MINCOR

MEDIA RELEASE

Wednesday, 13 February 2013

MINCOR ANNOUNCES HALF-YEAR RESULTS

Delivers strong operating performance, maintains cash and dividends

- First-half loss of **$2.21M** (1HFY11: $0.35M Profit), driven by non-cash items and lowest nickel prices since the height of the global financial crisis.
- Strong operating performance delivers Mincor's lowest cost production since 2009, generating a healthy EBITDA of **$14.77M** – consistent with the previous corresponding period ($15.5M) despite a 10% lower average realised nickel price.
- These strong results allow Directors to declare a **2 cents per share** fully-franked interim dividend – maintaining Mincor's unbroken dividend payment record since 2003 (1HFY12: 2c).
- First-half production of **5,063t** nickel-in-ore at cash costs of **A$5.07/lb** payable nickel – with Mincor on track to meet or exceed its production target of 9,000t for FY13 and substantially outperform its cost target.
- Net operating cash flow of **$16.53M**, well in excess of capital development and nickel exploration costs of **$12.77M**.
- Other major expenditures were **$6.1M** on regional exploration, and **$3.76M** in dividend payments.
- Mincor's balance sheet remains strong, with no debt and **$75.92M** in cash and receivables, net of creditors and accruals, at 31 December 2012 (June 30 2012: $78.02M).
- Strong nickel and regional exploration expenditures continue to build options for future growth.

Kambalda nickel miner Mincor Resources NL (**ASX: MCR**) has extended its unbroken track record of dividend payments after declaring a fully franked interim dividend of **2 cents per share** on the back of a strong operational performance and steady underlying earnings for the half-year ended 31 December 2012.

The strong operational result was driven by above-forecast production of 5,063 tonnes of nickel-in-ore at better-than-targeted cash costs of $5.07/lb, delivering an operating cash flow of **$16.53 million** despite the lowest nickel prices since the height of the global financial crisis. The average realised nickel price for the half was 10% lower than the previous corresponding half at A$8.26/lb (1HFY12: A$9.20/lb).

The continued improvements in Mincor's operational performance saw cash operating costs fall by 16%, compared with the previous corresponding half, to **A$5.07/lb** (1HFY12: A$6.05/lb), resulting in a steady average cash margin of **A$3.19/lb** (1HFY12: A$3.15/lb) despite the lower nickel price.

This excellent operational performance delivered healthy earnings before interest, tax, depreciation and amortisation (EBITDA) of **$14.77 million** (1HFY12: $15.5 million) on sales revenue of **$55.5 million** (1HFY12: $62.4 million). Operating earnings (revenue less cash costs) were **$20.6 million** for the half (1HFY12: $20.8 million).

Despite this strong performance however, the sharp reduction in revenue due to the low nickel price meant that earnings were insufficient to fully cover accumulated (non-cash) depreciation and amortisation costs, resulting in a half-year net loss of **$2.21 million** (1HFY12: $0.35 million).

Nevertheless, the strong operational performance allowed Mincor's directors to declare a 2 cents per share fully-franked interim dividend for the half year. The dividend also underlines the continued strength of the Company's balance sheet, with cash and receivables of $75.9 million at 31 December 2012 and no debt.

Mincor produced **157,863** tonnes of ore grading **3.21%** nickel for **5,063** tonnes of nickel-in-ore for the half-year (1HFY12: 5,184 tonnes), at an average cash cost of A$5.07/lb payable nickel. The Company is well on-track to meet or exceed its full-year production target of 9,000 tonnes nickel-in-ore, and to substantially outperform its cost target of A$5.50/lb.

Commenting on the first half results, Mincor's Managing Director David Moore said:

> "The past six months has seen the nickel price reach what may be its nadir, having dropped around 45% between February 2011 and August 2012. This has put the entire industry under pressure and decimated profits globally. Under these circumstances, it is pleasing that Mincor has been able to maintain a strong operating performance and continue to generate substantial levels of free cash.
>
> "This free cash has been used to advance our exploration projects in Kambalda, regional Australia and PNG. In addition, we paid out a final dividend for FY2012, and have declared an interim dividend for the first half of FY2013. So although bottom-line profits are hard to come by at these nickel prices, shareholders continue to be rewarded with fully-franked dividends and continue to enjoy the upside potential of our vigorous exploration efforts.
>
> "Mincor will maintain its focus on low-cost, high-margin nickel production, while investing substantial resources into expanding our Ore Reserves in Kambalda, as well as pursuing our other exploration targets. Our financial position remains strong with $70 million cash in the bank and no debt.
>
> "While it is disappointing to report a bottom line accounting loss, we believe that Mincor is in great shape and stands ready to reap the benefits of any positive change in commodity prices or exchange rates – while retaining the ability to weather sustained periods of low prices.
>
> "That's a great position for any mining company, and I want to thank our entire team for their hard work in getting us here."

Mincor, which is listed on the Australian Securities Exchange, is a leading Australian nickel producer and vigorous multi-commodity exploration company. Mincor operates two mining centres in the world-class Kambalda Nickel District of Western Australia, and has been in successful production since 2001.

- ENDS -

Released by:
Nicholas Read
Read Corporate
Tel: (08) 9388 1474

On behalf of:
David Moore, Managing Director
Mincor Resources NL
Tel: (08) 9476 7200 www.mincor.com.au

MINCOR RESOURCES NL

Half-Year 2012/13
(31 December 2012)

FINANCIAL RESULTS

MINCOR

Financial Highlights of the Half Year to December 2012

- First half loss of **$2.21M** (1HFY12: $0.35M Profit) driven by non-cash D&A charges and the low nickel price
- However strong operating performance generates healthy EBITDA of **$14.77M**, consistent with pcp ($15.5M) despite 10% lower nickel price
- Mincor's best cash cost performance since the six months ending June 2009. Cash margins per pound maintained despite the lower nickel price
- Operational cashflows of **$16.53M**, well in excess of nickel exploration and capital development costs of $12.77M
- Robust operating performance allows directors to declare a 2 cps fully franked interim dividend
- Other major expenditures included $6.1M in regional exploration (including $3.3M in PNG), and $3.76M in dividends
- Strong balance sheet maintained, with no debt and $75.92M in cash and receivables net of creditors and accruals (June 30 2012: $78.02M)

MINCOR

Operational Highlights of the Half Year to December 2012

- Strong, low-cost nickel production – Mincor on track to meet or exceed full-year production target and substantially outperform cost target
- Underground development at Mariners reaches the high grade N10B ore body, first strike drive generates 7,200 tonnes of ore grading 5.84% nickel
- Extensional exploration drilling at Kambalda highlights additional Ore Reserve potential at South Miitel, Mariners and North Miitel
- Regional Kambalda exploration generates strong new nickel exploration prospects
- In PNG drill-testing of Edie Creek underway, and preparations started on work at the exciting Bolobip porphyry copper-gold target

MINCOR

Operational Results for the Half Year to December 2012

	Dec Half' 12	Dec Half' 11	Dec Half '10	Dec Half '09	Dec Half '08
Ore Delivered (tonnes)	157,863	166,423	206,934	188,878	354,052
Nickel Grade	3.21%	3.12%	2.68%	3.27%	2.87%
Nickel-in-Ore (tonnes)	5,063	5,184	5,553	6,175	10,155
Nickel-in-Concentrate (tonnes)	4,516	4,632	4,900	5,611	8,976
Pounds Payable Nickel	6,471,311	6,626,096	7,003,043	8,013,193	12,843,094
Average Nickel Price (A$/lb)	8.26*	9.20	11.01	10.59	7.99
Average Cash Cost (A$/lb)	5.07	6.05	7.24	5.29	5.76
Average Cash Margin (A$/lb)	3.19	3.15	3.77	5.30	2.23

*Excludes the impact of negative prior period nickel sales adjustment on the establishment of final nickel prices for April, May and June 2012 ($0.79 million). Based on estimates of the nickel price for October, November and December 2012; see explanation on following page. This is the price realised by Mincor after taking into account Mincor's hedging.

MINCOR

Earnings for the Half Year to December 2012

	Dec Half' 12	Dec Half' 11	Dec Half '10	Dec Half '09	Dec Half '08
Revenues ($M)	55.53*	62.44	80.38	94.36	100.39
EBITDA ($M)	14.77	15.50	11.40	39.88	11.56
Net Profit/(Loss) After Tax ($M)	(2.21)	0.35	(2.14)	14.17	(22.71)
Earnings/(Loss) per Share (CPS)	(1.2)	0.2	(1.1)	7.1	(11.4)
Interim Dividend per Share (CPS)	2.0	2.0	2.0	3.0	2.0

*The nickel price received by Mincor for any month of production is the average LME spot price during the third month following the month of delivery. Therefore the nickel prices used in these December 2012 half-year accounts for the production months of October, November and December 2012 are estimates. The Company's policy is to base these estimates upon the 3 month forward nickel price at the end of each month of delivery. Revenue for October, November and December in this report has been estimated in this way, and is subject to an adjustment (up or down) when the final nickel price is known. Similarly, revenues for the half year have been adjusted to take account of the final nickel prices established for April, May and June 2012. As a result Mincor has recognised a negative sales revenue adjustment of $0.79 million attributable to those production months. This negative adjustment is incorporated in the above figures.

MINCOR

Balance Sheet at 31 December 2012

	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008
Assets ($M)	169.37	193.96	247.57	248.46	280.34
Liabilities ($M)	28.62	31.82	56.92	51.47	73.10
Shareholder's Equity ($M)	**140.75**	**155.83**	**189.74**	**195.41**	**184.44**
Return on Equity (annualised)	N/A	0.4%	N/A	15%	N/A

Note: Shareholder's Equity has been adjusted to remove the impact of cash flow hedges. The adjustment for 31 December 2012 was nil. Under the current AIFRS rules hedges must be fair valued with mark to market adjustments made against equity. As this fair value adjustment fluctuates with nickel and currency prices and has no impact on the Company's profit for the period, it has been removed from the above table. In addition, earnings for the half year have been annualised when calculating Return on Equity.

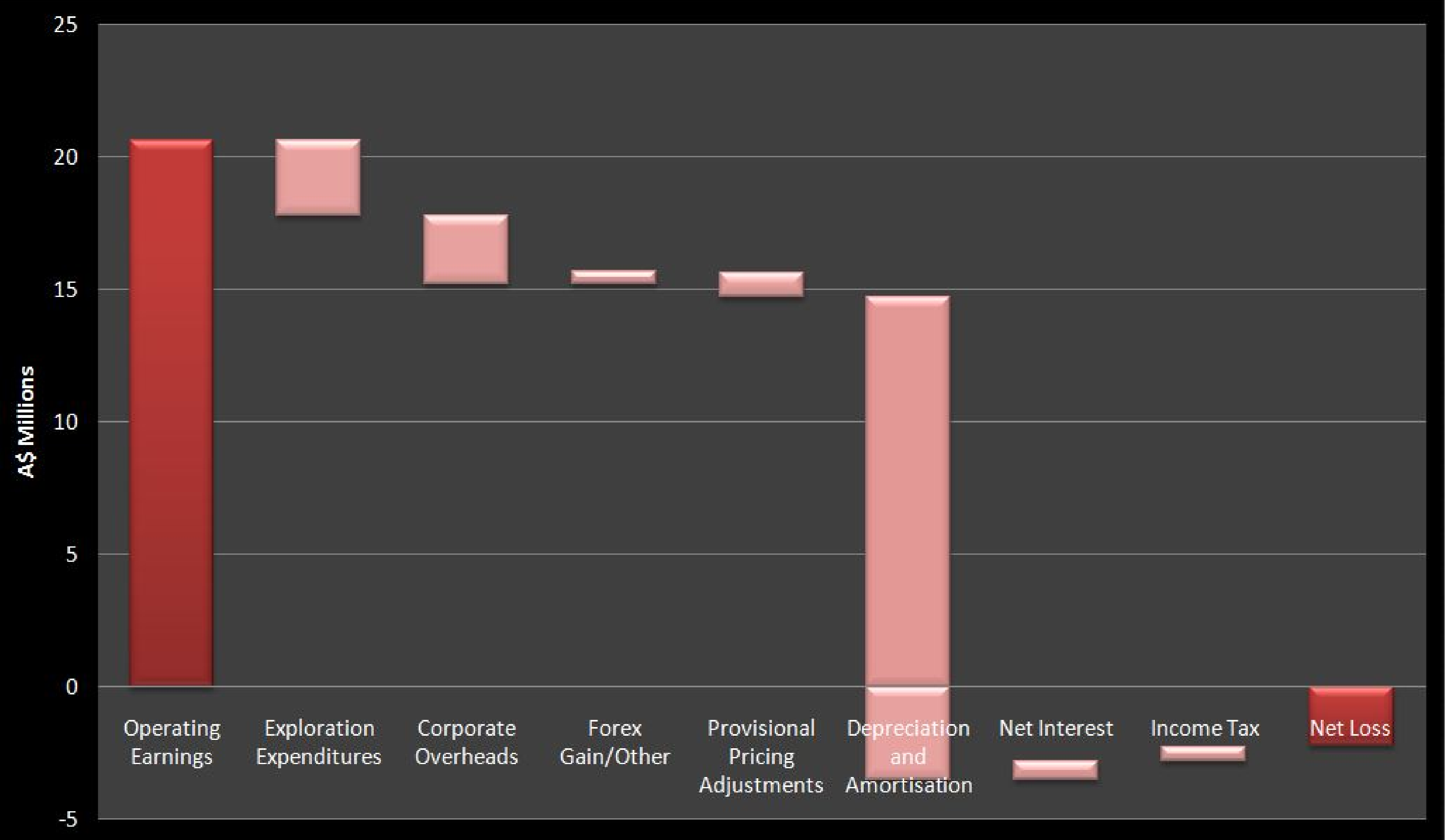
MINCOR

Analysis of Earnings – Half Year to December 2012

	Dec Half' 12	Dec Half' 11	Dec Half '10	Dec Half '09	Dec Half '08
Operating Earnings (Revenue less Cash Costs) ($M)*	**20.62**	**20.84**	**25.72**	**42.94**	**24.88**
Less: Exploration Costs Expensed ($M)	(2.85)	(2.20)	(3.28)	(2.99)	(6.73)
Less: Corporate Overheads ($M)**	(2.56)	(2.98)	(2.61)	(2.30)	(2.38)
Less: Foreign Exchange Gain/(Loss)	(0.35)	2.46	(7.59)	(3.15)	3.72
Add: Other Income/Expenses	0.84	(0.60)	0.63	0.47	0.48
EBITDA before recognition of provisional pricing adjustments ($M)	**15.70**	**17.52**	**12.87**	**34.97**	**19.97**
Add/(less) : Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2012 ($M)	(0.93)	(2.02)	(1.47)	4.91	(8.41)
EBITDA ($M)	**14.77**	**15.50**	**11.40**	**39.88**	**11.56**
Depreciation and Amortisation ($M) Impairment Loss ($M)	(18.24) -	(15.98) -	(16.27) -	(20.86) -	(32.04) (17.29)
EBIT ($M)	**(3.47)**	**(0.47)**	**(4.87)**	**19.02**	**(37.77)**
Net Interest Income ($M)	0.71	1.18	1.71	0.90	2.58
Income Tax Benefit/(Expense) ($M)	0.55	(0.36)	1.02	(5.75)	12.48
Net Profit/(loss) after Tax ($M)	**(2.21)**	**0.35**	**(2.14)**	**14.17**	**(22.71)**

*Excludes the impact of provisional pricing adjustments. ** "Corporate Overheads" include New Business Development costs.

Analysis of Earnings – Half Year to December 2012



MINCOR

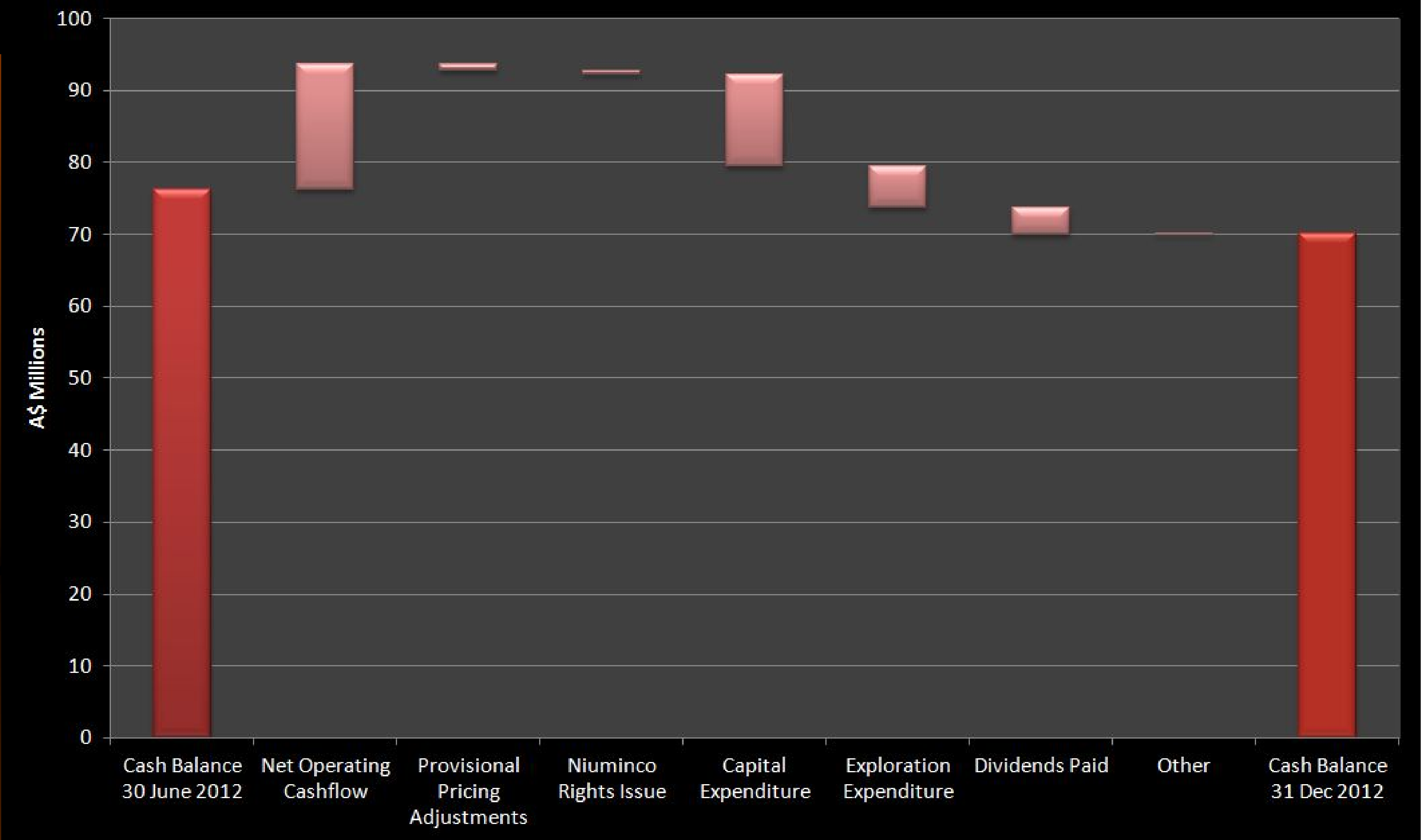
Analysis of Cash Flows – Half Year to December 2012

	2012 $'000	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Net Operating Cash Flow before recognition of provisional pricing adjustments	17,457	17,984	20,417	45,911	23,664
Add/(less): Provisional pricing and royalty adjustments following finalisation of the nickel prices for April, May and June 2012	(932)	(2,015)	(1,469)	4,915	(8,418)
Net Operating Cash Inflow	**16,525**	**15,969**	**18,948**	**50,826**	**15,246**
Income Tax (Paid)/Received	-	972	(9,689)	(1,490)	(13,818)
Payment for Acquisition of GMM	-	-	-	(1,671)	(6,196)
Payment for Investment	(454)	(5,000)	-	-	-
Capital Expenditure (including near-mine exploration exp.)	(12,767)	(11,522)	(20,824)	(14,955)	(31,957)
Exploration Expenditure	(5,720)	(5,312)	(3,119)	(2,134)	(7,966)
Dividends Paid	(3,763)	(3,959)	(12,036)	(8,007)	(11,933)
Proceeds from Issue of Shares	-	-	359	1,002	-
Payment for On-market Share Buy-Back	-	(3,868)	-	-	-
Other	234	514	(346)	(13)	(27)
Net Cash Inflow/(Outflow)	**(5,945)**	**(12,206)**	**(26,707)**	**23,558**	**(56,651)**
Cash at 31 December 2012	69,953*	75,136	100,090	99,359	55,848

*Cash includes Cash and Cash Equivalents ($49,788k) and Term Deposits ($20,165k)

MINCOR

Analysis of Cash Flows – Half Year to December 2012



MINCOR