



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 2021

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DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Mincor Resources NL (the "Company") and the entities it controlled (together "the Group") at the end of, or during the half-year ended 31 December 2021.

DIRECTORS

The names of Directors who held office during the half-year period ended 31 December 2021 and until the date of this report are noted below. Directors were in office for this entire period.

Name	Particulars
Brett Lambert	Non-Executive Chairman
David Southam	Managing Director
Michael Bohm	Non-Executive Director
Liza Carpene	Non-Executive Director
Peter Bewick	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were exploration and mining for mineral resources.

REVIEW OF OPERATIONS

KAMBALDA NICKEL OPERATIONS

During the half year, the Company continued with development at its the Kambalda Nickel Operations ("KNO"), which comprise the Cassini and Northern Operations. Key milestones achieved included:

- first nickel ore extracted from two development headings at the Northern Operations;
- recruitment of key operational personnel; and
- issue of formal Start Notice to BHP Nickel West ("BHP"), which indicated the Company's intention to supply first ore for processing (refer to ASX announcement on 28 October 2021).

Environmental, Social and Governance

In December 2021, the Company released its inaugural Sustainability Report for Financial Year 2021 (FY2021). The Sustainability Report marked an important step in the Company's environmental, social and governance (ESG) journey. The Sustainability Report has been produced in alignment with the United Nations Sustainable Development Goals, as well as reporting on key sustainability activities over FY2021 and sets the tone for the Company's future ESG goals and aspirations.

COVID-19

The Company is well advanced in its preparation for any significant COVID outbreak and the re-opening of the Western Australian State border on 3 March 2022, with operational plans in place, specifically designed to mitigate the risk of COVID-19 related disruption across the business.

Cassini Operations - Development

During the half year, development of the Woodall Decline and Ventilation Decline at Cassini totalled 1,269m. The Cassini primary ventilation shaft to the surface was successfully completed and both the escapeway and primary vent fan were installed. Secondary ventilation fans for both declines were moved from the portal to underground, and the first electrical sub-station was installed underground.

DIRECTORS' REPORT

Northern Operations – Development

Development continued from both Durkin North and Long North. During the half year, development totalled 2,103m. High-grade development ore was intersected in the development heading on the 485 level at Durkin North, approximately 36m ahead of the modelled first ore contact.

Southern Operations Accommodation Village

The Company tendered and progressed contracts and approvals for the construction of a modern, purpose-built accommodation village and associated infrastructure within 10km of the Cassini Operations. The construction contract for this village will be awarded early Q1 CY2022, with construction scheduled to start shortly thereafter.

Nickel Exploration

During the half year, exploration activities primarily focused on drilling at the Golden Mile and Hartley prospects.

'Golden Mile'

Underground drilling at the Golden Mile has continued to systematically test the 1.2km extent of the basal contact between Long and Durkin North mines. Two drill rigs have been moving along the Durkin Incline towards the Durkin North mine as the new drill locations became available.

Significant results for the period include:

- ULG-21-030 – 8.1m @ 4.2% Ni, including 3.7m @ 6.0% Ni and 1.7m @ 4.5% Ni (all on-contact);
- ULG-21-028 – 2.6m @ 3.7% Ni, including 0.3m @ 8.2% Ni (on-contact);
- ULG-21-052 – 6.8m @ 2.6% Ni;
- ULG-21-069 – 5.8m @ 2.4% Ni; and
- ULG-21-048 – 4.3m @ 3.0% Ni.

Hartley

Drilling at the Hartley Prospect (previously referred to as 'Location 1') has extended nickel mineralisation to over 1km of strike, with the mineralised channel remaining open to the north, south and down dip. Significant results for the period include:

- MDD371 – 0.8m @ 5.4% Ni (max assay of 0.1m @ 17.9% Ni in the massive vein, on-contact) and 2.7m @ 1.4% Ni (off-contact, in a hanging wall position);
- MDD372 – 1.2m @ 3.5% Ni (including 0.4m @ 4.4% Ni, on-contact); and 1.1m @ 2.9% Ni (including 0.3m @ 3.6% Ni, marginally off-contact);
- MDD373W2 – 4.5m @ 3.3% Ni (including 0.6m @ 6.9% Ni, on-contact);
- MDD382 - 6.5m @ 1.6% Ni;
- MDD381 - 8.8m @ 1.1% Ni;
- MDD380 - 1.8m @ 3.7% Ni;
- MDD375W1- 2.6m @ 2.1% Ni; and
- MDD379W2 - 1.1m @ 2.7% Ni.

Competent Persons Statements

The information in this report that relates to nickel Exploration Results is based on information compiled by Dr Zoran Seat, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Seat is a full-time employee of Mincor Resources NL 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

DIRECTORS' REPORT

and Ore Reserves". Mr Seat consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

CORPORATE

Capital Raising

In September 2021, the Company announced a \$65.0 million Capital Raising, which comprised a \$60.0 million Placement and a \$5.0 million Share Purchase Plan (SPP) (refer to ASX announcement on 7 September 2021 for further details). The SPP closed early and oversubscribed at \$6.3 million with all subscriptions accepted with no scale-backs applied.

As part of the Placement, Tribeca Global Resources Fund cornerstoned a \$30.0 million investment and, on 1 October 2021, lodged a Notice of Initial Substantial Shareholder Notice at 5.05%. The Placement was well oversubscribed with support from both existing and new shareholders.

Project Financing Facility

As part of the Capital Raising announcement detailed above, the Company announced a Credit Approved Terms Sheet with BNP Paribas for a \$30.0 million Revolving Credit Facility ("RCF") which replaced the previous \$55.0 million Project Finance Facility. In October 2021, the Company executed the binding document with BNP Paribas and the RCF was fully drawn at the end of the reporting period.

FINANCIAL PERFORMANCE AND POSITION

The Group incurred a loss after income tax for the half-year ended 31 December 2021 of \$13.9 million (half-year to 31 December 2020: \$5.8 million).

The loss for the half-year includes \$8.3 million of exploration and evaluation expenditure, administrative expenses of \$2.8 million, impairment of exploration and evaluation assets of \$1.5 million offset by a profit on the sale of the Tottenham Project of \$3.1 million.

At 31 December 2021, the Group had total assets of \$216.3 million (30 June 2021: \$126.4 million) including \$109.5 million of cash and cash equivalents (30 June 2021: \$58.9 million). The increase in total assets was primarily attributable to capitalised mine properties and development expenditure of \$39.9 million, and increase in cash balance of \$50.5 million.

The Group's total liabilities were \$92.0 million (30 June 2021: \$37.0 million). The increase was predominately due to the negative mark-to-market adjustment on the mandatory nickel hedges of \$16.7 million during the half year, additional borrowings with the draw-down of the RCF of \$28.7 million (net of borrowing costs capitalised) and increase in trade and other payables of \$7.9 million.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

There has been no other matter or circumstance occurring subsequent to the end of the half-year period that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial years.

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 5.

ROUNDING OF AMOUNTS

The Group has relied on the relief provided by the "ASIC Corporations (rounding 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. Relevant 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.



DAVID SOUTHAM
Managing Director

Perth

25 February 2022

The Board of Directors
Mincor Resources NL
Ground Floor
9 Havelock Street
West Perth WA 6005

25 February 2022

Dear Directors

Auditor's Independence Declaration to Mincor Resources NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mincor Resources NL.

As lead audit partner for the review of the financial statements of Mincor Resources NL for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountant

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	CONSOLIDATED	
		31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue from contracts with customers		60	58
General and administrative expenses		(2,800)	(2,352)
Exploration and evaluation expenditure		(8,334)	(3,901)
Impairment of exploration and evaluation assets	8	(1,453)	-
Depreciation and amortisation		(139)	(183)
Gain from sale of property, plant and equipment		278	75
Gain from sale of exploration and evaluation asset	6	3,083	1,223
Adjustments to rehabilitation and mine closure cost provision	12	(505)	36
Share-based payments		(1,555)	(448)
Loss from financial instrument at fair value through profit or loss	3	(805)	-
Other income and expense		169	(259)
Operating loss		(12,001)	(5,751)
Finance costs	4	(1,857)	(3)
Loss before income tax		(13,858)	(5,754)
Income tax expense		-	-
Loss after income tax		(13,858)	(5,754)
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges, net of tax		(16,689)	-
Total comprehensive loss for the period attributable to the members of Mincor Resources NL		(30,547)	(5,754)
		Cents	Cents
Loss per share		(3.0)	(1.4)
Diluted loss per share		(3.0)	(1.4)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	CONSOLIDATED	
		31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current Assets			
Cash and cash equivalents		109,173	58,634
Restricted cash		295	295
Trade and other receivables		948	659
Inventories	5	458	177
Investments at fair value	6	354	526
Assets classified as held for sale		-	201
Other current assets	7	937	777
Total Current Assets		112,165	61,269
Non-Current Assets			
Exploration and evaluation assets	8	1,124	2,577
Property, plant and equipment	9	100,722	60,230
Investments at fair value	6	2,335	-
Other non-current assets	7	-	2,366
Total Non-Current Assets		104,181	65,173
TOTAL ASSETS		216,346	126,442
Current Liabilities			
Trade and other payables		13,339	7,590
Lease liability	10	139	191
Borrowings	11	4,234	-
Provisions	12	1,473	1,191
Derivative financial instruments	13	10,725	-
Total Current Liabilities		29,910	8,972
Non-Current Liabilities			
Trade and other payables		2,435	278
Lease liability	10	67	110
Borrowings	11	24,618	-
Provisions	12	12,899	11,490
Derivative financial instruments	13	20,294	14,330
Other financial liabilities	14	1,730	1,845
Total Non-Current Liabilities		62,043	28,053
TOTAL LIABILITIES		91,953	37,025
NET ASSETS		124,393	89,417
Equity			
Contributed equity	15	218,344	154,337
Reserves		(28,073)	(12,900)
Accumulated losses		(65,878)	(52,020)
TOTAL EQUITY		124,393	89,417

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Note	Contributed equity \$'000	Accumulated losses \$'000	Share-based payment reserve \$'000	Cash flow hedge reserve \$'000	Total \$'000
Balance at 1 July 2020	95,340	(38,591)	1,197	-	57,946
Loss for the half-year	-	(5,754)	-	-	(5,754)
Total comprehensive loss for the half-year	-	(5,754)	-	-	(5,754)
Transactions with owners in their capacity as owners:					
- Share Placement	15	50,000	-	-	50,000
- Share Purchase Plan	15	10,353	-	-	10,353
- Share issue cost	15	(2,044)	-	-	(2,044)
- Shares issued on exercise of options	15	10	-	-	10
- Employee share options and performance rights		-	-	448	448
- Transfers between reserves arising from exercised Options		549	-	(549)	-
Balance at 31 December 2020	154,208	(44,345)	1,096	-	110,959
Balance at 1 July 2021	154,337	(52,020)	1,430	(14,330)	89,417
Loss for the half-year	-	(13,858)	-	-	(13,858)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(16,689)	(16,689)
Total comprehensive loss for the half-year	-	(13,858)	-	(16,689)	(30,547)
Transactions with owners in their capacity as owners:					
- Share Placement	15	60,000	-	-	60,000
- Share Purchase Plan	15	6,281	-	-	6,281
- Share issue costs	15	(2,313)	-	-	(2,313)
- Shares issued on exercise of options		-	-	-	-
- Employee share options and performance rights		-	-	1,555	1,555
- Transfers between reserves arising from vested performance rights	15	39	-	(39)	-
Balance at 31 December 2021	218,344	(65,878)	2,946	(31,019)	124,393

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	CONSOLIDATED	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash flows from operating activities		
Receipts from customers	60	58
Payments for other operating activities	(3,387)	(2,693)
Payments for exploration and evaluation expenditure	(8,280)	(4,587)
	(11,607)	(7,222)
Interest received	73	211
Other income and expenses	105	(468)
Net cash outflow from operating activities	(11,429)	(7,479)
Cash flows from investing activities		
Payments for property, plant and equipment	(776)	(323)
Payments for mine development	(30,753)	(4,352)
Payments for exploration and evaluation expenditure	-	(781)
Proceeds from disposal of exploration and evaluation assets	-	550
Proceeds from disposal of property, plant and equipment	495	75
Net cash outflow from investing activities	(31,034)	(4,831)
Cash flows from financing activities		
Proceeds from issues of shares, net of capital raising costs	63,968	58,320
Proceeds from borrowings	30,000	-
Lease payments	(105)	(19)
Transaction cost for establishment of financing facilities	(698)	(196)
Interest paid on financing facilities	(163)	-
Payment from cash restricted cash accounts	-	(34)
Net cash inflow from financing activities	93,002	58,071
Net increase in cash and cash equivalents	50,539	45,761
Cash and cash equivalents at the beginning of the half-year	58,634	46,724
Cash and cash equivalents at the end of the half-year	109,173	92,485

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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BASIS OF PREPARATION

Note 1. SIGNIFICANT ACCOUNTING POLICIES

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with the Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This interim 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 2021 and any public announcements made by Mincor Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules as obliged by the *Corporations Act 2001*.

The accounting policies adopted are consistent with those adopted and disclosed in the previous annual financial report and corresponding interim reporting period, except for the early adoption of the below amendment:

AASB 2020-3 Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use (Effective for annual reporting periods beginning on or after 1 January 2022)

The amendment prohibits an entity offsetting proceeds from sale of items produced from the cost of an item of property, plant and equipment before that asset is available for use. An entity is also required to measure production costs of the sold items by applying AASB 102 Inventories.

As the Group transitions into ore production, early adoption of the amendment will ensure accounting policies applied to property, plant and equipment and inventory are consistent in the current and following years. As a result of the early adoption of the amendment, the Group recognised inventories valued at \$270,000, refer to note 5 for further details.

The financial report is presented in Australian dollars, except where otherwise stated.

KEY NUMBERS

Note 2. SEGMENT INFORMATION

a) Description of segments

From 1 January 2021, the Group identifies its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and his executive team (the Chief Operating Decision Maker ("CODM")) in assessing performance and determining the allocation of resources.

Following the Final Investment Decision by the Board of Directors to proceed with development of the Kambalda Nickel Operations in September 2020, reportable segments have been identified as:

- Kambalda Nickel Operations ("KNO"):
 - KNO comprises Northern Operations (Durkin North and Long North mines) and the Cassini mine located in the Kambalda district, Western Australia.
 - These mine sites are currently under development. Nickel sulphide ore mined from KNO will be blended for processing at the Kambalda Nickel Concentrator with the nickel concentrate produced sold to BHP Nickel West under the Ore Tolling and Concentrate Purchase Agreement executed in August 2019.
- Exploration:
 - Exploration activities comprise the Group's exploration and evaluation prospects in Australia, including sites on care and maintenance. Exploration activities are reported against annual budgets. Should an exploration prospect lead to the construction of a mining operation, that operation

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FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

KEY NUMBERS

would then be disaggregated from the exploration segment and become a separate reportable segment or be added to an existing segment, such as KNO, as appropriate.

At 31 December 2020, the Group comprised of one reportable operating segment following the cessation of mining activities at the Widgiemooltha Gold Project ("WGP") in October 2019 and commencement of mine development at its KNO. Financial information on the exploration and development of the Group's nickel assets was consolidated and reported to the Managing Director and Board of Directors as a single segment and all significant operating decisions were based upon analysis of the Group as one segment. As a result, there is no comparable segment information for operating loss.

b) Segment information

	Exploration \$'000	Kambalda Nickel Operations \$'000	Total \$'000
31 December 2021			
Exploration and evaluation expenditure	(8,334)	-	(8,334)
Impairment of exploration and evaluation assets	(1,453)	-	(1,453)
Depreciation and amortisation	(19)	-	(19)
Gain on disposal of property, plant and equipment	-	279	279
Gain on disposal of exploration and evaluation assets	3,083	-	3,083
Adjustments to rehabilitation and mine closure cost provision	(505)	-	(505)
Other income and expenses	-	82	82
Total segment results	(7,228)	361	(6,867)
Segment assets	1,766	101,782	103,548
Segment liabilities	5,216	53,034	58,250
30 June 2021			
Segment assets	2,923	63,356	66,279
Segment liabilities	6,297	28,750	35,047

c) Reconciliation of operating loss

	31 Dec 2021 \$'000
Segment loss	(6,867)
Other sales to external customers	60
Depreciation, amortisation and impairment	(120)
Loss from financial instruments at fair value through profit or loss	(805)
Share-based payments	(1,555)
Sundry income	147
Corporate expenses	(2,863)
Finance costs	(1,855)
Loss before income tax	(13,858)

d) Reconciliation of assets and liabilities

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Segment assets	103,548	66,279
Corporate assets	3,330	1,234
Cash, cash equivalents and restricted cash	109,468	58,929
Consolidated Total Assets	216,346	126,442
Segment liabilities	58,250	35,047
Corporate liabilities	33,703	1,978
Consolidated Total Liabilities	91,953	37,025

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

KEY NUMBERS

Note 3. LOSS/(GAIN) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Loss from revaluation of investments carried at fair value through profit or loss	920	-
Gain from revaluation of financial liability	(115)	-
	805	-

Note 4. FINANCE COSTS

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Unwinding of discount rate	63	-
Interest on lease liability	10	3
Borrowing cost expensed	1,784	-
	1,857	3

Note 5. INVENTORIES

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Consumables	188	177
Ore stockpiles	270	-
	458	177

a) Recognition and measurement

Inventories including ore stockpiles, work in progress and finished goods are recognised and valued at the lower of cost or net realisable value ("NRV"). NRV is the estimated future selling price, less the estimated costs necessary to make the sale. NRV assessments are undertaken at each reporting date. Cost represents direct costs and an appropriate portion of fixed overhead costs.

b) Key estimates and judgements

Ore stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the amount of contained metal based on assay data, and the estimated recovery percentage based on the expected processing method.

With mine development in progress at KNO, a portion of mining and fixed overhead costs has been allocated to the production of ore stockpiles, in line with the early adoption of *AASB 2020-3 Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use*.

Note 6. INVESTMENTS AT FAIR VALUE

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current	354	526
Non-current	2,335	-
	2,689	526
Movement analysis		
Opening balance	526	-
Acquisition	3,083	550
Loss from revaluation of investments carried at fair value through profit or loss	(920)	(24)
	2,689	526

Equity instruments relate to the Company's share and option holdings in Auric Mining Limited and Locksley Resources Limited ("Locksley").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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KEY NUMBERS

Shares and options in Locksley were received as non-cash consideration for the sale of the Tottenham project during the period, resulting in a gain on sale of \$3,083,000. These instruments were issued as part of an Initial Public Offering completed in July 2021 and are subject to an escrow period until July 2023.

a) Key estimates and judgements

At 31 December 2021, the Group holds 25.9% of Locksley. Under AASB 128 Investment in Associates and Joint Venture, the Group is presumed to have significant influence if holds more than 20% of an investee. The Group has determined it does not have significant influence over Locksley as it does not have representation on the board nor participate in any of its financial and operating activities. As a result, the Group recognises the equity instruments as investments at fair value.

Note 7. OTHER ASSETS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current		
Prepayments	937	777
Non-current		
Prepaid transaction costs associated with debt facility	-	2,366

a) Key estimates and judgements

As a result of the replacement of the \$55 million Syndicated Project Finance Facility ("SPFF") with the \$30 million Revolving Credit Facility ("RCF"), refer to note 11, prepaid transaction costs totalling \$1,784,000 has been written off during the half-year. The remaining balance was transferred to borrowings as part of the carrying value.

Note 8. EXPLORATION AND EVALUATION

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Exploration and evaluation asset reconciliation		
Opening balance at the beginning of the period/year	2,577	19,866
Current year expenditure capitalised	-	586
Adjustment to rehabilitation provision	-	27
Acquisition of additional interest in exploration phase project	-	204
Transfer to mine properties and development	-	(18,079)
Disposal of gold tenement	-	(27)
Exploration expenditure written off	(1,453)	-
Total Exploration and Evaluation Asset	1,124	2,577

a) Key estimates and judgements

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area of interest. The Group reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carrying forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amounts.

During the half-year, \$1,453,000 was written off in relation to an area of interest where further exploration activities are not planned.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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KEY NUMBERS

Note 9. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Mine properties & development \$'000	Property, plant & equipment \$'000	Right-of- use assets \$'000	Capital work- in-progress \$'000	Total \$'000
Year ended 30 June 2021					
Opening net book amount	166	4,023	204	1,921	6,314
Transfer from exploration and evaluation asset	18,079	-	-	-	18,079
Additions	31,377	2,965	152	2,703	37,197
Adjustment to rehabilitation provision	(454)	-	-	-	(454)
Transfer to assets held for sale	-	(201)	-	-	(201)
Transfers	2,257	(283)	-	(1,974)	-
Depreciation/amortisation charge	-	(594)	(111)	-	(705)
Closing net book amount	51,425	5,910	245	2,650	60,230
At 30 June 2021					
Cost or valuation	51,425	7,348	427	2,650	61,850
Accumulated depreciation	-	(1,438)	(182)	-	(1,620)
Net book amount	51,425	5,910	245	2,650	60,230
Half-year ended 31 December 2021					
Opening net book amount	51,425	5,910	245	2,650	60,230
Additions	39,868	689	-	-	40,557
Adjustment to rehabilitation provision	781	-	-	-	781
Interest expense capitalised (refer to note 11)	275	-	-	-	275
Disposals	-	(14)	-	-	(14)
Transfers	142	2,508	-	(2,650)	-
Depreciation/amortisation charge	-	(1,038)	(69)	-	(1,107)
Closing net book amount	92,491	8,055	176	-	100,722
At 31 December 2021					
Cost or valuation	92,491	10,482	427	-	103,400
Accumulated depreciation	-	(2,427)	(251)	-	(2,678)
Net book amount	92,491	8,055	176	-	100,722

a) Right-of use assets

Depreciation expense on right-of-use assets
Interest expense on lease liabilities

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Depreciation expense on right-of-use assets	(69)	(47)
Interest expense on lease liabilities	(10)	(3)

The right-of-use assets relates to lease of offices and equipment under agreements of between three and five years.

b) Capital commitment

Outstanding contractual capital commitments

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Outstanding contractual capital commitments	-	2,581

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

KEY NUMBERS

Note 10. LEASE LIABILITY

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current	139	191
Non-current	67	110
	206	301
Maturity analysis		
Within one year	134	198
Later than one year and not later than three years	75	108
	209	306
Less unearned finance cost	(3)	(5)
	206	301

a) Variable lease payments

Payments made and accrued during the period recognised as leases but which are variable in nature are not included in the minimum lease payments used to calculate lease liabilities. Expenditure relating to the Group's mining contract with Pit N Portal Pty Ltd totalled \$28,742,000 for the half year (31 December 2020: \$3,104,000). The contract term at the Cassini Operation is to November 2025 and at the Northern Operations is to November 2023, which can be extended for another two years. These payments have been capitalised under mine development or included in the carrying value of ore stockpiles.

Note 11. BORROWINGS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current	4,234	-
Non-current	24,618	-
	28,852	-
Movement analysis		
Drawdown on revolving credit facility	30,000	-
Capitalised borrowing costs	(1,260)	-
Interest expense capitalised to mine development (refer to Note 9)	275	-
Interest payments	(163)	-
	28,852	-

a) Revolving credit facility

On 9 September 2021, the \$55 million Syndicated Project Finance Facility ("SPFF"), was replaced with a \$30 million Revolving Credit Facility ("RCF") finance by BNP Paribas. At 31 December 2021, the RCF was fully drawn.

Proceeds from the facility can be used to fund the construction and development of KNO or "the Project", as well as for general corporate purposes. The interest rate on the facility is BBSY plus a margin of 360 basis points with interest payable quarterly. The facility will be reduced quarterly commencing from 31 December 2022 to 30 September 2023. The term may be extended for two further 1-year periods at each annual review date.

Security for the facility is given over all the assets of the Project companies, being Mincor Resources NL, Goldfields Mine Management Pty Ltd (GMM), Mincor Operations Pty Ltd and Mincor Long Pty Ltd (Long), including a share mortgage over all the shares in GMM and Long.

b) Recognition and measurement

Borrowings are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

KEY NUMBERS

method. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

Note 12. PROVISIONS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current		
Employee benefits	1,044	762
Other provisions	429	429
	1,473	1,191
Non-current		
Employee benefits	155	95
Rehabilitation and mine closure costs	12,744	11,395
	12,899	11,490
Rehabilitation and Mine Closure Costs		
Balance at beginning of period/year	11,395	11,114
Unwinding of discount rates	63	48
Adjustments to provision estimates		
- Recognised in Statement of Profit or Loss	505	452
- Recognised as adjustment to exploration and evaluation assets (refer to note 8)	-	27
- Recognised as adjustment to property, plant and equipment (refer to note 9)	781	(454)
- Acquisition of additional interest in exploration phase project	-	208
Balance at end of period/year	12,744	11,395

a) Key estimates and judgements

The value of the rehabilitation provision is based on a number of assumptions including the nature of rehabilitation activities required, estimates of the cost of performing the work, the timing of future cash flows, cost escalation factors and the appropriate risk-free discount rate. The adjustment to the provision estimates for the half-year was primarily as a result of a review of the cost estimates.

Note 13. DERIVATIVE FINANCIAL INSTRUMENTS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Nickel swaps		
Current	10,725	-
Non-current	20,294	14,330
	31,019	14,330

The Company has a mandatory hedging program with BNP Paribas comprising of floating-for-fixed Australian dollar nickel swaps for 4,666 nickel concentrate tonnes, at an average price of between A\$21,000/t and A\$22,000/t for the period September 2022 to February 2024.

Note 14. OTHER FINANCIAL LIABILITIES

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Financial liability	1,730	1,845

The financial liability relates to the contingent consideration for the 100% acquisition of Mincor Long Pty Ltd in May 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

KEY NUMBERS

Note 15. CONTRIBUTED EQUITY

a) Issued and paid-up capital

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
484,347,360 (2021: 432,367,093) fully paid ordinary shares	218,344	154,337

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

b) Movements in ordinary share capital

	No. of shares	Issue price	\$'000
At 1 July 2020	346,007,212	-	95,340
Capital raising placement, for cash	69,444,445	\$0.72	50,000
Share purchase plan (SPP)	14,380,578	\$0.72	10,353
Share issue costs	-	-	(2,044)
Shares issued from exercise of options	20,000	\$0.50	10
Transfer between reserves arising from exercised options	2,514,858	-	678
At 30 June 2021	432,367,093		154,337
Capital raising placement, for cash	46,875,000	\$1.28	60,000
Share purchase plan (SPP)	4,906,540	\$1.28	6,281
Share issue costs	-	-	(2,313)
Shares issued from exercise of previously vested performance rights	198,727	-	39
At 31 December 2021	484,347,360		218,344

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

OTHER INFORMATION

Note 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

The Group holds the following financial assets and liabilities:

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Financial assets		
Cash and cash equivalents	109,173	58,634
Restricted cash	295	295
Trade and other receivables	948	659
Investments at fair value	2,689	526
	113,105	60,114
Financial liabilities		
Trade and other payables	15,774	7,868
Borrowings	28,852	-
Derivative financial instruments	31,019	14,330
Financial liability	1,730	1,845
	77,375	24,043

The carrying value of cash and cash equivalent, restricted cash, trade and other receivables, trade and other payables and borrowings is considered to be a reasonable approximation of fair value. All other financial assets and liabilities are measured at fair value.

In accordance to AASB 7 Financial Instruments Disclosure, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used):

Financial asset/liability	Fair value hierarchy	Valuation technique and key inputs	Significant input(s)
Investments – shares	Level 1	Quoted bid prices in an active market	Not applicable
Investments – options	Level 3	Black-Scholes model	The following variables were taken into consideration: options strike price, time until expiration (expressed as a per cent of a year), implied volatility of the underlying instrument, as well as the risk-free interest rate.
Derivative financial instrument	Level 2	Discounted cash flow	Future cash flows are estimated based on forward commodity prices (from observable forward rates at the end of the reporting period) and discounted at a rate that reflects the credit risk of various counterparties.
Other financial liabilities	Level 3	Discounted cash flow	Future cash flows are estimated based on budgeted production profiles and a discount rate reflected of the weighted cost of capital.

There have been no transfers between the levels of the fair value hierarchy during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

OTHER INFORMATION

The carrying value of the derivative financial instruments significantly changes with changes to the forward nickel prices. Changing the forward nickel price while keeping all other variables constant has the following impact:

	Impact on carrying value \$'000	Impact on other comprehensive income \$'000
10% increase in nickel futures curve	(12,857)	12,857
10% decrease in nickel futures curve	12,857	(12,857)
5% increase in nickel futures curve	(6,429)	6,429
5% decrease in nickel futures curve	6,429	(6,429)

The following is a reconciliation of Level 3 fair value measurement of financial instruments:

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Financial assets related to investment in options		
Opening balance	12	-
Purchases of financial assets	182	12
Total loss in profit or loss	(105)	-
Closing balance	89	12
Financial liabilities		
Opening balance	(1,845)	(1,730)
Total gain/ (loss) in profit or loss	115	(115)
Closing balance	(1,730)	(1,845)

Note 17. DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2021 (2020: Nil).

Note 18. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2021 (31 December 2020: None).

Note 19. COMMITMENTS

There were no commitments at 31 December 2021. At 31 December 2020, the Group had a future commitment of \$2.8 million to BHP Billiton Nickel West Pty Ltd to build an electricity transmission infrastructure which will supply the Cassini Operation with grid power. During the period, the commitment was recognised as a liability with the completion of the project.

Note 20. EVENTS SUBSEQUENT TO REPORTING DATE

There have not been any other matters or circumstances that have arisen after balance date that have 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 6 to 20 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 2021 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.



DAVID SOUTHAM
Managing Director

PERTH

25 February 2022

Independent Auditor's Review Report to the members of Mincor Resources NL

Conclusion

We have reviewed the half-year financial report of Mincor Resources NL (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2021 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*.

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.



DELOITTE TOUCHE TOHMATSU



David Newman

Partner

Chartered Accountants

Perth, 25 February 2022