 per cent of production to May 2010, forward selling 1700 tonnes of payable nickel at an average \$A37,259 a tonne.

Nickel ended trade on the London Metal Exchange last week at \$11.330.



Expansion halted: Mincor's Miitel Nickel Mine in Kambalda is one of the operations where expansion had to be stopped because of falling nickel prices.