

Quarterly Report

For the period ended 31 December 2015

Driving Growth Through Exploration



HIGHLIGHTS

- **Third phase of Mincor's progressive mining strategy** implemented during the Quarter, with operations wound back to a single shift basis.
- **Quarterly production on plan** with 739 tonnes nickel-in-ore delivered to the mill, bringing half-year production to 2,290 tonnes nickel-in-ore and meeting Mincor's half-year production target.
- Preparations underway for **suspension of mining** from the end of January, and implementation of a detailed care and maintenance program pending a recovery in the nickel price.
- Good progress on two important **feasibility studies** as Mincor lays the foundation for its next phase of growth:
 - **Burnett Project** – definitive feasibility study into the development of an integrated operation at Miitel, to extract the recently upgraded Burnett Resource and the remaining developed and undeveloped ore reserves at South Miitel.
 - **Durkin North Project** – definitive feasibility study into the development of this substantially upgraded project – Mincor's biggest and highest grade Mineral Resource.
- **Both feasibility studies** are well-advanced, with their completion awaiting only the receipt of mining contractor quotes – full results are expected to be available by the end of the March Quarter.
- **CEO succession announced** with long-serving CEO and Managing Director, David Moore, to move to a non-executive role as Deputy Chairman and Mincor's current Chief Operating Officer, Mr Peter Muccilli, appointed as CEO effective 1 February 2016.
- After regional exploration expenditures of **\$0.39 million**, redundancy payments of **\$1.72 million**, negative provisional pricing adjustments of **\$1.29 million** and inventory write down of **\$1.13 million**, Mincor had Quarter-end cash at bank of **\$25.49 million** (end-Sep: \$31.40 million) and working capital (cash and receivables minus creditors and accruals) of **\$20.12 million** (end-Sep: \$29.75 million).

The old Durkin headframe accessing the 100,000 nickel tonne ore body that lay immediately above Mincor's new Durkin North Mineral Resource – now the subject of a Definitive Feasibility Study (photo courtesy Tanh Doan)



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Mincor is a leading
Australian nickel producer
and is listed on the
Australian Securities
Exchange.

Mincor operates two mines
in the world-class
Kambalda Nickel District of
Western Australia, and has
been in successful
production since 2001.

Table 1: Production, Grade, Revenue and Costs ending 31 December 2015

	Unified Operations (Miitel & Mariners)		Unified Operations (Miitel & Mariners)	
	December 2015 Quarter	Preceding Quarter (Sep 2015)	Half Year to December 2015	Preceding Half Year (Dec 2014)
Ore Tonnes Treated (DMT)	27,588	51,247	78,835	85,365
Average Nickel Grade (%)	2.68	3.03	2.90	2.89
Nickel-in-Concentrate Sold (tonnes)	643.4	1,354.3	1,997.3	2,158.6
Copper-in-Concentrate Sold (tonnes)	59.5	130.4	189.9	210.4
Cobalt-in-Concentrate Sold (tonnes)	11.8	25.2	37.0	49.6
Sales Revenue* (A\$)	5.37M	13.69M	17.70M	25.97M
Direct Operating Costs** (A\$)	8.77M	12.54M	21.31M	15.66M
Royalty Costs (A\$)	0.22M	0.55M	0.70M	1.05M
Operating Surplus (Deficit)*** (A\$)	(3.62M)	0.60M	(4.31M)	9.26M
Capital Costs****	0.25M	0.04M	0.28M	9.65M

Note: Organisational restructure implemented in late July 2015 to mine both mines as a single operation.

* Sales Revenue – estimate, awaits the fixing of the three-month nickel reference price – see ‘Note on Provisional Pricing and Sales Revenue Adjustments’ below.

** Direct Operating Costs – mining, milling, ore haulage, administration.

*** Operating Surplus – provisional and unaudited, excludes corporate overheads and other corporate costs, excludes regional exploration costs, exclude depreciation, amortisation and tax. Excludes redundancy payments.

**** Capital Costs – includes mine capital and development costs and extensional exploration costs. Excludes regional exploration costs.

KAMBALDA NICKEL OPERATIONS

Over the past 12 months Mincor has responded rapidly to the sharply deteriorating nickel price, implementing a series of mining decisions that progressively scaled down its operations. These decisions included the suspension of capital in April/May 2015 and the implementation of the “one operation – two mines” strategy in July 2015.

As advised in its September 2015 Quarterly Report, Mincor carried out the third phase of this progressive mining strategy in the December Quarter, during which the unified Miitel/Mariners operation was put onto a single shift basis, with mining focused on the efficient extraction of the remaining fully-developed ore. Regretfully this led to 40 redundancies among operational employees.

Table 2: Production and Grade ending 31 December 2015

Unified Operations Miitel & Mariners	3 months ending 31 Dec 15	3 months ending 31 Sep 15	6 months ending 31 Dec 15
Tonnes	27,588	51,247	78,835
Grade %	2.68	3.03	2.90
Nickel-in-ore	739	1,550	2,290
Nickel-in-concentrate	643	1,354	1,997

On this basis, however, Mincor was able to produce 27,588 tonnes @ 2.68% Ni for 739 contained nickel tonnes during the Quarter.

At the **Mariners Mine**, stoping tonnes were achieved from the N10B ore body at the 1060, 1040, 1000 and the 980 levels. Single boom jumbo development via flatbacks was completed on the N10B in the 1000 and 980 levels.

At the **Miitel Mine**, ore was sourced from longhole stopes in the N30, N30C and N31 ore bodies. Air-leg mining recommenced on the 648 level in the N31 ore body. Some lateral development was undertaken via a flat back on the 668 level and a hangingwall drive in the 824 level, mining against the crushed cement fill.

Total site costs for the Quarter were \$10.27 million including redundancy costs and the write down of inventories. Total operating deficit for the Quarter was \$2.49 million excluding inventory write down.

Outlook for the Remainder of Financial Year 2016

Given the continued falls in the nickel price, Mincor intends to implement the final phase of its flexible mining strategy and wind down operations completely during the March Quarter. Mining will cease at the end of January and the mines will be prepared for a period of suspension until the nickel price recovers.

By the end of January, accessible ore at Mariners will have been depleted, with only the undeveloped N11 surface remaining. Thus the future of Mariners is uncertain at this point. At Miitel, substantial developed ore remains easily accessible, but this material is best left in place until prices recover, as its early availability will assist the restart of full-scale mining in due course.

In the meantime, and as detailed further below, Mincor will continue with the Definitive Feasibility Studies on the Durkin North and Burnett Projects, with a view to having these ready for rapid development once conditions improve. In addition, and subject to a successful drill-out phase, a detailed feasibility study will be required on Mincor’s new discovery at Cassini.

HEALTH AND SAFETY

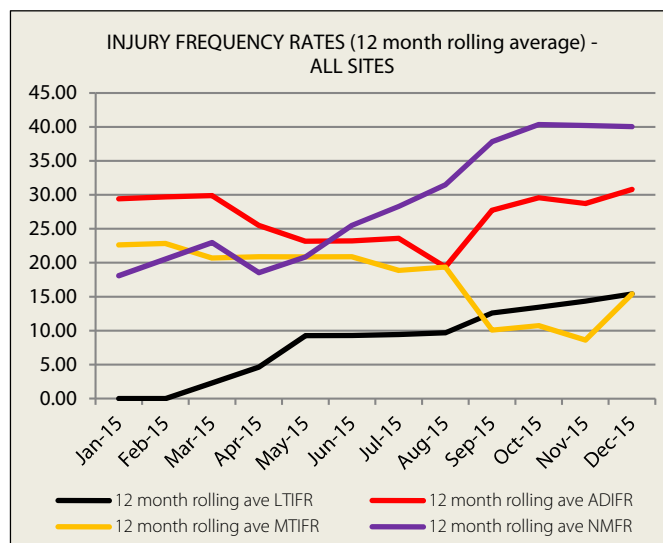
There were no Lost Time Injuries recorded for the quarter. The 12 month moving average Lost Time Injury Frequency Rate for all Mincor Operations increased to 18.39 due to fewer man-hours being worked during the quarter.

There was one Alternative Duty Injury.

There was one incident reported to the DMP.

The following improvement strategies were undertaken during the Quarter:

- Election of a Safety & Health Representative for the new crew structure.
- Work Safely at Height – National Unit of Competency and JSA training rolled out to 13 operators.
- Seven personnel completed the on-site Provide First Aid course this month. We currently have 84% of personnel trained in Provide First Aid. Target = 90%.
- Review training of MKO-SWP-0.06 Hazard & Risk Observations Safe Work Procedure was conducted with staff and crew.
- Review training of MKO-SWP-5.04 Reporting of Misfires conducted with the crew.
- Unloading Cement Bulker Bags JSA rolled out to CAF Operators.



KAMBALDA GROWTH PROJECTS

Mincor has two advanced-stage mining projects – Durkin North and Miitel/Burnett – which will allow for a rapid restart of production once nickel prices recover. The Company also has emerging growth projects in Cassini and Voyce, as well as numerous earlier-stage exploration prospects and targets.

Feasibility Studies

Significant progress was achieved on the Definitive Feasibility Studies at Durkin North and Miitel/Burnett. The studies are being undertaken by highly-regarded consultancy group Entech, overseen on Mincor's behalf by Minero Consulting, and liaising closely with Mincor's own technical staff.

At Miitel, the feasibility study is focused on the **Burnett Project** at North Miitel. Pre-feasibility studies have demonstrated that an integrated operation incorporating undeveloped ore reserves at South Miitel with the newly upgraded Mineral Resources at Burnett is capable of generating a strong production profile. The feasibility study has incorporated the B01 mineral resource at Burnett, which was substantially upgraded through drilling during 2015.

At **Durkin North**, the feasibility study has incorporated additional mineral resources added through Mincor's successful 2015 drilling campaign, which increased the upper Mineral Resources by about 46% in total metal content. Durkin North is currently Mincor's largest and highest grade undeveloped Mineral Resource (globally at 427Kt @ 5.2% Ni for 22.4Kt of nickel contained) and pending the results of the study has the potential to significantly add to the reserve base of our operations.

Items completed in the feasibility studies so far include a resource audit by an external consultancy; trade-off studies of various mining methods, optimised capital and ore extraction designs and detailed mine schedules.

A request for quotations (RFQ) to carry out the work scheduled for both projects was sent to a number of mining contractors. Due to the timing (end of year) and other competing RFQ requests in the wider industry, the requested information not yet been received, delaying the finalisation of the studies. All the RFQ responses are now expected to be fulfilled by late February 2016. Full results of the feasibility studies should be available by the end of the March Quarter.

Cassini

While Cassini is at an 'exploration target' phase, initial scoping studies have demonstrated that a robust mining operation is potentially available, subject to successful drill-out of the mineralisation defined to date. The next step is to complete the drill-out in order to generate an Indicated Mineral Resource, before moving to feasibility studies. This drilling is tentatively planned for later in the current financial year.

KAMBALDA NICKEL EXPLORATION

Mincor holds an outstanding suite of tenements in the Kambalda nickel district, comprising an estimated half of the total area of the District that is prospective for nickel sulphide deposits.

During the current period of depressed nickel prices, the company is carrying out detailed new studies of this ground which are yielding priority exploration targets for drill testing in due course.

The Kambalda nickel district is a mature exploration region with a large amount of historical data, however, areas remain that are untested or only lightly tested (such as the Republican Hill area described in Mincor's previous quarterly). New discoveries, such as Cassini, Voyce and Burnett as well as successful extensional exploration such as at Durkin have highlighted the extent to which the area remains prospective for both brown fields and green fields nickel deposits.

REGIONAL EXPLORATION

Tottenham Copper Project (Mincor 100%)

No fieldwork was carried out during the Quarter.

Canning Zinc Project, Lennard Shelf (Mincor 100%)

No fieldwork was carried out during the Quarter. One non-core tenement (E 80/4712) was relinquished.

South Australian Tenements

EL4931 (Woomera) 100% Mincor

No work was carried out on EL4931 during the Quarter.

EL4932 (Eaglehawk Joint Venture) Apollo Minerals Limited earning 75%

This tenement is the subject of an earn in-joint venture with Apollo Minerals Limited and is managed by Apollo during the earn-in period. Apollo is targeting large iron oxide copper gold (IOCG) style deposits similar to the nearby Olympic Dam and Prominent Hill deposits.

No fieldwork was carried out during the Quarter.

CORPORATE MATTERS

Hedging Arrangements

Mincor currently has no hedging in place.

Major Corporate Expenditures, Cash and Debt

Major corporate expenditures during the Quarter included \$0.39 million in regional exploration expenditures, lease payments of \$1.12 million, head office costs of \$0.86 million and \$0.25 million on feasibility studies for the Burnett and Durkin North Projects.

As at 31 December 2015, Mincor had cash of **\$25.49 million** (end-Sep 2015: \$31.40 million); and working capital of **\$20.12 million** (end-Sep 2015: \$29.75 million).

During the Quarter Mincor recorded a \$1.29 million decrease in revenue received (compared to revenue booked as receivables in the previous Quarter) due to provisional pricing adjustments.

The information in this Public Report that relates to Exploration Results is based on information compiled by Richard Hatfield, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hatfield is a full-time employee of Mincor Resources NL. Mr Hatfield has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hatfield consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

- REPORT ENDS -

APPENDIX 1: Mineral Resources as at 30 June 2015

RESOURCE		MEASURED		INDICATED		INFERRED		TOTAL		
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni Tonnes
Mariners	2015	182,000	3.7	324,000	3.2	0	0.0	506,000	3.4	17,200
	2014	155,000	4.1	435,000	3.6	0	0.0	590,000	3.7	21,800
Redross	2015	39,000	4.9	138,000	2.9	67,000	2.9	244,000	3.2	7,900
	2014	39,000	4.9	138,000	2.9	67,000	2.9	244,000	3.2	7,900
Burnett	2015	0	0.0	241,000	4.0	0	0.0	241,000	4.0	9,700
	2014	0	0.0	141,000	4.5	99,000	2.7	240,000	3.7	9,000
Miitel	2015	184,000	3.6	418,000	2.8	27,000	4.1	629,000	3.1	19,500
	2014	123,000	4.3	600,000	3.0	61,000	3.7	785,000	3.2	25,300
Wannaway	2015	0	0.0	110,000	2.6	16,000	6.6	126,000	3.1	3,900
	2014	0	0.0	110,000	2.6	16,000	6.6	126,000	3.1	3,900
Carnilya*	2015	33,000	3.6	40,000	2.2	0	0.0	73,000	2.8	2,100
	2014	40,000	3.8	40,000	2.2	0	0.0	80,000	3.0	2,400
Otter Juan	2015	2,000	6.9	51,000	4.1	0	0.0	53,000	4.3	2,300
	2014	2,000	6.9	71,000	4.1	3,000	4.3	76,000	4.2	3,200
McMahon/Ken**	2015	25,000	2.7	103,000	3.1	105,000	4.6	234,000	3.7	8,700
	2014	32,000	2.6	105,000	3.1	105,000	4.6	242,000	3.7	8,900
Durkin	2015	0	0.0	417,000	5.3	10,000	3.8	427,000	5.2	22,400
	2014	0	0.0	385,000	5.0	26,000	3.6	411,000	5.0	20,400
Gellatly	2015	0	0.0	29,000	3.4	0	0.0	29,000	3.4	1,000
	2014	0	0.0	29,000	3.4	0	0.0	29,000	3.4	1,000
Voyce	2015	0	0.0	50,000	5.3	14,000	5.0	64,000	5.2	3,400
	2014	0	0.0	0	0.0	0	0.0	0	0.0	0
Cameron	2015	0	0.0	96,000	3.3	0	0.0	96,000	3.3	3,200
	2014	0	0.0	96,000	3.3	0	0.0	96,000	3.3	3,200
Stockwell	2015	0	0.0	554,000	3.0	0	0.0	554,000	3.0	16,700
	2014	0	0.0	554,000	3.0	0	0.0	554,000	3.0	16,700
GRAND TOTAL	2015	466,000	3.7	2,570,000	3.5	239,000	4.2	3,276,000	3.6	117,700
	2014	391,000	4.1	2,704,000	3.5	378,000	3.7	3,473,000	3.6	123,500

Figures have been rounded and hence may not add up exactly to the given totals.

Note that Resources are inclusive of Reserves.

* Resources shown for Carnilya Hill are those attributable to Mincor - that is, 70% of the total Carnilya Hill Resource.

** McMahon/Ken also includes Coronet (in the 2010/11 Annual Report it was included in Otter Juan).

The information in this report that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Rob Hartley, who is a full-time employee of the Company and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity that he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hartley approves the Mineral Resources statement as a whole and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears, and is a Member of the AusIMM.

Ore Reserves as at 30 June 2015

RESERVE		PROVED		PROBABLE		TOTAL		
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni Tonnes
Mariners	2015	56,000	3.1	2,000	2.0	58,000	3.1	1,800
	2014	60,000	4.2	291,000	2.7	351,000	3.0	10,500
Redross	2015	49,000	3.3	0	0.0	49,000	3.3	1,600
	2014	49,000	3.3	0	0.0	49,000	3.3	1,600
Miitel	2015	70,000	2.8	374,000	2.5	444,000	2.6	11,300
	2014	54,000	2.9	381,000	2.4	434,000	2.5	10,800
Otter Juan	2015	2,000	6.9	0	0.0	2,000	6.9	100
	2014	2,000	6.9	0	0.0	2,000	6.9	100
McMahon/Ken**	2015	0	0.0	3,000	2.4	3,000	2.4	100
	2014	0	0.0	3,000	2.4	3,000	2.4	100
GRAND TOTAL	2015	176,000	3.1	379,000	2.5	555,000	2.7	14,900
	2014	164,000	3.5	674,000	2.6	838,000	2.7	23,000

Figures have been rounded and hence may not add up exactly to the given totals.

Note that Resources are inclusive of Reserves.

* McMahon/Ken also includes Coronet (in the 2010/11 Annual Report it was included in Otter Juan).

The information in this report that relates to Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by Paul Darcey, who is a full-time employee of the Company and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Darcey approves the Ore Reserve statement as a whole and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears, and is a Member of the AusIMM.

Full details of these Mineral Resource and Ore Reserve estimates are available in Mincor's ASX Announcements dated 24 June 2015 and 9 September 2015.