



**M I N C O R**

R E S O U R C E S N L

**MINCOR RESOURCES NL**

(ACN 072 745 692)

**HALF-YEAR FINANCIAL REPORT**

**31 December 2016**

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## DIRECTORS' REPORT

The 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 2016.

### DIRECTORS

The names of directors who held office during the period ending 31 December 2016 and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
DJ Humann	Non-Executive Director and Chairman
DCA Moore	Non-Executive Director and Deputy Chairman
JW Gardner	Non-Executive Director
BT Lambert	Non-Executive Director (appointed 1 January 2017)
MA Bohm	Non-Executive Director (appointed 1 January 2017)
P Muccilli	Managing Director (appointed 30 November 2016)

### PRINCIPAL ACTIVITIES

The principal activity of the companies in the consolidated entity during the course of the half-year ended 31 December 2016 was the exploration of mineral resources.

### REVIEW OF OPERATIONS

#### Kambalda Landholdings

The consolidated entity has a 500km<sup>2</sup> landholding in the Kambalda region, a prolific gold and nickel producing district of Western Australia. The Company's ground-holdings are also part of an emerging and potentially significant Lithium-Caesium-Tantalum (LCT) Province lying between Coolgardie and Norseman.

#### Kambalda Regional Gold Prospects

The Company has six resource level gold prospects, as well as a portfolio of high-quality exploration targets within its tenure. The Company's gold interests include Widgiemooltha Dome, North Kambalda and a small package of ground at Jeffreys Find.

#### Widgiemooltha Gold Projects

Five resource level gold prospects are located near Widgiemooltha. West Oliver, Darlek, Bass and Flinders are situated within contiguous granted mining leases M15/48, M15/103 and M15/478 and the Hronsky prospect is on Prospecting Licence P15/5262 (MLA15/1830), a small licence located entirely within M15/48.

The area holds considerable exploration upside as a large cumulative strike length of the prospective shear zones are largely untested. Compilation of previous and recent drill-hole data has identified a number of high quality gold intersections that require drill testing. These intersections are outside the existing resource limits.

#### Widgiemooltha Definitive Feasibility Studies

Definitive Feasibility Studies are underway to determine the viability in mining a series of shallow gold pits at Widgiemooltha, with ore processing via toll treatment. Given the very high prospectivity of the area, the Company's vision is to build from this initially small-scale start-up operation into a significant long-term gold business.

Open pit optimisation studies completed in July 2016 have indicated the economic potential of all five Widgiemooltha gold prospects with the ore treated under the toll treating arrangement. However, half of the Resources within the pit optimisation shells were classified as inferred and cannot be used in Reserve calculations.

## **REVIEW OF OPERATIONS (CONTINUED)**

### **Widgiemooltha Definitive Feasibility Studies (Continued)**

Two drilling programs were completed during the six months ended 31 December 2016, with the drilling information obtained used to upgrade the Resources. The Gold Resource inventory was updated on the 6<sup>th</sup> February 2017.

The Company has appointed Minero Consulting, Minecomp, Green Consulting, Hartfield Nominees, Ground Water Resource Management and Botanica Consulting to assist with the main technical elements of the feasibility study. These consultants, under the supervision of Mincor technical staff, will help with pit designs, mining scheduling, metallurgical studies, land access and financial modelling.

### **North Kambalda Gold Prospects**

Gold rights at North Kambalda reverted to Mincor in June 2016, a significant addition to the gold portfolio. The ground contains the Boulder Lefroy Fault complex that hosts a number of significant gold camps in the region. This area has traditionally been heavily explored for nickel and forms the heart of the Kambalda Nickel District. Consequently, only approximately 15% of previous exploration drill holes have ever been assayed for gold.

A desktop review of the historical data available has revealed numerous historic gold intersections along fertile shear zones. A large number of historic drill-holes intersect these structures, but most assays have not been sampled for gold.

Thus, the Company has commenced a major re-sampling program of all the historic diamond core and pulps, a lengthy but highly cost-effective method of building up the three-dimensional geochemical environment. In parallel Mincor is generating wire-frame models of the major known fertile gold-bearing structures, to which new structures may be added as they become evident. The information will be used to generate gold targets to be drill tested.

### **Widgiemooltha Lithium**

The Company conducted an initial reconnaissance exploration program designed to evaluate the lithium potential of its North Widgiemooltha tenements during the six months ended 31 December 2016.

The results from initial soil sampling programs were evaluated by a consultant geochemist in January 2017 and have identified multiple LCT pegmatite bodies. LCT pegmatite bodies have the potential to host deposits of lithium, caesium or tantalum.

The results confirmed ten discrete anomalies with LCT pegmatite signatures and the presence of a 4.5km long LCT corridor. This corridor is well-supported by the local geology, and there is field evidence of a further LCT corridor to the west of the Widgiemooltha Dome.

Active regional LCT pegmatite projects include the nearby advanced mine development projects at Mt Marion and Bald Hill and the active exploration programs immediately surrounding the Company's tenements.

The scale of lithium potential that has now emerged justifies a further program of field mapping, infill soil sampling and grab sampling, the results of which will be used to define the next stage of exploration. Options include broadening the geochemical study to evaluate the broader regional potential and/or undertaking drilling programs.

## REVIEW OF OPERATIONS (CONTINUED)

### Kambalda Nickel Operations

Pending a recovery in the nickel price, the Company holds two development-ready nickel projects, being Durkin North and Miitel/Burnett. In addition, it maintains its 100% interest in the partially-drilled out new discovery at Cassini, as well as a suite of exploration prospects throughout the Kambalda Nickel District.

The care and maintenance program for Miitel and Mariners continued throughout the half-year ended 31 December 2016. As part of this program, ongoing inspections at Miitel confirm that the rate of water ingress in the mine remains within expected levels.

During the six months ended 31 December 2016, the consolidated entity completed further sales of surplus plant and mobile equipment from its Kambalda Nickel Operations which generated \$4.94 million cash and repaid \$4.24 million of its lease liabilities (refer to Note 5).

## FINANCIAL PERFORMANCE AND FINANCIAL POSITION

The consolidated entity incurred an operating loss after income tax for the half-year ended 31 December 2016 of \$1.59 million (half-year to 31 December 2015: loss after tax of \$34.69 million).

The loss for December 2016 half year includes an impairment of \$0.28 million on the value of mobile assets and profit from the sale of property, plant and equipment of \$2.09 million.

As at 31 December 2016, the consolidated entity had net assets of \$22.79 million (30 June 2016: \$24.15 million) including \$14.59 million of cash and cash equivalents (30 June 2016: \$12.64 million).

## EVENTS SUBSEQUENT TO 31 DECEMBER 2016

Refer to Note 9 of the half-year Financial Statements.

## AUDITOR'S 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 4.

## ROUNDING OF AMOUNTS

The consolidated entity has relied on the relief provided by the 'ASIC Corporations (round in Financial/Directors' Report) Instrument 2016/191', issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



**P Muccilli**  
**Director**

Perth  
7 February 2017



## **Auditor's Independence Declaration**

As lead auditor for the review of Mincor Resources NL for the half-year ended 31 December 2016, 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.

A handwritten signature in black ink, appearing to read 'P. Dreyer', is written over a faint circular stamp.

Pierre Dreyer  
Partner  
PricewaterhouseCoopers

Perth  
7 February 2017

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2016

	Note	CONSOLIDATED	
		31 December 2016 \$'000	31 December 2015 \$'000
Revenue		-	16,362
Sundry income		254	295
Mining costs		-	(14,142)
Royalty expense		(21)	(611)
Occupancy expenses		(238)	(238)
Administrative expenses		(252)	(317)
Employee benefits expense		(908)	(8,499)
Finance costs		(38)	(228)
Foreign exchange gain		36	178
Profit from sale of property, plant and equipment		2,089	-
Exploration expenditure expensed as incurred		(2,154)	(1,107)
Depreciation and amortisation expense		(61)	(9,405)
Impairment of property, plant and equipment	3	(284)	(13,920)
Other expenses		(17)	(3,055)
<b>Loss before income tax</b>		(1,594)	(34,687)
Income tax expense	4	-	-
<b>Loss after income tax</b>		(1,594)	(34,687)
<b>Other comprehensive income/(loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Changes in the fair value of other financial assets at fair value through other comprehensive income		63	(218)
Other comprehensive income/(loss) for the half year, net of tax		63	(218)
<b>Total comprehensive loss for the period attributable to the members of Mincor Resources NL</b>		(1,531)	(34,905)
		<b>Cents</b>	<b>Cents</b>
Loss per share		(0.8)	(18.4)
Diluted loss per share		(0.8)	(18.4)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	CONSOLIDATED	
		31 December 2016 \$'000	30 June 2016 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	5	14,593	12,635
Restricted cash	5	962	5,379
Trade and other receivables		810	941
<b>Total Current Assets</b>		<b>16,365</b>	<b>18,955</b>
<b>Non-Current Assets</b>			
Other financial assets at fair value through other comprehensive income		-	401
Property, plant and equipment		1,286	4,622
Exploration, evaluation and development expenditure		14,117	12,875
<b>Total Non-Current Assets</b>		<b>15,403</b>	<b>17,898</b>
<b>TOTAL ASSETS</b>		<b>31,768</b>	<b>36,853</b>
<b>Current Liabilities</b>			
Trade and other payables		1,443	871
Interest bearing liabilities		577	3,954
Provisions		497	557
<b>Total Current Liabilities</b>		<b>2,517</b>	<b>5,382</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities		-	864
Provisions		6,458	6,462
<b>Total Non-Current Liabilities</b>		<b>6,458</b>	<b>7,326</b>
<b>TOTAL LIABILITIES</b>		<b>8,975</b>	<b>12,708</b>
<b>NET ASSETS</b>		<b>22,793</b>	<b>24,145</b>
<b>Equity</b>			
Contributed equity		23,663	23,663
Reserves		5,577	(1,218)
(Accumulated losses)/retained earnings		(6,447)	1,700
<b>TOTAL EQUITY</b>		<b>22,793</b>	<b>24,145</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2016

	Note	Contributed equity \$'000	Reserves \$'000	(Accumulated losses)/ Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2015</b>		<b>23,663</b>	<b>(1,063)</b>	<b>43,668</b>	<b>66,268</b>
Loss for the half-year		-	-	(34,687)	(34,687)
Other comprehensive loss for the half-year		-	(218)	-	(218)
Total comprehensive loss for the half-year		-	(218)	(34,687)	(34,905)
<b>Transactions with owners in their capacity as owners:</b>					
Employee performance rights		-	(129)	-	(129)
<b>Balance at 31 December 2015</b>		<b>23,663</b>	<b>(1,410)</b>	<b>8,981</b>	<b>31,234</b>
<b>Balance at 1 July 2016</b>		<b>23,663</b>	<b>(1,218)</b>	<b>1,700</b>	<b>24,145</b>
Loss for the half-year		-	-	(1,594)	(1,594)
Other comprehensive income for the half-year	6	-	6,616	(6,553)	63
Total comprehensive loss for the half-year		-	6,616	(8,147)	(1,531)
<b>Transactions with owners in their capacity as owners:</b>					
Employee share options and performance rights		-	179	-	179
<b>Balance at 31 December 2016</b>		<b>23,663</b>	<b>5,577</b>	<b>(6,447)</b>	<b>22,793</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2016

	CONSOLIDATED	
	31 December 2016 \$'000	31 December 2015 \$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from customers (inclusive of GST)	116	26,733
Payments to suppliers and employees (inclusive of GST)	(1,206)	(31,569)
	(1,090)	(4,836)
Interest received	115	170
Other revenue	27	689
Interest paid	(37)	(131)
<b>Net Cash Outflow from Operating Activities</b>	(985)	(4,108)
<b>Cash Flows from Investing Activities</b>		
Payments for property, plant and equipment	-	(129)
Payments for exploration, evaluation and development expenditure	(2,695)	(1,230)
Proceeds from sale of property, plant and equipment	4,940	114
Proceeds from sale of other financial assets	471	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	2,716	(1,245)
<b>Cash Flows from Financing Activities</b>		
Lease payments	-	(2,115)
Transfers from restricted cash to cash and cash equivalents accounts	227	-
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	227	(2,115)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	1,958	(7,468)
Cash and Cash Equivalents at the Beginning of the Half-Year	12,635	32,961
<b>Cash and Cash Equivalents at the End of the Half-Year</b>	14,593	25,493

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134: **Interim Financial Reporting** and the *Corporations Act 2001*.

This condensed consolidated 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 2016 and any public announcements made by Mincor Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year end and corresponding interim reporting period.

### NOTE 2: SEGMENT INFORMATION

#### Description of Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

The Managing Director (MD) is considered to be the chief operating decision maker and is empowered by the Board of Directors to allocate resources and assess the performance of the Company.

During the half-year ended 31 December 2016, the consolidated entity operated predominately in one segment involved in mineral exploration and development industry. Geographically the consolidated entity is domiciled and operates in one segment being Australia. For management purposes, the consolidated entity is organised into one main operating segment which involves the exploration of minerals in Australia.

### NOTE 3: IMPAIRMENT

Following the closures of the nickel operations in January 2016, the consolidated entity sold majority of its mobile equipment during the six months ended 31 December 2016. Some equipment is still held as at reporting date due to the oversupply and insufficient demand of similar equipment on the market. Consequently, these assets have been impaired to their recoverable amount under AASB 136 and AASB 13.

The recoverable amount of the mobile plant was based on the market value of the equipment at reporting date obtained from an independent source with a mid-point of the valuation adopted as the recoverable amount, being \$0.75 million.

The market value of the mobile plant is considered to be a level 2 fair value measurement (as defined by Accounting Standards), as quoted prices for similar assets or liabilities in active markets are available.

### NOTE 4: INCOME TAX EXPENSE

The consolidated entity incurred a tax loss for the six months ended 31 December 2016. Management has concluded that it is not probable that the deferred tax assets will be utilised against future taxable income and did not recognise the deferred tax asset on balance sheet beyond that required to offset temporary taxable timing differences.

**NOTE 5: CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

	<b>31 December 2016 \$'000</b>	<b>30 June 2016 \$'000</b>
Cash and cash equivalents	14,593	12,635
Restricted cash	962	5,379
	15,555	18,014

Cash and cash equivalents include deposits at call with financial institutions, term deposits and cash at bank, all of which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

Restricted cash represents cash deposits held as security against the consolidated entity's debt facilities.

The movement in restricted cash during the six months ended 31 December 2016 represents the repayments of consolidated entity's lease liabilities following the sale of mobile equipment.

**NOTE 6: RESERVES**

The transfers between reserves during the six months ended 31 December 2016 represent the sale of other financial assets (2015: Nil).

**NOTE 7: DIVIDENDS**

No dividend has been declared or paid during the half-year ended 31 December 2016 (2015: Nil).

**NOTE 8: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date (2015: None).

**NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE**

There have not been any matters or circumstances that have arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future period.

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 10 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 2016 and of its performance 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.



**P Muccilli**  
**Director**

PERTH  
7 February 2017



## **Independent auditor's review report to the members of Mincor Resources NL**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Mincor Resources NL (the company), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Mincor Resources NL (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mincor Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840  
T: +61 8 9238 3000, F: +61 8 9238 3999, [www.pwc.com.au](http://www.pwc.com.au)



### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mincor Resources NL is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Pierre Dreyer'.

PricewaterhouseCoopers

A stylized handwritten signature in black ink, likely belonging to Pierre Dreyer.

Pierre Dreyer  
Partner

Perth  
7 February 2017