STRONG PROFITS CONTINUE FOR MINCOR

$10 million Half-Year Profit, Interim Dividend Lifted by 100% to 2 cents per share

Kambalda nickel producer Mincor Resources NL (**ASX:MCR**) today announced a strong half-year profit result for the six months to December 2005, and re-affirmed its commitment to shareholder returns by doubling its interim dividend to **2 cents per share**.

The Company reported a net profit after tax for the half-year of **$10 million** (Dec 2004: $10 million), after writing off regional exploration expenditures of $2 million. Gross revenues were strong at $79.6 million (Dec 2004: $55.4 million).

Mincor's profit was achieved on sales of 6,754 tonnes of nickel in concentrate as well as by-product copper and cobalt. This represents an increase of nearly 50% over the December 2004 half-year sales of 4,514 tonnes nickel in concentrate. The main contributors to production and profits were Mincor's Miitel and Redross Mines, both of which had an excellent half-year.

The increase in gross revenues was generated by sharply increased nickel production brought about by the successful completion of Mincor's Nickel Expansion Strategy. This has allowed the Company to maintain near-record levels of profit despite the generally lower nickel prices realised during the half-year, as well as lower nickel grades and continued cost pressures.

Mincor's Mariners Mine reported an operational loss of $2 million for the half-year, due to the high cost of rehabilitation in the old 07 ore body, as previously reported. However this is expected to turn around in the second half of the year as the 07 rehabilitation is now complete and production has commenced from the new 08 ore body.

Rising costs impacted on capital expenditures, which consequently remained at a high level for most of the half year, with capital and development costs of $14.7 million funded entirely from the Company's operational cash flow. Mincor has budgeted a further $8.5 million in capital expenditure for the remainder of the financial year (excluding exploration).

The Company's exploration expenditure of $4.7 million resulted in the discovery of the South Miitel mineralisation, with an initial resource of 258,000 tonnes @ 3.98% nickel outlined by the end of the half-year. Exploration expenditure within the Kambalda Nickel District continues at a high level. In addition, new exploration fronts have been opened elsewhere in Western Australia and the Northern Territory, targeting zinc, lead, tungsten and uranium.

Mincor's Managing Director, Mr David Moore, said the Company was pleased to have maintained near-record levels of profit during a period of volatile nickel prices.

"We remain on track to produce our budgeted 13,000 tonnes of nickel metal in concentrate for the financial year." he said. "With all our mines in production, our attention is increasingly focused on our next phase of growth, which will be driven by well-funded and carefully targeted exploration that will, we expect, deliver significant rewards in due course."

Mincor is debt free and has paid dividends consistently since 2003. The Company operates the wholly-owned Miitel, Redross, Mariners and Wannaway Nickel Mines in the Kambalda Nickel District of Western Australia, and has produced over 45,000 tonnes of nickel metal in concentrate since commencement of production in 2001.

- ENDS -

RELEASED BY:

Jan Hope/Nicholas Read
Jan Hope & Partners
Tel: (+61 8) 9388 1474

ON BEHALF OF:

Mr David Moore, Managing Director
Mincor Resources NL
Tel: (+61 8) 9321 7125 www.mincor.com.au

Preliminary Half Year Report of Mincor Resources NL for the Half Year Ended 31 December 2005

(ABN 42 072 745 692)

This Preliminary Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A

Current Reporting Period: Half Year ending 31 December 2005

Previous Corresponding Period: Half Year ending 31 December 2004

The information set out in this Preliminary Half Year Report should be read in conjunction with the annual report for the year ended 30 June 2005

Results for announcement to the market

				$'000
Revenue from ordinary activities	Up	43.7%	to	79,651
Profit from ordinary activities after tax attributable to members	Down	0.3%	to	10,021
Net profit for the period attributable to members	Down	0.3%	to	10,021

Dividends	**Amount per security**	**Franked amount per security**
Half year ended 31 December 2005		
Final dividend	N/A	N/A
Interim dividend	2 cents	2 cents
Half year ended 31 December 2004		
Final dividend	N/A	N/A
Interim dividend	1 cent	1 cent

Dividend payments / Distributions

On 30 September 2005 the Company paid a final fully franked dividend of $3,893,000 for the year ended 30 June 2005, comprising 2.0 cents per share.

On 22 February 2006 the Directors declared a fully franked interim dividend of 2 cents per share for the year ended 30 June 2006.

Date the interim 2006 dividend is payable	7 April 2006
Record date to determine entitlements to the dividend	7 March 2006
Date interim dividend was declared	22 February 2006

Total dividend per security (interim *plus* final)

	Current period	Previous period
Ordinary securities – Interim dividend	2 cents	1 cent

Total dividends paid or payable on all securities

	Current period $'000	Previous period $'000
Ordinary securities (payable on 7 April 2006)	3,893	1,947
Total	3,893	1,947

Net Tangible Assets

	Current period	Previous period
Net tangible assets per ordinary security	35.69 ¢	29.25 ¢

Details of Entities Over Which Control Has Been Gained or Lost

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A

	2005 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of gaining control.	N/A

	2004 $'000
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

Loss of control of entities

Name of entity (or group of entities)	N/A
Date control lost	N/A

	2005 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, up to the date of losing control.	-

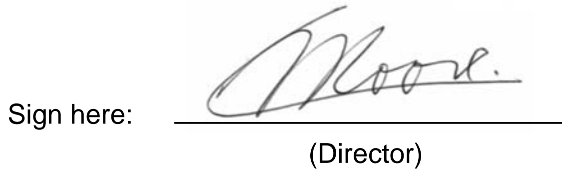
	2004 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	-

Details of Associates and Joint Venture Entities

Name of Entity	Ownership Interest		Contribution to net profit	
	2005 %	2004 %	2005 $'000	2004 $'000
Associates	-	-	-	-
Joint Venture Entities	-	-	-	-
Aggregate Share of Profits/(Losses)	-	-	-	-

Other Information

Except for the matters noted above, all the disclosure requirements pursuant to ASX Listing Rule 4.2A are contained within Mincor Resources NL's Half Year Financial Report for the period ended 31 December 2005 which accompany this Preliminary Half Year Report.



Sign here: ______________________
(Director)

Print name: David Moore

Date: 22 February 2006

MINCOR RESOURCES NL

(ACN 072 745 692)

HALF YEAR FINANCIAL REPORT
31 December 2005

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Mincor Resources NL and the entities it controlled at the end of, or during, the half year ended 31 December 2005.

DIRECTORS

The following persons were directors of Mincor Resources NL ("the Company") during the whole of the half year and up to the date of this report:

Name	Particulars
DJ Humann	Non-Executive Director and Chairman
DCA Moore	Managing Director
JW Gardner	Non-Executive Director
IF Burston	Non-Executive Director

REVIEW OF OPERATIONS

Mining Operations

The Company produced 6,754 tonnes of nickel in concentrate for the half year to 31 December 2005 (2004: 4,514 tonnes of nickel in concentrate).

During the period, the Company's Miitel Nickel Mine produced 123,568 dry metric tonnes at an average nickel grade of 2.97%, to produce 3,215 tonnes of nickel in concentrate (2004: 131,231 dry metric tonnes at 3.07% for 3,530 tonnes of nickel in concentrate).

The Company's Wannaway Nickel Mine produced 15,408 dry metric tonnes of ore at an average grade of 2.46% for 323 tonnes of nickel in concentrate (2004: 32,451 dry metric tonnes at 2.05% for 546 tonnes of nickel in concentrate).

The Company's Redross Nickel Mine produced 63,987 dry metric tonnes at an average nickel grade of 3.86% for 2,170 tonnes of nickel in concentrate (2004: 19,699 dry metric tonnes at 2.51% for 438 tonnes of nickel in concentrate).

The Company's Mariners Nickel Mine produced 59,982 dry metric tonnes at an average nickel grade of 1.99% for 1,046 tonnes of nickel in concentrate (2004: Nil).

Exploration and Development Projects

Exploration and development drilling continued throughout the period, with considerable success. In December 2005 the Company announced an initial resource estimate at its new South Miitel discovery of 258,000 tonnes at an average nickel grade of 3.98% for 10,250 tonnes of nickel. The Company has committed to an aggressive exploration drilling programme targeting nickel and gold on its tenements in the Eastern Goldfields of Western Australia.

Corporate Matters

On 30 September 2005 the Company paid its third fully franked annual dividend of 2.0 cents per share to shareholders, bringing the Company's total dividend payments to date to $11.4 million.

On 22 February 2006 the Directors declared a fully franked interim dividend of 2 cents per share in respect of the year ending 30 June 2006.

Events Subsequent to 31 December 2005

On 22 February 2006 the Directors declared a fully franked interim dividend of 2 cents per share in respect of the year ending 30 June 2006.

On 15 February 2006 the Company entered into a Pre-Bid Acceptance Agreement to sell the 12,557,566 options it holds in Tethyan Copper Company Limited ("Tethyan Options") to Antofagasta PLC for $1.05 per option, pursuant to Antofagasta's off-market takeover offer for the securities of Tethyan Copper Company Limited.

Each Tethyan Option entitles the Company to one fully paid ordinary share in Tethyan.

The sale by the Company of its securities in Tethyan is subject to the Antofagasta offer for Tethyan becoming unconditional. In addition, the Agreement restricts the Company from selling its Tethyan securities to any other party whilst the Pre-Bid Acceptance Agreement applies. The Agreement contains mechanisms which will allow the Company to benefit from any higher offer made for Tethyan securities.

Auditor Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 33.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.

DCA Moore
Director

PERTH

22 February 2006

CONSOLIDATED INCOME STATEMENT
For the Half Year Ended 31 December 2005

	CONSOLIDATED	
	31 December 2005 A$'000	31 December 2004 A$'000
Revenue from Operations	79,651	55,418
Mining contractor costs	(27,651)	(15,096)
Ore tolling costs	(8,815)	(6,024)
Royalty expense	(4,798)	(3,551)
Employee benefit expense	(4,070)	(2,577)
Finance costs	(206)	(236)
Exploration costs provided for or expensed	(2,031)	(991)
Depreciation and amortisation expense	(14,422)	(8,797)
Other expenses from ordinary activities	(4,832)	(3,345)
Profit before income tax	12,826	14,801
Income tax expense	(2,805)	(4,745)
Profit attributable to the members of Mincor Resources NL	10,021	10,056
	Cents	Cents
Earnings per share	5.1	5.2
Diluted earnings per share	5.1	5.2

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
As at 31 December 2005

	CONSOLIDATED	
	31 December 2005 A$'000	30 June 2005 A$'000
Current Assets		
Cash and cash equivalents	11,244	18,205
Receivables	30,566	29,921
Inventory	1,892	617
Derivative financial instruments	1,418	-
Other current assets	-	5,043
Total Current Assets	45,120	53,786
Non-Current Assets		
Investments	-	2,800
Available-for-sale financial assets	568	-
Derivative financial instruments	6,658	-
Property, plant and equipment	61,696	59,462
Evaluation and acquired exploration expenditure	7,683	7,683
Other non-current assets	-	1,279
Total Non-Current Assets	76,605	71,224
TOTAL ASSETS	121,725	125,010
Current Liabilities		
Payables	25,224	34,745
Interest bearing liabilities	931	1,002
Tax liabilities	881	2,165
Provisions	959	498
Derivative financial instruments	8,825	-
Other current liabilities	-	5,043
Total Current Liabilities	36,820	43,453
Non-Current Liabilities		
Interest bearing liabilities	3,567	3,333
Provisions	1,396	1,359
Deferred tax liabilities	10,475	10,345
Other non-current liabilities	-	1,279
Total Non-Current Liabilities	15,438	16,316
TOTAL LIABILITIES	52,258	59,769
NET ASSETS	69,467	65,241
Equity		
Contributed equity	27,313	27,313
Reserves	(5,034)	118
Retained profits	47,188	37,810
TOTAL EQUITY	69,467	65,241

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2005

	CONSOLIDATED	
	31 December 2005 A$'000	31 December 2004 A$'000
Total equity at the beginning of the half-year	65,225	49,750
Adjustment to retained earnings on adoption of AASB 132 and AASB 139, net of tax:		
• Derivative financial instruments	3,265	-
Adjustment to reserves on adoption of AASB 132 and AASB 139, net of tax:		
• Derivative financial instruments	(6,182)	-
• Available-for-sale financial assets	254	-
Derivative financial instruments, net of tax	997	-
Available-for-sale financial assets, net of tax	(245)	-
Net income recognised directly in equity	(1,911)	-
Profit for the half-year	10,021	10,056
Total recognised income and expense for the year	8,110	10,056
Transactions with equity holders in their capacity as equity holders:		
Dividends provided for or paid (Note 4)	(3,893)	(2,913)
Employee share options	25	38
	(3,868)	(2,875)
Total equity at the end of the half-year	69,467	56,931

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT
For the Half Year Ended 31 December 2005

	CONSOLIDATED	
	31 December 2005 A$'000	31 December 2004 A$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of GST)	79,059	55,214
Payments to suppliers and employees (inclusive of GST)	(64,728)	(32,560)
	14,331	22,654
Interest received	324	103
Other revenue	-	38
Interest paid	(170)	(31)
Income tax paid	(3,173)	(1,614)
Net Cash Inflow from Operating Activities	11,312	21,150
Cash Flows from Investing Activities		
Payments for acquisition of exploration properties	-	(10)
Payments for deferred acquisition costs of interest in joint venture	-	(4,173)
Payments for property, plant and equipment	(12,057)	(9,772)
Payments for exploration, evaluation and development expenditure	(2,450)	(7,019)
Repayment of loans	110	-
Proceeds from sale of property, plant and equipment	17	15
Net Cash (Outflow) from Investing Activities	(14,380)	(20,959)
Cash Flows from Financing Activities		
Repayment of borrowings	-	(1,300)
Dividends paid	(3,893)	(2,913)
Proceeds from borrowings	-	6,800
Net Cash Inflow/(Outflow) from Financing Activities	(3,893)	2,587
Net Increase (Decrease) in Cash and Cash Equivalents	(6,961)	2,778
Cash and Cash Equivalents at the Beginning of the Half Year	18,205	9,176
Cash and Cash Equivalents at the End of the Half Year	11,244	11,954

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2005

NOTE 1
Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2005 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*, other mandatory professional requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Mincor Resources NL during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

This interim financial report is the first Mincor Resources NL interim financial report to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards ("AIFRS"). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The financial statements of Mincor Resources NL until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Mincor Resources NL's interim financial report for the half year ended 31 December 2005, the Company has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The consolidated entity has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the consolidated entity's equity and its net income are given in Note 7.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and liabilities (including derivative instruments) at fair value either through profit or loss, or equity and, certain classes of property, plant and equipment.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mincor Resources NL ("company" or "parent entity") as at 31 December 2005 and the results of all subsidiaries for the half-year ended. Mincor Resources NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity (refer to Note 1(r)).

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Revenue Recognition

Sales revenue comprises revenue earned from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the product is delivered and:

- risk has been passed to the customer;
- the product is in a form suitable for delivery;
- the quantity of the product can be determined with reasonable accuracy;
- the product has been despatched to the customer and is no longer under the physical control of the producer; and
- the selling price can be determined with reasonable accuracy.

Sales revenue represents gross proceeds receivable from the customer. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of delivery and the time of final settlement of sales proceeds.

Interest income is recognised as it accrues.

(e) Depreciation and Amortisation

Office property, plant and equipment are depreciated or amortised over their estimated useful economic lives using either the straight line or reducing balance method. The expected useful lives are as follows:

- plant and equipment – 2 to 5 years
- furniture and fittings – 3 to 10 years

Refer to notes 1(i), 1(j), 1(k) and 1(l) for the accounting policy with respect to exploration and evaluation expenditure, development properties, mine properties and mine buildings, machinery and equipment.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Foreign Currency Translation

i) Functional and presentation currency
Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Mincor Resources NL's functional and presentation currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

iii) Group companies

The results and financial position of all the consolidated entity's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of stock on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(i) Exploration and Evaluation Expenditure

Exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the balance sheet where the rights of tenure of an area are current and one of the following conditions is met:

i) the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

ii) exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 3 *Business Combinations*.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

(j) Development Properties

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure having a specific nexus with the development property.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated with the cost of development and classified under non-current assets as "Development Properties".

All expenditure incurred prior to the commencement of commercial levels of production from each development property, is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until they are reclassified as "Mine Properties" following a decision to commence mining.

(k) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the consolidated entity in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the associated future economic benefits will flow to the consolidated entity, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs are provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

(l) Mine Buildings, Machinery and Equipment

The cost of each item of buildings, machinery and equipment is written off over its expected useful life using either the unit-of-production or straight-line method. Cost includes expenditure that is directly attributable to the acquisition of the items.

The unit-of-production basis results in an amortisation charge proportional to the depletion of the recoverable mineral reserves. Each item's economic life has due regard to both its own physical life limitations and to present assessments of recoverable mineral reserves of the mine property at which the item is located, and to possible future variations in those assessments.

Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments of major items.

The expected useful lives are as follows:

- mine buildings – the shorter of applicable mine life and 5 years;

- machinery and equipment – the shorter of applicable mine life and 2 to 10 years, depending on the nature of the asset.

(m) Borrowing Costs

Borrowing establishment costs represent those costs incurred by or on behalf of the consolidated entity in establishing borrowing facilities. Borrowing establishment costs are amortised over the term of the borrowing facility.

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings
- amortisation of costs incurred in connection with the arrangements of borrowings, and
- finance lease charges.

(n) Leased Non-Current Assets

Leases of property, plant and equipment where the consolidated entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated in accordance with policy 1(e) above.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(o) Employee Benefits

i) Wages and Salaries, Annual Leave and Sick Leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii) Long Service Leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Share-based payments

Share-based compensation benefits are provided to employees via the Mincor Resources NL 2002 Employee Share Option Plan.

Shares options granted before 7 November 2002 and/or vested before 1 January 2005. No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Shares options granted after 7 November 2002 and vested after 1 January 2005. The fair value of options granted under the Mincor Resources NL 2002 Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(p) Cash

For the purpose of the cash flow statement, cash includes deposits at call, short-term bank bills and cash at bank and in transit, all of which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(q) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the reporting period, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Acquisitions of Assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity’s share of the identifiable net assets acquired is recorded as goodwill. If the

cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(s) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(t) Investments and Other Financial Assets

From 1 July 2005 to 30 June 2006
The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The consolidated entity has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

Adjustments on transition date: 1 July 2005
The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes to carrying amounts are taken to retained earnings or reserves.

From 1 July 2005
From 1 July 2005 the consolidated entity classifies its investments into the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. The Company determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(u) Derivatives

From 1 July 2004 to 30 June 2005

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The consolidated entity has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes in the carrying amounts of derivatives are taken to retained earnings or reserves, depending on whether the criteria for hedge accounting are satisfied at the transition date.

From 1 July 2005

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
(b) hedges of highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(v) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price and the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

(w) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(x) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial period but not distributed at balance date.

(y) Earnings Per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(z) Financial Instrument Transaction Costs

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The consolidated entity has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the consolidated entity was immaterial.

aa) Rehabilitation and Mine Closure Costs

The consolidated entity has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment.

Under AASB 116 *Property, Plant and Equipment,* the cost of an asset must include any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life.

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* requires a provision to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a pre-tax discount rate that reflects the time value of money. The discount rate must not reflect risks for which future cash flow estimates have been adjusted. As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised as a borrowing cost.

ab) Royalties

Royalties are accrued and charged against earnings when the liability from production or sale of the mineral crystallises.

ac) Rounding of Amounts

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

NOTE 2
Segment Information

The consolidated entity operates predominantly in the mining industry, this being the primary business segment.

NOTE 3
Financing Arrangements

Entities in the consolidated entity have access to the following financing arrangements at the reporting date:

	CONSOLIDATED	
	31 December 2005 A$'000	30 June 2005 A$'000
Corporate Revolver Facility – secured	10,000	10,000
Less: Draw down portion	-	-
Bonding Facility – secured	500	500
Less: Draw down portion	(500)	(500)
	10,000	10,000

The Corporate Revolver Facility is denominated in Australian dollars and is repayable by March 2006. Interest is charged at the BBSW rate plus an applicable margin.

The Bonding Facility is denominated in Australian dollars and is repayable in March 2006. An annual performance bond fee is charged at market rates.

Both the Corporate Revolver Facility and Bonding Facility are secured by a first ranking charge over the assets and undertakings of the parent entity and consolidated entities.

NOTE 4
Dividends

	CONSOLIDATED	
	31 December 2005 $'000	31 December 2004 $'000
Dividends provided for or paid during the half-year	3,893	2,913
Dividends not recognised at the end of the half-year Since the end of the half-year the Directors declared a fully franked interim dividend of 2 cents per fully paid ordinary share.		
Interim dividend expected to be paid out of retained profits at the end of the half-year, but not recognised as a liability	3,893	1,947

NOTE 5
Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6
Events Subsequent to Reporting Date

On 22 February 2006 the Directors declared a fully franked interim dividend of 2 cents per share in respect of the year ending 30 June 2006.

On 15 February 2006 the Company entered into a Pre-Bid Acceptance Agreement to sell the 12,557,566 options it holds in Tethyan Copper Company Limited ("Tethyan Options") to Antofagasta PLC for $1.05 per option, pursuant to Antofagasta's off-market takeover offer for the securities of Tethyan Copper Company Limited.

Each Tethyan Option entitles the Company to one fully paid ordinary share in Tethyan.

The sale by the Company of its securities in Tethyan is subject to the Antofagasta offer for Tethyan becoming unconditional. In addition, the Agreement restricts the Company from selling its Tethyan securities to any other party whilst the Pre-Bid Acceptance Agreement applies. The Agreement contains mechanisms which allow the Company to benefit from any higher offer made for Tethyan securities.

NOTE 7
Explanation of transition to Australian equivalents to IFRSs

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

At the date of transition to AIFRS: 1 July 2004

	Note	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
Current Assets				
Cash assets		9,176	-	9,176
Receivables		18,075	193	18,268
Inventory		237	-	237
Prepayments		193	(193)	-
Other current assets		1,902	-	1,902
Total Current Assets		29,583	-	29,583
Non-Current Assets				
Investments		2,800	-	2,800
Property plant and equipment	(e)	31,045	736	31,781
Development expenditure		14,572	-	14,572
Exploration and evaluation expenditure	(f)	8,464	67	8,531
Other non-current assets		1,384	-	1,384
Total Non-Current Assets		58,265	803	59,068
TOTAL ASSETS		87,848	803	88,651
LIABILITIES				
Current Liabilities				
Payables		24,810	-	24,810
Interest bearing liabilities		119	-	119
Tax liabilities		663	-	663
Provisions		403	-	403
Other current liabilities		1,902	-	1,902
Total Current Liabilities		27,897	-	27,897
Non-Current Liabilities				
Payables		3,000	-	3,000
Interest bearing liabilities		140	-	140
Provisions	(d)	816	461	1,277
Deferred tax liabilities	(a)	3,825	1,378	5,203
Other non-current liabilities		1,384	-	1,384
Total Non-Current Liabilities		9,165	1,839	11,004
TOTAL LIABILITIES		37,062	1,839	38,901
NET ASSETS		50,786	(1,036)	49,750
Equity				
Contributed equity		27,227		27,227
Reserves	(h)	545	(502)	43
Retained profits	(g)	23,014	(534)	22,480
TOTAL EQUITY		50,786	(1,036)	49,750

NOTE 7 Explanation of transition to Australian equivalents to IFRSs (continued)

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS) (continued)

At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

	Note	Previous AGAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
ASSETS				
Current Assets				
Cash assets		11,954	-	11,954
Receivables		25,472	80	25,552
Tax assets		702	-	702
Inventories		66	-	66
Prepayments		80	(80)	-
Other current assets		4,778	-	4,778
Total Current Assets		43,052	-	43,052
Non-Current Assets				
Investments		2,800	-	2,800
Property plant and equipment	(e)	38,946	709	39,655
Development expenditure		9,917	-	9,917
Evaluation and exploration expenditure	(f)	8,472	67	8,539
Other non-current assets		4,114	-	4,114
Total Non-Current Assets		64,249	776	65,025
TOTAL ASSETS		107,301	776	108,077
LIABILITIES				
Current Liabilities				
Payables		24,609	-	24,609
Interest bearing liabilities		5,817	-	5,817
Provisions		397	-	397
Other current liabilities		4,778	-	4,778
Total Current Liabilities		35,601	-	35,601
Non-Current Liabilities				
Interest bearing liabilities		411	-	411
Provisions	(d)	848	474	1,322
Deferred tax liabilities	(a)	8,333	1,365	9,698
Other non-current liabilities		4,114	-	4,114
Total Non-Current Liabilities		13,706	1,839	15,545
TOTAL LIABILITIES		49,307	1,839	51,146
NET ASSETS		57,994	(1,063)	56,931
Equity				
Contributed equity		27,227	-	27,227
Reserves	(h)	545	(464)	81
Retained earnings	(g)	30,222	(599)	29,623
TOTAL EQUITY		57,994	(1,063)	56,931

NOTE 7 Explanation of transition to Australian equivalents to IFRSs (continued)

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS) (continued)

At the end of the last reporting period under previous AGAAP: 30 June 2005

	Note	Existing GAAP $'000	Effect of transition to AIFRS $'000	AIFRS $'000
Current Assets				
Cash assets		18,205	-	18,205
Receivables		29,644	277	29,921
Inventory		617	-	617
Prepayments		277	(277)	-
Other current assets		5,043	-	5,043
		53,786	-	53,786
Non-Current Assets				
Investments		2,800	-	2,800
Property, plant and equipment	(e)	58,816	646	59,462
Exploration and evaluation expenditure	(f)	7,616	67	7,683
Other non-current assets		1,279	-	1,279
Total Non-Current Assets		70,511	713	71,224
TOTAL ASSETS		124,297	713	125,010
LIABILITIES				
Current Liabilities				
Payables		34,745	-	34,745
Interest bearing liabilities		1,002	-	1,002
Current tax liabilities		2,165	-	2,165
Provisions		498	-	498
Other current liabilities		5,043	-	5,043
Total Current Liabilities		43,453	-	43,453
Non-Current Liabilities				
Interest bearing liabilities		3,333	-	3,333
Provisions	(d)	934	425	1,359
Deferred tax liabilities	(a)	8,983	1,362	10,345
Other non-current liabilities		1,279	-	1,279
Total Non-Current Liabilities		14,529	1,787	16,316
TOTAL LIABILITIES		57,982	1,787	59,769
NET ASSETS		66,315	(1,074)	65,241
Equity				
Contributed equity		27,313	-	27,313
Reserves	(h)	545	(427)	118
Retained profits	(g)	38,457	(647)	37,810
TOTAL EQUITY		66,315	(1,074)	65,241

NOTE 7 Explanation of transition to Australian equivalents to IFRSs (continued)

Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

Reconciliation of profit for the half-year ended 31 December 2004

	Previous GAAP $'000	Effect of change $'000	AIFRS $'000
Revenue	55,418	-	55,418
Mining contractor costs	(15,096)	-	(15,096)
Ore tolling costs	(6,024)	-	(6,024)
Royalty expense	(3,551)	-	(3,551)
Employee benefit expense	(2,540)	(37)	(2,577)
Borrowing cost expense	(191)	(45)	(236)
Exploration costs provided for or expensed	(991)	-	(991)
Depreciation and amortisation expense	(8,769)	(28)	(8,797)
Other expenses from ordinary activities	(3,377)	32	(3,345)
Profit before income tax expense	14,879	(78)	14,801
Income tax expense	(4,757)	12	(4,745)
Profit attributable to the members of Mincor Resources NL	10,122	(66)	10,056
	Cents	Cents	Cents
Basic earnings per share	5.2	-	5.2
Diluted earnings per share	5.2	-	5.2

NOTE 7 Explanation of transition to Australian equivalents to IFRSs (continued)

Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS) (continued)

Reconciliation of profit for the year ended 30 June 2005

	Previous GAAP $'000	Effect of change $'000	AIFRS $'000
Revenue	122,577	(38)	122,539
		-	
Mining contractor costs	(36,861)	-	(36,861)
Ore tolling costs	(13,964)	-	(13,964)
Royalty expense	(7,876)	-	(7,876)
Employee benefit expense	(5,737)	(75)	(5,812)
Borrowing cost expense	(210)	(80)	(290)
Exploration costs provided for or expensed	(2,774)	-	(2,774)
Depreciation and amortisation expense	(17,621)	(90)	(17,711)
Other expenses from ordinary activities	(8,313)	155	(8,158)
Profit before income tax expense	29,221	(128)	29,093
Income tax expense	(8,919)	16	(8,903)
Profit attributable to members of Mincor Resources NL	20,302	(112)	20,190
	Cents	Cents	Cents
Basic earnings per share	10.4	-	10.4
Diluted earnings per share	10.4	-	10.4

Reconciliation of cash flow statement for year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

NOTE 7 Explanation of transition to Australian equivalents to IFRSs (continued)

Notes to the reconciliations

a) Income tax

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to amounts recognised directly in equity. The adoption of AIFRS has resulted in a change in accounting policy. The effects of the application of AASB 112 *Income Taxes* are as follows:

i) At 1 July 2004, 31 December 2004 and at 30 June 2005

The effects on the deferred tax liability of the adoption of AIFRS are as follows (tax rate of 30%):

	1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
Adjustments arising from adoption of AASB 112			
• Permanent differences not previously tax affected under AGAAP	1,276	1,276	1,276
Application of AASB 112 to adjustments arising from adoption of other AASBs			
• Provision for rehabilitation	102	89	86
Increase in deferred tax liability	1,378	1,365	1,362

ii) For the half-year ended 31 December 2004

For the consolidated entity, has decreased tax expense by $12,000.

iii) For the year ended 30 June 2005

For the consolidated entity, has decreased tax expense by $16,000.

b) Equity-based compensation benefits

Under AASB 2 *Share-based Payment*, from 1 July 2004, the consolidated entity is required to recognise an expense for those options that were issued to employees under the 2002 Employee Share Option Plan after 7 November 2002 but that had not vested by 1 January 2005. The effect of this is:

(i) At 1 July 2004

For the consolidated entity there has been a decrease in retained earnings of $43,000 and a corresponding increase in reserves.

(ii) At 31 December 2004

For the consolidated entity there has been a decrease in retained earnings of $80,000 and a corresponding increase in reserves.

NOTE 7 Explanation of transition to Australian equivalents to IFRSs (continued)

Notes to the reconciliations (continued)

(iii) At 30 June 2005

For the consolidated entity there has been a decrease in retained earnings of $118,000 and a corresponding increase in reserves.

(iv) For the half-year ended 31 December 2004

For the consolidated entity there has been an increase in employee benefits expense of $37,000.

(v) For the year ended 30 June 2005

For the consolidated entity there has been an increase in employee benefits expense of $75,000.

c) Financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives classified as hedging instruments are designated as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges). The effect of AASB 139 is as follows:

(I) From 1 July 2004 to 30 June 2005

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The consolidated entity has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

(II) Adjustments on transition date 1 July 2005

The consolidated entity held various financial instruments at 1 July 2005 which were designated as hedging instruments. To recognise the fair value adjustment on transition pursuant to AASB 139, the consolidated entity increased financial assets and liabilities by $6,323,000 and $15,154,000 respectively with corresponding decreases of $6,182,000 to the hedging reserve and $2,649,000 to deferred tax liabilities. Subsequent fair value adjustments will be taken to the hedging reserve.

On 1 July 2005 the consolidated entity held 12,557,566 options in Tethyan Copper Company Limited ("TCC Options"), which options have an expiry date of 30 April 2008 and an exercise price of 15 cents to convert each option into one fully paid ordinary share in Tethyan Copper Company Limited. The TCC Options meet the definition of a derivative held for trading pursuant to AASB 139 which results in the change in fair value at 1 July 2005 being recognised in retained earnings. Accordingly, retained earnings at 1 July 2005 has been increased by $3,265,000 to recognise the fair value adjustment (net of tax) of the TCC Options on transition. Subsequent fair value adjustments will be recognised in the income statement.

NOTE 7 Explanation of transition to Australian equivalents to IFRSs (continued)

Notes to the reconciliations (continued)

d) Provisions for restoration and rehabilitation

Under AASB 137, *Provisions, Contingent Liabilities and Contingent Assets,* the obligation to make good environmental or other damages is provided for in full immediately. The effects on provisions on adoptions of AIFRS are as follows:

	1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
Increase in provision for rehabilitation on transition	461	461	461
Reversal of provision for rehabilitation under AGAAP	-	(31)	(117)
Unwinding of discounted provision recognised	-	44	81
Increase in provisions	461	474	425

e) Property, plant and equipment

Under AASB 116 Property, Plant and Equipment estimates of restoration and rehabilitation costs are included in the cost of the related asset. This is in contrast to Australian GAAP treatment whereby restoration and rehabilitation costs are charged to production on a gradual basis over the life of the economically recoverable resources. The effects of the application of this standard on property, plant and equipment are as follows:

	1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
Present value of rehabilitation costs capitalised on transition	1,078	1,078	1,078
Accumulated amortisation costs capitalised	(342)	(369)	(432)
Increase in property, plant and equipment	736	709	646

f) Exploration and evaluation expenditure

	1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
Present value of rehabilitation costs capitalised on transition	67	67	67

NOTE 7 Explanation of transition to Australian equivalents to IFRSs (continued)

Notes to the reconciliations (continued)

g) Retained earnings

The effect on retained earnings of the changes set out above are as follows:

	1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
Income taxes	1,378	1,366	1,362
Provision for rehabilitation and amortisation expense	(342)	(302)	(288)
Share-based payments	43	80	118
Transfer of increment upon dilution of interest in controlled entity (refer Note 7(h))	(545)	(545)	(545)
Decrease in retained earnings	534	599	647

h) Reserves

The effect on reserves of the changes set out above are as follows:

	Note	1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
Transfer of increment upon dilution of interest in controlled entity	(1)	(545)	(545)	(545)
Recognition of share based payments		43	81	118
Decrease in reserves		(502)	(464)	(427)

(1) Increment upon Dilution of Interest in Controlled Entity

Under AASB 127 *Consolidated and Separate Financial Statements* the issuance of securities by a controlled entity to a minority interest can result in a gain or loss to the shareholders of the economic entity. This is in contrast to Australian GAAP treatment whereby the gain or loss upon issuance of shares by a controlled entity to a minority interest was treated as a capital transaction and taken to a capital reserve.

Under AASB 127 the consolidated entity's capital reserve decreases by $545,000 with a corresponding increase to retained earnings.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 3 to 29 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and

(b) there are reasonable grounds to believe that Mincor Resources NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

DCA Moore
Director

PERTH

22 February 2006

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwc.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999

Independent review report to the members of Mincor Resources NL

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Mincor Resources NL:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Mincor Resources Group (defined below) as at 31 December 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Mincor Resources Group (the consolidated entity), for the half-year ended 31 December 2005. The consolidated entity comprises both Mincor Resources NL (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

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We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

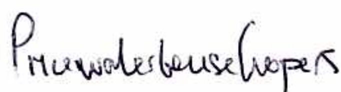
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers

John O'Connor
Partner

Perth
22 February 2006

PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwc.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999

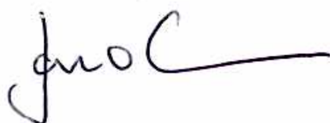
Auditor's Independence Declaration

As lead auditor for the review of Mincor Resources NL for the half year ended 31 December 2005 I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mincor Resources NL and the entities it controlled during the period.



John P O'Connor

Partner
PricewaterhouseCoopers

Perth
22 February 2006

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