



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 2018

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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 2018.

DIRECTORS

The names of Directors who held office during the half-year period ended 31 December 2018 and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
BT Lambert	Non-Executive Chairman
MA Bohm	Non-Executive Director
L Carpena	Non-Executive Director
D Southam	Managing Director (appointed 1 February 2019)
P Muccilli	Managing Director (resigned 31 January 2019)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year ended 31 December 2018 was exploration and mining for mineral resources.

REVIEW OF OPERATIONS

Kambalda Landholdings

The Company holds nickel and gold assets on its landholdings in the Kambalda District of Western Australia, a major nickel and gold producing area with fully-developed mining infrastructure.

Nickel Exploration

The Company has consolidated much of the ground considered to be prospective for shallow nickel sulphide mineralisation in Kambalda and, together with its existing nickel Mineral Resources inventory, has the potential to build on its quality nickel Ore Reserve inventory in the district.

The Company's key focus is to rapidly progress the development of its nickel assets to take advantage of the forecast growth in the nickel market over the next few years. As part of this strategy, the Company has a long-term commitment to exploration to expand the high-grade nickel Ore Reserves within its Kambalda landholdings.

During the half-year ended 31 December 2018, the Company advanced its nickel growth strategy with a maiden Mineral Resource established at Cassini, totalling 550,000 tonnes at 3.4% Ni for 18,700 contained nickel tonnes. The Company has also identified outstanding potential for resource upside both in and around the Cassini deposit with high-grade nickel intersections returned from the CS4 Channel drilling program in December 2018.

Cassini is continuing to emerge as a significant greenfields nickel sulphide discovery, with two open-ended resource trends, CS2 and CS4, delineated so far. Promising intersections were also returned in adjacent channel trends, and the combination demonstrates the opportunity to rapidly build substantial high-grade nickel resources at the Project.

Nickel Oxide

The Company completed two reverse circulation drilling programs during the half-year ended 31 December 2018 at the historical Durkin mine testing the near-surface unmined nickel oxides above the mine. Nickel oxide mineralisation within the Company's tenure represents a potential source of value which has not previously been exploited.

Widgiemooltha Gold Project (WGP)

The WGP successfully commenced production in May 2018 with first gold poured on schedule in July 2018.

The table below is a production summary for the WGP:

Production summary	Unit	Dec 2018 Quarter	Sep 2018 Quarter	YTD
Ore mined	tonnes	104,850	109,880	214,730
Mined grade	g/t Au	1.94	1.58	1.76
Ounces mined	ounces	6,552	5,565	12,117
Tonnes milled	tonnes	132,733	77,839	210,572
Milled grade	g/t Au	1.88	1.78	1.84
Mill recovery	%	93.2%	86.1%	90.7%
Gold recovered	ounces	7,485	3,824	11,309
Gold sold	ounces	5,312	3,824	9,136
Price received	A\$/oz	\$1,711	\$1,664	\$1,691
Sales revenue*	\$'000	\$9,097	\$6,374	\$15,472

*Sales revenue includes sale of gold and silver by-product.

Gold inventories	Unit	Dec 2018 Quarter	Sep 2018 Quarter
Ore stockpiles	oz	2,909	4,390
Bullion	oz	2,173	-
Total Gold Inventory	oz	5,082	4,390

MINING

A total of 214,730 tonnes of ore was mined during the half-year ended 31 December 2018 at a mined grade of 1.76 g/t Au. Ore was sourced from Bass, Flinders Main, West Oliver South and West Oliver North pits.

The majority of the ore was mined from the Flinders Main pit where mineralisation was found to be thinner than initially predicted. The Flinders Main deposit is a relatively complex system of flat stacked mineralised envelopes, unlike most of the other WGP deposits which are typically tabular, steeply dipping lodes with good continuity. Closely spaced grade control drilling has now been completed to the designed base of the Flinders Main pit to improve ore definition.

In total, 32,350m of reverse circulation drilling was completed at WGP during the half-year. As part of this program, significant grade control and resource definition drilling programs were also carried out on the West Oliver North, Flinders West and Hronsky deposits.

To date, unit mining costs have been in line with the budget. Costs include the extra grade control expenditures from drill programs brought forward in the schedule and the requirement to drill on tighter patterns.

At 31 December 2018, the ore stockpiles for the WGP totalled 54,100 tonnes at 1.7 g/t Au.

GOLD PROCESSING

Five batches were completed during the half-year ended 31 December 2018 with 210,572 dry tonnes processed at average milled grade of 1.84 g/t Au for 11,309 ounces of recovered gold. Metallurgical recovery averaged 90.7% during the period. At 31 December 2018, the gold bullion on hand totalled 2,173 ounces.

SALES

A total of 9,135 ounces of gold was sold during the half-year period at an average price of A\$1,691/oz, generating gross revenue of \$15,472,000.

CORPORATE

On 26 November 2018, the Company announced the appointment of David Southam as Managing Director, following the resignation of Peter Muccilli. The change was effective from 1 February 2019.

FINANCIAL PERFORMANCE AND POSITION

The Group incurred an operating loss after income tax for the half-year ended 31 December 2018 of \$4,466,000 (half-year to 31 December 2017: \$2,583,000).

The loss for the half-year includes \$3,402,000 of exploration and evaluation expenditure incurred and expensed and administrative expenses of \$1,451,000.

At 31 December 2018, the Group had total assets of \$37,004,000 (30 June 2018: \$36,707,000) including \$10,371,000 of cash and cash equivalents (30 June 2018: \$14,114,000). The Group continues to be debt free.

EVENTS SUBSEQUENT TO 31 DECEMBER 2018

There has not been any 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 4.

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. 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.



BT Lambert
Non-Executive Chairman
Perth
5 February 2019



Auditor's Independence Declaration

As lead auditor for the review of Mincor Resources NL for the half-year ended 31 December 2018, 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 'C. Heatley', is written over a light grey horizontal line.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
5 February 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2018

		CONSOLIDATED	
	Note	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Revenue from contracts with customers	4	15,541	-
Cost of sales	5	(15,457)	-
Gross profit		84	-
Administrative expenses		(1,451)	(1,325)
Depreciation and amortisation		(24)	(123)
Exploration expenditure expensed as incurred		(3,402)	(1,215)
Profit from sale of property, plant and equipment <i>(including previously impaired assets)</i>		145	104
Adjustments to rehabilitation provision		-	(226)
Share-based payments		(4)	(14)
Foreign exchange gain/(loss)		59	(17)
Other income		127	233
Operating loss		(4,466)	(2,583)
Finance costs		-	-
Loss before income tax		(4,466)	(2,583)
Income tax expense		-	-
Loss after income tax		(4,466)	(2,583)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the period attributable to the members of Mincor Resources NL		(4,466)	(2,583)
		Cents	Cents
Loss per share		(2.0)	(1.4)
Diluted loss per share		(2.0)	(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 2018

		CONSOLIDATED	
		31 Dec 2018	30 Jun 2018
		\$'000	\$'000
	Note		
Current Assets			
Cash and cash equivalents	6	10,371	14,114
Restricted cash	6	176	176
Trade and other receivables		1,445	771
Inventories	7	5,374	1,702
Total Current Assets		17,366	16,763
Non-Current Assets			
Property, plant and equipment		7,463	7,769
Evaluation and acquired exploration expenditure		12,175	12,175
Total Non-Current Assets		19,638	19,944
TOTAL ASSETS		37,004	36,707
Current Liabilities			
Trade and other payables		8,508	3,773
Provisions		707	711
Total Current Liabilities		9,215	4,484
Non-Current Liabilities			
Provisions		6,966	6,938
Total Non-Current Liabilities		6,966	6,938
TOTAL LIABILITIES		16,181	11,422
NET ASSETS		20,823	25,285
Equity			
Contributed equity		33,242	33,242
Reserves		5,766	5,762
Accumulated losses		(18,185)	(13,719)
TOTAL EQUITY		20,823	25,285

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 2018

	Contributed equity \$'000	Accumulated losses \$'000	Reserves \$'000	Total \$'000
Balance at 1 July 2017	23,663	(9,056)	5,787	20,394
Loss for the half-year	-	(2,583)	-	(2,583)
Total comprehensive loss for the half-year	-	(2,583)	-	(2,583)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	5,651	-	-	5,651
Employee share options and performance rights	-	-	14	14
	5,651		14	5,665
Balance at 31 December 2017	29,314	(11,639)	5,801	23,476
Balance at 1 July 2018	33,242	(13,719)	5,762	25,285
Loss for the half-year	-	(4,466)	-	(4,466)
Total comprehensive loss for the half-year	-	(4,466)	-	(4,466)
Transactions with owners in their capacity as owners:				
Employee share options and performance rights	-	-	4	4
Balance at 31 December 2018	33,242	(18,185)	5,766	20,823

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 2018

	CONSOLIDATED	
	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	15,536	-
Payments to suppliers and employees (inclusive of GST)	(13,841)	(1,129)
	1,695	(1,129)
Interest received	74	98
Other income	265	145
Net cash inflow/ (outflow) from operating activities	2,034	(886)
Cash flows from investing activities		
Payments for property, plant and equipment	(13)	(22)
Payments for mine development	(2,607)	-
Payments for evaluation and acquired exploration expenditure	(3,158)	(2,894)
Proceeds from sale of property, plant and equipment	-	662
Net cash outflow from investing activities	(5,778)	(2,254)
Cash flows from financing activities		
Proceeds from issues of shares, net of capital raising costs	-	5,700
Payment to restricted cash account from cash and cash equivalent account	-	(54)
Net cash inflow from financing activities	-	5,646
Net (decrease)/ increase in cash and cash equivalents	(3,744)	2,506
Cash and cash equivalents at the beginning of the half-year	14,115	11,550
Cash and cash equivalents at the end of the half-year	10,371	14,056

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 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 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 2018 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, except for the adoption of new and amended standards as set out below.

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

Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in the presentation of expenses from classification by nature to classification by function in the current reporting period.

NOTE 2: NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group applies, for the first time, AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments. As required by AASB 134, the nature and effect of these changes are disclosed below.

(a) AASB 15 Revenue from Contracts with Customers

The Group adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018.

The core principal of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at the amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is allocated to each performance obligation and recognised when the performance obligation is satisfied, which could be over time or at a point in time.

Gold and Silver By-Product Sales

The Group earns revenue from the sale of gold bullion and silver by-product mined from its 100% owned Widgiemooltha Gold Project.

The Group has determined that revenue from these sales is recognised when the performance obligation is satisfied, and control has been transferred to the customer (ie. The Perth Mint). This generally occurs when the gold bullion and silver by-product have been transferred out of the Group's metals account with The Perth Mint.

Sales to customers are denominated in Australian Dollars and are recognised net of duties and other taxes.

(b) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group adopted the new accounting standard during the period and there was no transition impact on adoption.

NOTE 3: SEGMENT INFORMATION

(a) Description of Segments

For management purposes, the Group is organised into operating segments by the mineral being mined or explored. The two identifiable segments comprise:

- Nickel Operations – exploration and development of nickel assets; and
- Widgiemooltha Gold Operations – exploration, development and mining of gold assets.

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

(b) Segment Information

	Gold \$'000	Nickel \$'000	Total \$'000
31 December 2017			
Adjustment to rehabilitation provision	-	(226)	(226)
Profit on sale of property, plant and equipment	-	104	104
Exploration costs	-	(1,215)	(1,215)
Total segment result	-	(1,337)	(1,337)
30 June 2018			
Segment assets	8,980	13,372	22,352
Segment liabilities	(3,872)	(6,865)	(10,737)
31 December 2018			
Segment sales to external customers	15,472	69	15,541
Mining costs	(4,343)	-	(4,343)
Mine administration costs	(573)	-	(573)
Processing costs	(9,333)	-	(9,333)
Royalties	(1,275)	-	(1,275)
Depreciation and amortisation	(3,605)	-	(3,605)
Change in inventories	3,672	-	3,672
Exploration	(313)	(3,089)	(3,402)
Profit on sale of property, plant and equipment	-	145	145
Total segment results	(298)	(2,875)	(3,173)
Segment assets	12,827	13,590	26,417
Segment liabilities	(7,620)	(7,460)	(15,080)

(c) Reconciliation of Loss

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Segment result	(3,173)	(1,337)
Sundry income	127	233
Foreign exchange gain/ (loss)	59	(17)
Corporate expenses	(1,479)	(1,462)
Loss before income tax	(4,466)	(2,583)

(d) Reconciliation of Assets and Liabilities

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
Segment assets	26,417	22,352
Corporate assets	40	65
Cash, cash equivalents and restricted cash	10,547	14,290
Total assets as per the balance sheet	37,004	36,707
Segment liabilities	15,080	10,737
Corporate liabilities	1,101	685
Total liabilities as per the balance sheet	16,181	11,422

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Sale of gold bullion	15,450	-
Sale of silver by-product	22	-
Other sales	69	-
	10,541	-

NOTE 5: COST OF SALES

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Mining	4,343	-
Mine administration	573	-
Processing	9,333	-
Royalties	1,275	-
Depreciation and amortisation	3,605	-
Change in inventories	(3,672)	-
	15,457	-

NOTE 6: CASH, CASH EQUIVALENTS AND RESTRICTED CASH

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
Cash and cash equivalents	10,371	14,114
Restricted cash	176	176
	10,547	14,290

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 bond and credit card facility.

NOTE 7: INVENTORIES

	31 Dec 2018 \$'000	30 Jun 2018 \$'000
Ore stockpile at cost	2,072	1,702
Gold bullion at cost	3,302	-
	5,374	1,702

NOTE 8: DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2018 (2017: Nil).

NOTE 9: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date (2017: None).

NOTE 10: 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 12 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 2018 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.



BT Lambert
Non-Executive Chairman

PERTH
5 February 2019



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 condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Mincor Resources NL. The Group 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 Group's financial position as at 31 December 2018 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*.

PricewaterhouseCoopers, ABN 52 780 433 757

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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 Group's financial position as at 31 December 2018 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*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'C. Heatley', is written over the printed name.

Craig Heatley
Partner

Perth
5 February 2019