

# Preliminary Final Report of Mincor Resources NL for the Financial Year Ended 30 June 2014

(ABN 42 072 745 692)

*This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under  
ASX Listing Rule 4.3A*

Current Reporting Period: Financial Year ending 30 June 2014  
Previous Corresponding Period: Financial Year ending 30 June 2013

**Results for announcement to the market**

				\$'000
<b>Revenue from ordinary activities</b>	Up	11.3%	to	109,673
<b>Profit/(loss) from ordinary activities after tax attributable to members</b>	Up	108.2%	to	1,848*
<b>Net profit/(loss) for the period attributable to members</b>	Up	108.2%	to	1,848*
*The 2014 profit of \$1,848,000 represents an increase of \$24,297,000 when compared to the 2013 loss of \$22,449,000.				
<b>Dividends</b>	<b>Amount per security</b>		<b>Franked amount per security</b>	
<b>Financial year ended 30 June 2014</b>				
Final dividend	2.0 cents		2.0 cents	
Interim dividend	2.0 cents		2.0 cents	
<b>Financial year ended 30 June 2013</b>				
Final dividend	2.0 cents		2.0 cents	
Interim dividend	2.0 cents		2.0 cents	

**Dividend payments**

Date the final 2014 dividend is payable

24 September 2014

Record date to determine entitlements to the dividend

27 August 2014

Date final dividend was declared

13 August 2014

**Total dividend per security (interim *plus* final)**

Ordinary securities

Current year	Previous year
4.0 cents	4.0 cents

**Total dividends paid or payable on all securities**

Ordinary securities

**Total**

Current year \$'000	Previous year \$'000
7,528	7,528
7,528	7,528

**Net Tangible Assets**

	Current year	Previous year
Net tangible assets per ordinary security	57.3 cents	61.4 cents

**Details of Entities Over Which Control Has Been Gained or Lost****Control gained over entities**

Name of entity (or group of entities) N/A

Date control gained N/A

Contribution of the controlled entity (or group of entities) to profit before tax from ordinary activities during the period, from the date of gaining control. **2014**  
**\$'000**

N/A

Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period. **2013**  
**\$'000**

N/A

**Loss of control of entities**

Name of entity (or group of entities) N/A

Date control lost N/A

Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, to the date of losing control. **2014**  
**\$'000**

N/A

Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period. **2013**  
**\$'000**

N/A

**Details of Associates and Joint Venture Entities**

Name of Entity	Ownership Interest		Contribution to net profit	
	2014 %	2013 %	2014 \$'000	2013 \$'000
Associates	-	-	-	-
Joint Venture Entities	-	-	-	-
Aggregate Share of Profits/(Losses)	-	-	-	-

**Other Information**

Except for the matters noted above, all the disclosure requirements pursuant to ASX Listing Rule 4.3A are contained within Mincor Resources NL's Consolidated Financial Statements for the year ended 30 June 2014 which accompany this Preliminary Final Report.

This report is based on accounts which have been audited.

**Annual Meeting**

The annual meeting will be held as follows:

<b>Place</b>	Celtic Club 48 Ord Street West Perth WA 6005
<b>Date</b>	12 November 2014
<b>Time</b>	11.30am
<b>Approximate date the annual report will be available</b>	22 September 2014

Sign here:



(Director)

Print name: David Moore

Date: 13 August 2014



MINCOR RESOURCES NL

**ABN 42 072 745 692**

ANNUAL REPORT

30 June 2014

---

## TABLE OF CONTENTS

CORPORATE GOVERNANCE STATEMENT .....	1
DIRECTORS' REPORT .....	14
AUDITORS' INDEPENDENCE DECLARATION .....	33
CONSOLIDATED INCOME STATEMENT .....	34
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	35
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	36
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	37
CONSOLIDATED STATEMENT OF CASH FLOWS .....	38
NOTES TO THE FINANCIAL STATEMENTS .....	39
DIRECTORS' DECLARATION .....	88
INDEPENDENT AUDIT REPORT .....	89

These financial statements are the consolidated financial statements of the consolidated entity consisting of Mincor Resources NL and its subsidiaries. The financial statements are presented in the Australian currency.

Mincor Resources NL is a company incorporated and domiciled in Australia.  
Its registered office is:

Level 1, 56 Ord Street  
West Perth, Western Australia, 6005  
AUSTRALIA

The financial statements were authorised for issue by the Directors on 13 August 2014. The Directors have the power to amend and reissue the financial statements.

---

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Mincor Resources NL (“**the Company**”) is responsible for corporate governance of the Company. The Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. The Board continually reviews its governance practices to ensure they remain consistent with the needs of the Company. Some of these policies and procedures are summarised in this statement.

The Company has followed each of the recommendations set out in the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations 2<sup>nd</sup> edition (“**ASX Principles and Recommendations**”), as it considers each of the recommendations to be an appropriate benchmark for its corporate governance practices.

The following table sets out the Company’s position with regard to adoption of the ASX Principles and Recommendations.

	ASX P & R	If not, why not		ASX P & R	If not, why not
Recommendation 1.1	✓		Recommendation 4.2	✓	
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 4.4	✓	
Recommendation 2.1	✓		Recommendation 5.1	✓	
Recommendation 2.2	✓		Recommendation 5.2	✓	
Recommendation 2.3	✓		Recommendation 6.1	✓	
Recommendation 2.4	✓		Recommendation 6.2	✓	
Recommendation 2.5	✓		Recommendation 7.1	✓	
Recommendation 2.6	✓		Recommendation 7.2	✓	
Recommendation 3.1	✓		Recommendation 7.3	✓	
Recommendation 3.2	✓		Recommendation 7.4	✓	
Recommendation 3.3	✓		Recommendation 8.1	✓	
Recommendation 3.4	✓		Recommendation 8.2	✓	
Recommendation 3.5	✓		Recommendation 8.3	✓	
Recommendation 4.1	✓		Recommendation 8.4	✓	

Further information about the Company’s corporate governance practices including charters, policies and procedures may be found at the Company’s website at [www.mincor.com.au](http://www.mincor.com.au), under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the recommendations to which they relate, are set out below.

	Recommendation(s)
<b>Charters</b>	
Board	1.1, 1.3
Audit Committee	4.3, 4.4
Nomination Committee	2.6
Remuneration Committee	8.4
<b>Policies and Procedures</b>	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Diversity Policy	3.2, 3.5
Code of Conduct	3.1, 3.5
Policy on Continuous Disclosure and Compliance Procedures (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4
Policy for Trading in Company Securities	3.1

---

## CORPORATE GOVERNANCE STATEMENT (continued)

### Disclosure – Principles and Recommendations

The Company reports below on how it has followed each of the Principles and Recommendations during the 2013/2014 financial year (“**Reporting Period**”). The information in this statement is current at 13 August 2014 (unless otherwise stated).

### PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### Recommendation 1.1:

***Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.***

#### Disclosure:

The Board’s objectives are to:

- a) increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company’s shareholders; and
- b) ensure the Company is properly managed.

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Board delegates responsibility for running the Company’s affairs and implementing the policies and strategy set by the Board to the Managing Director, who is accountable to the Board. The Company has established the functions delegated to senior executives which are set out in its Board Charter.

Senior executives are responsible for supporting and assisting the Managing Director to conduct the general operations and financial business of the Company in accordance with the delegated authority of the Board and to progress the strategic direction provided by the Board.

The Board holds at least four meetings per annum and on other occasions as required. Senior managers of the Company are invited to attend meetings of the Board. Non-executive Directors may meet independently of the Managing Director, although during the Reporting Period no such meetings occurred. At each meeting of the Board time is allocated for consideration of strategic planning issues.

Senior executives are responsible for reporting all matters which fall within the Company’s materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

#### Recommendation 1.2:

***Companies should disclose the process for evaluating the performance of senior executives.***

#### Disclosure:

The Managing Director is responsible for evaluating the performance of senior executives by conducting formal interviews with each of the senior executives. The Managing Director documents the evaluations and reports the outcome of those evaluations to the Board when required.

#### Recommendation 1.3:

***Companies should provide the information indicated in the Guide to reporting on Principle 1.***

#### Disclosure:

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed at Recommendation 1.2.



---

## CORPORATE GOVERNANCE STATEMENT (continued)

### PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

#### Recommendation 2.1:

***A majority of the Board should be independent directors.***

#### Disclosure:

During the year the Board comprised a majority of independent directors (including the Chairman). Details of the Directors (including details of their skills, experience, expertise and term of office) are set out in the Directors' Report.

The Board recognises the corporate benefits arising from Board diversity. The Board seeks to have a mix of skills and diversity amongst its members, with a majority of independent members in accordance with Recommendation 2.1. The skills, knowledge and experience which the Board considers to be particularly relevant to the Company are financial qualifications and experience; mining industry knowledge and experience; and engineering and geology expertise. Currently there are no female members on the Board however, should a vacancy exist in the future, the Board will consider a diverse range of candidates in accordance with its Diversity Policy.

The Board has adopted a policy for assessing the independence of directors. This policy provides that when determining the independent status of a director the Board should consider whether the director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a director.

The Board also considers the Company's materiality thresholds when assessing the independence of directors. The materiality thresholds are set out in the disclosures under Recommendation 2.6 below.

Messrs DJ Humann, IF Burston and JW Gardner are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Mr DCA Moore is the executive Managing Director and is therefore not independent.

#### Recommendation 2.2:

***The Chair should be an independent director.***

#### Disclosure:

The independent Chair of the Board is Mr DJ Humann.

#### Recommendation 2.3:

***The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.***

#### Disclosure:

The Managing Director is Mr DCA Moore who is not Chair of the Board.

## CORPORATE GOVERNANCE STATEMENT (continued)

### Recommendation 2.4:

***The Board should establish a Nomination Committee.***

#### Disclosure:

The Board has established a Nomination Committee.

The Nomination Committee has a separate charter which describes its role, composition, functions and responsibilities. A copy of the charter is set out on the Company's website.

Details of the number of meetings held and attendance at each Nomination Committee meeting during the Reporting Period are detailed below.

Name	No. of meetings held	No. of meetings attended
DJ Humann (Independent, non-executive)	1	1
DCA Moore (Not independent, executive)	1	1
IF Burston (Independent, non-executive)	1	1

Mr IF Burston is the Chair of the Nomination Committee so that the Chair of the committee is not also Chair of the Board.

### Recommendation 2.5:

***Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.***

#### Disclosure:

The Board's *Process for Performance Evaluation* (available on the Company's website) states that the Chairman is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. It further states that the Nomination Committee is responsible for evaluating the Managing Director. These evaluations occur annually, or as required, on an informal basis.

During the year, the Chairman (in conjunction with the Nomination Committee) reviewed the performance of the Board as a whole. The review was undertaken by way of round-table discussions relating to how the Board functions and operates effectively. No significant adverse issues were identified. The process applied during the year followed the disclosed process.

During the year, the Chairman (in conjunction with the Board) reviewed the performance of the Audit Committee, Remuneration Committee and Nomination Committee. The reviews were undertaken by way of round-table discussions relating to how the committees functioned and how effectively they operated. No significant adverse issues were identified. The process applied during the year followed the disclosed process.

The Managing Director was evaluated by the Chairman and the Board by way of informal discussion. The Managing Director's performance was also subject to continuous review through ongoing discussions with the Chairman. The process applied during the year followed the disclosed process.

### Recommendation 2.6:

***Companies should provide the information indicated in the Guide to reporting on Principle 2.***

#### Disclosure:

The following additional information is provided with respect to reporting on *Principle 2*.

#### Company's materiality thresholds

When assessing Company matters, the Board considers the following quantitative and qualitative materiality thresholds, which are set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net assets;

## CORPORATE GOVERNANCE STATEMENT (continued)

- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more;
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%; and
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

### Statement concerning availability of independent professional advice

If a Director considers it necessary to obtain independent professional advice to properly discharge their responsibilities as a director, then, provided the Director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

### Retirement and re-election of directors

The Company's constitution requires one third of directors (other than the Managing Director and alternate directors) to retire from office at each Annual General Meeting. Directors appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of directors to retire by rotation at the Annual General Meeting.

Directors cannot hold office for more than three years following their appointment without submitting themselves for re-election. Retiring directors are eligible for re-election by shareholders. Re-appointment of directors is not automatic.

### Appointment of new directors

No new directors were appointed during the last financial year. The Board (subject to member's voting rights in a general meeting) is responsible for selection of new members and succession planning. The Nomination Committee evaluates the range of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee identifies the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board. A potential candidate is considered with reference to their skills and expertise in relation to other Board members. New directors are invited to join the Board by the Chairman, who makes the invitation based on recommendations made by the Nomination Committee and approved by the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting. The Policy for selection and (re)appointment of directors is available on the Company's website.

## PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

### Recommendation 3.1:

***Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.***

## CORPORATE GOVERNANCE STATEMENT (continued)

### Disclosure:

The Company has established a comprehensive Code of Conduct which is set out in full on the Company's website. The purpose of the code of conduct is to establish practices to maintain confidence in the Company's integrity, set in place practices to take account of its legal obligations and the reasonable expectations of its stakeholders and outline practices for the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. This code of conduct sets out the standards which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, shareholders, and the broader community.

The Board supports the highest standards of corporate governance, and requires its members and the staff of the Company, to act with integrity and objectivity in relation to:

- compliance with the law;
- conflicts of interest;
- confidentiality;
- acquisitions and disposals of the Company's securities; and
- safe and equal opportunity employment.

The Board and management are also conscious of and aim to ensure fulfilment of the wider obligations of the Company and its staff to people affected by its operations, and for responsible management of the environment.

The Company's Code of Conduct states that the Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman in the case of a Director, or the Managing Director in the case of a member of management, or a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

### Recommendation 3.2:

***Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and the progress in achieving them.***

### Disclosure:

The Board has established a policy concerning diversity. The Diversity Policy describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Company performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Diversity Policy outlines the process by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives. A copy of the Company's Diversity Policy is set out on the Company's website.

### Recommendation 3.3:

***Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.***

### Disclosure:

The measurable objectives set by the Board for the Reporting Period, and a report as to the Company's progress towards achieving the objectives is set out in the following table:

## CORPORATE GOVERNANCE STATEMENT (continued)

Measurable objective	Progress towards achieving objective
Equality in remuneration/pay scales.	Remuneration/pay scales across the organisation are reviewed annually as part of the annual remuneration review process. During this process any inequalities are identified and addressed. This took place during the Reporting Period.
Approach all recruitment and selection with equality that ensures no bias towards either male or female candidates (through job ads, briefings to recruitment agents, selection criteria based on experience, applicants considered on merit).	All recruitment and selection that took place during the Reporting Period was approached in accordance with the objective.
Approach all promotions with equality that ensures no bias towards male or female candidates (i.e. best person for the role).	All promotions that took place during the Reporting Period were approached in accordance with the objective.
Approach all training and career development opportunities with equality to ensure no bias towards any staff member(s).	All training and career development that took place during the Reporting Period was approached in accordance with the objective.
Offer flexible working arrangements for mothers of young children, provided the arrangement is acceptable to both the employee and the Company.	Flexible working arrangements continued to be offered in accordance with the objective during the Reporting Period. Flexible working arrangements were reviewed as part of the annual performance and remuneration review process.
Establish new policies and/or review and amend existing policies and procedures designed to promote affirmative action in the workplace.	This objective was achieved in the previous reporting period.
Consider, and if appropriate, implement a Paid Parental Leave Policy. Undertake an annual review of maternity and paternity leave policies as well as flexible working arrangements.	The Paid Parental Leave Policy was implemented in the previous reporting period. Maternity and paternity leave policies were reviewed in July 2014.
Review the Company's governance charter, policies and procedures to address diversity.	The Company's governance charters, policies and procedure were reviewed to address diversity in the previous reporting period.

**Recommendation 3.4:**

***Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.***

**Disclosure:**

The Company does not have any women directors on its Board. A table showing the proportion of women across the organisation is set out below. The information in the table is current as at 30 June 2014.

	Male	Female	Total	Male (%)	Female (%)	Total (%)
Senior management positions	6	0	6	100	0	100
Other positions	173	31	204	85	15	100
<b>Total</b>	<b>179</b>	<b>31</b>	<b>210</b>	<b>85</b>	<b>15</b>	<b>100</b>

The Company has three non-executive directors and Managing Director, all of whom are male.

The Company is required to report to the Workplace Gender Equality Agency each year, the number of female employees that are employed for the reporting period 1 April to 31 March. A copy of the public report submitted to the WGEA can be found on Mincor's website [www.mincor.com.au](http://www.mincor.com.au).

## CORPORATE GOVERNANCE STATEMENT (continued)

### Recommendation 3.5:

***Companies should provide the information indicated in the Guide to reporting on Principle 3.***

#### Disclosure:

A copy of the Company's Code of Conduct and Diversity Policy are set out on the Company's website.

## PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

### Recommendation 4.1:

***The Board should establish an Audit Committee.***

#### Disclosure:

The Company has established an Audit Committee. The main responsibilities of the Audit Committee are to:

- monitor and review the integrity of the financial reporting of the Company, including reviewing significant financial reporting judgments;
- review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- monitor and review compliance with the Company's Code of Conduct; and
- perform such other functions as assigned by law, the Company's Constitution or the Board.

In fulfilling its responsibilities, the Audit Committee receives regular reports from management and the external auditors. It also meets with the external auditors at least twice a year – more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Audit Committee and the Chairman of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

### Recommendation 4.2:

***The Audit Committee should be structured so that it:***

- ***consists only of non-executive directors***
- ***consists of a majority of independent directors***
- ***is chaired by an independent Chair, who is not Chair of the Board***
- ***has at least three members.***

#### Disclosure:

The Audit Committee is structured in accordance with Recommendation 4.2 and ASX Listing Rule 12.7. However, as noted in the table below, during the Reporting Period Mr Burston was not able to attend two meetings of the Audit Committee. Accordingly, for these meetings the Audit Committee was chaired by Mr Humann who is also the Chair of the Board which is not in accordance with Recommendation 4.2 and ASX Listing Rule 12.7. The members of the Audit Committee, their status and the number of times they met during the Reporting Period are outlined in the following table.

Name	No. of meetings held	No. of meetings attended
IF Burston (Chairman, Independent, non-executive)	4	2
DJ Humann (Independent, non-executive)	4	4
JW Gardner (Independent, non-executive)	4	4

## CORPORATE GOVERNANCE STATEMENT (continued)

The qualifications of each director are set out in the Directors' Report at page 14 and 15. Mr Burston has over 30 years' experience in the extractive and related industries and therefore possesses the requisite industry knowledge to participate in and act as Chairman of the Audit Committee. Mr Humann is a Chartered Accountant and therefore possesses the requisite financial literacy and expertise to participate on the Audit Committee. Mr Gardner is an Independent Director with requisite financial and industry knowledge.

### **Recommendation 4.3:**

***The Audit Committee should have a formal charter.***

### **Disclosure:**

The Audit Committee operates under an established Audit Committee Charter which is available on the Company's website. The charter describes the Audit Committee's role, composition, functions and responsibilities.

### **Recommendation 4.4:**

***Companies should provide the information indicated in the Guide to reporting on Principle 4.***

### **Disclosure:**

The following additional information is provided with respect to reporting on *Principle 4*.

### **Selection, appointment and rotation of external auditor**

The Company has established a procedure for the selection, appointment and rotation of its external auditor which is available on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

## **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

### **Recommendation 5.1:**

***Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.***

### **Disclosure:**

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance.

The Company understands the importance of ensuring the market has full and timely information available to all on an equal basis. For this reason the Company has in place a Policy on Continuous Disclosure. The policy raises awareness of the Company's obligations under the continuous disclosure regime; establishes a process to ensure that information about the Company which may be market sensitive and which may require disclosure is brought to the attention of the person primarily responsible for ensuring that the Company complies with its continuous disclosure obligations in a timely manner and is kept confidential; and sets out the obligations of directors, officers, employees and contractors of the Company to ensure that the Company complies with its continuous disclosure obligations.

The Company has also established detailed compliance procedures for ASX Listing Rule disclosure requirements which cover the following areas:

- procedures to ensure that information which may be market sensitive and which may require disclosure under Listing Rule 3.1 is promptly assessed to determine whether it requires disclosure and if it does, is given to ASX promptly and without delay;

## CORPORATE GOVERNANCE STATEMENT (continued)

- procedures to correct or prevent a false market in the Company's securities;
- measures for safeguarding confidentiality of corporate information;
- procedures for media contact and comment and external communications such as analyst briefings and responses to shareholder questions;
- guidance on drafting announcements; and
- updating of procedures.

To ensure accountability at a senior executive level the Company has appointed an officer responsible for ensuring compliance with its Policy on Continuous Disclosure and Compliance Procedures, summaries of which are available on the Company's website.

### **Recommendation 5.2:**

***Companies should provide the information indicated in the Guide to reporting on Principle 5.***

#### **Disclosure:**

A summary of the Company's Policy on Continuous Disclosure and Compliance Procedures are available on the Company's website.

## **PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS**

### **Recommendation 6.1:**

***Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.***

#### **Disclosure:**

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company values its relationship with shareholders and understands the importance of communication with them. As disclosed above, the Company has a Policy on Continuous Disclosure to ensure it is in compliance with the continuous disclosure obligations of the ASX. The Company also has a Shareholder Communication Policy for keeping shareholders up to date with Company information.

To keep shareholders informed the Company maintains a website at [www.mincor.com.au](http://www.mincor.com.au), on which the Company makes the following information available:

- Company announcements for the last three years;
- Information briefings to media and analysts for the last three years;
- Notices of meetings and explanatory materials;
- Financial information for the last three years; and
- Annual reports for the last three years.

The Company sends a copy of its quarterly report to all Shareholders. It also sends copies of significant announcements to Shareholders and any other person who registers with the Company as an 'Interested Party'. The Company also encourages shareholder participation at general meetings. A copy of the Company's Shareholder Communication Policy is available on the Company's website.

### **Recommendation 6.2:**

***Companies should provide the information indicated in the Guide to reporting on Principle 6.***

#### **Disclosure:**

A copy of the Company's shareholder communication strategy is available on the Company's website.



## CORPORATE GOVERNANCE STATEMENT (continued)

### PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

#### Recommendation 7.1:

***Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.***

#### Disclosure:

The Company has a Risk Management Policy, a summary of which is available on the Company's website.

The Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of these systems.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management. The Managing Director is responsible for regularly reporting directly to the Board on all matters associated with risk management, including whether the Company's material business risks are being managed effectively. During the year the Managing Director reported to the Board on the effectiveness of the Company's management of its material business risks. In fulfilling his duties, the Managing Director has unrestricted access to company employees, contractors and records and may obtain independent expert advice on any matter he believes appropriate, with the approval of the Board.

The Company has established a Risk Register as part of its risk management and internal control systems. The Risk Register formally documents:

- the identification of business risks;
- an assessment of the consequence of each business risk;
- an assessment of the likelihood of each business risk;
- a risk rating for each identified business risk;
- what existing controls are in place for each identified business risk;
- the effectiveness of each of the existing controls; and
- where further actions may be required to further mitigate or reduce business risk.

The Risk Register is reviewed and updated by management on an ongoing basis and reported to the Board on a quarterly basis.

In addition, the Company maintains a number of policies and practices designed to manage specific business risks. These include:

- Audit Committee and Audit Committee Charter;
- Insurance programs;
- Regular budgeting and financial reporting;
- Clear limits and authorities for expenditure levels;
- Procedures/controls to manage environmental and occupational health and safety matters;
- Procedures for compliance with continuous disclosure obligations under the ASX listing rules; and
- Procedures to assist with establishing and administering corporate governance systems and disclosure requirements.

Major categories of risks reported on within the Risk Register include operational risk, environmental risk, sustainability, statutory reporting and compliance, financial risks (including financial reporting, treasury, information technology and taxation), occupational health and safety risks and market related risks.

The Company's risk management system is an ongoing process. It is recognised that the level and extent of the risk management system will evolve commensurate with the evolution and growth of the Company's activities. Further information on financial risk management is outlined in Note 2 to the financial statements.

#### Recommendation 7.2:

***The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.***

## CORPORATE GOVERNANCE STATEMENT (continued)

### Disclosure:

At the request of the Board, management have designed, implemented and maintained risk management and internal control systems to manage the Company's material business risks. Management are required to report to the Board confirming that risks are being managed effectively.

During the Reporting Period the Board received reports from management regarding the effectiveness of the Company's management of its material business risks.

### Recommendation 7.3:

***The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.***

### Disclosure:

In accordance with the requirements of the *Corporations Act 2001* and Principle 7 of the ASX Principles and Recommendations the Managing Director and Chief Financial Officer have provided a declaration in accordance with Section 295A of the Corporations Act and have assured the Board that the declaration is founded on sound systems of risk management and internal controls and that the systems are operating effectively in all material respects in relation to financial reporting risks.

### Recommendation 7.4:

***Companies should provide the information indicated in the Guide to reporting on Principle 7.***

### Disclosure:

A summary of the Company's Risk Management policy is available on the Company's website.

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

### Recommendation 8.1:

***The Board should establish a Remuneration Committee.***

### Disclosure:

The Company has established a Remuneration Committee. The Remuneration Committee has a separate charter which describes its role, composition, functions and responsibilities. A copy of the charter is set out on the Company's website.

Details of the number of meetings held and attendance at each Remuneration Committee meeting during the Reporting Period are detailed below.

Name	No. of meetings held	No. of meetings attended
DJ Humann (Independent, non-executive)	1	1
JW Gardner (Independent, non-executive)	1	1
IF Burston (Independent, non-executive)	1	1

### Recommendation 8.2:

***The Remuneration Committee should be structured so that it:***

- ***consists of a majority of independent directors;***
- ***is chaired by an independent chair; and***
- ***has at least three members.***

### Disclosure:

The Remuneration Committee is, and was at all times during the Reporting Period, structured in accordance with Recommendation 8.2 and ASX Listing Rule 12.8.

---

## CORPORATE GOVERNANCE STATEMENT (continued)

Mr IF Burston is the Chair of the Remuneration Committee so that the Chair of the committee is not also Chair of the Board.

### **Recommendation 8.3:**

***Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.***

#### **Disclosure:**

All compensation arrangements for Directors and key management personnel are determined at Board level, in consultation with the Remuneration Committee, after taking into account the current competitive rates prevailing in the market.

Remuneration levels of the Directors and key management personnel are set by reference to other similar-sized mining and exploration companies with similar risk profiles and are set to attract and retain executives capable of managing the consolidated entity's operations in Australia.

Remuneration of non-executive Directors is determined by the Board within the maximum approved by the shareholders from time to time. Remuneration for non-executive directors is not linked to the performance of the Company. The Board undertakes an annual review of its performance against goals set at the start of the year. No bonuses are paid to non-executive Directors, nor is there any termination or other benefits paid on retirement. The Company does not issue options to non-executive directors.

The pay and reward framework for executive directors and senior executives consists of a combination of base salary and benefits, short term performance incentives, long term incentives through participation in employee share schemes and other remuneration. This remuneration framework aligns the remuneration of executives and senior management with the achievement of strategic objectives and the creation of value for shareholders.

Details of the nature and amount of remuneration paid to each Director of the Company and each key management personnel of the consolidated entity are provided in the 'Remuneration Report' contained within the Directors' Report.

### **Recommendation 8.4:**

***Companies should provide the information indicated in the Guide to reporting on Principle 8.***

#### **Disclosure:**

There are no termination or retirement benefits for non-executive directors (other than for statutory superannuation).

A copy of the Company's Remuneration Committee Charter is set out on the Company's website. The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 14.

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

The Directors present their report on the consolidated entity consisting of Mincor Resources NL ("the Company") and its controlled entities, for the year ended 30 June 2014.

### DIRECTORS

The names of the Directors of Mincor Resources NL in office at the date of this report are:

Name	Particulars	Shareholding Interest
<p><b>DJ Humann</b> FCA, FCPA, FAICD (Chairman)</p>	<p><b><i>Experience and expertise</i></b> Mr Humann joined Mincor Resources NL on 30 September 1999 as a Non-executive Director and Chairman of the Company. Mr Humann is a fellow of the Institute of Chartered Accountants, a fellow of the Institute of Certified Practising Accountants and also a fellow of the Australian Institute of Company Directors.</p> <p>He was Chairman and Senior Partner of Price Waterhouse (Hong Kong and China firm) from 1986 until 1994. He was also the Managing Partner of Price Waterhouse, Asia Pacific Region, and a member of the World Board of Price Waterhouse and of the global firm's World Executive Management Committee based in London and New York. He was formerly a member of the Australia and New Zealand Firm's Executive Policy Committee. Mr Humann is a member of the boards of a number of public and private companies.</p> <p><b><i>Other current directorships</i></b> Non-executive chairman of Atomaer Holdings Pty Ltd. Non-executive director of India Resources Ltd and Future Directions International Pty Ltd. Director of James Anne Holdings Pty Ltd.</p> <p><b><i>Former directorships in last three years</i></b> Non-executive chairman of Logicamms Ltd from 2009 to 2012. Non-executive chairman of Exxaro Australia Sands Pty Ltd from 1998 to 2012. Non-executive chairman of Advanced Braking Technologies Pty Ltd from 2006 to 2013.</p>	<p>500,000 shares</p>
<p><b>DCA Moore</b> (Managing Director)</p>	<p><b><i>Experience and expertise</i></b> Mr Moore joined Mincor Resources NL on 30 September 1999 and is the Managing Director of the Company. His previous experience includes 13 years with Shell/Billiton where he worked internationally in minerals exploration, business development, project management and strategic planning. In 1996 he left a position as Billiton's Chief Geologist in Peru to join Iscor Australia Pty Ltd as director of business development. In that role he established Iscor's gold and base metal exploration unit in Australasia. During 1999 he conducted the transactions that lead to the creation of Mincor Resources NL and became Managing Director of that Company. In 2000 Mr Moore founded Tethyan Copper Company Ltd and as Managing Director drove that company's development, spin-off, listing and growth until its successful cash takeover by a joint venture between Antofagasta and Barrick in 2006. Mr Moore has worked extensively in South America, southern and eastern Africa and Australasia. He holds a B.Sc (Eng) (Mining Geology).</p> <p><b><i>Other current directorships</i></b> None.</p> <p><b><i>Former directorships in last three years</i></b> None.</p>	<p>4,245,000 shares</p>

## DIRECTORS' REPORT (continued)

### DIRECTORS (continued)

Name	Particulars	Shareholding Interest
IF Burston	<p><b><i>Experience and expertise</i></b></p> <p>Mr Burston is a Non-executive Director who joined the Company in January 2003. He holds a Bachelor of Engineering (Mech) degree from Melbourne University and a diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He has completed the Insead Management Program in Paris and the Harvard Advanced Management Program in Boston. Mr Burston has over 30 years' experience in the extractive and related industries. His prior positions included Managing Director and Chief Executive Officer of Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Gold Mines, Vice President – WA Business Development of CRA Ltd and Managing Director of Hamersley Iron Pty Ltd.</p> <p><b><i>Other current directorships</i></b></p> <p>Non-executive chairman of NRW Holdings Ltd and Kogi Iron Limited. Non-executive director of TGP Limited</p> <p><b><i>Former directorships in last three years</i></b></p> <p>Non-executive chairman of African Iron Ltd from 2011 to 2012. Non-executive director of Fortescue Metals Group Ltd from 2008 to 2011.</p>	50,000 shares
JW Gardner	<p><b><i>Experience and expertise</i></b></p> <p>Mr Gardner is a Non-executive Director who joined the Company in February 1996. Mr Gardner graduated from the University of Melbourne in 1962 with a Bachelor of Engineering (Mechanical) degree and is a Fellow of the Institution of Engineers Australia. He has completed the Australian Administrative Staff College residential program. He also holds a Master of Business Administration degree from Curtin University, Western Australia. After holding directorships and senior management positions with Hawker Siddeley Engineering Pty Ltd, Comsteel Vickers/ANI, Minproc Engineers Pty Ltd and Broken Hill Metals NL between 1970 and 1990, he formed his own engineering consultancy. He has consulted on many gold and base metal projects both in Australia and overseas. Mr Gardner was chairman of Ghana Manganese Company from 1995 until 2000. From 1993 until 2006 he was actively involved in Canadian listed company, Guinor Gold Corporation where he was Chief Engineer, Mining Projects. Since 1996 he has developed and managed the 100,000 ounce per annum Lero gold Heap Leach Project and completed the LEFA Corridor project study and supervised the EPCM contractor constructing its 350,000 ounce per annum multiple open pit and CIP Plant project in remote Guinea, West Africa. Currently he is pursuing bauxite, uranium, copper and gold exploration projects in West Africa and Australia.</p> <p><b><i>Other current directorships</i></b></p> <p>Non-executive director of Mineraus Resources Pty Ltd and Greenline Investments Pty Ltd.</p> <p><b><i>Former directorships in last three years</i></b></p> <p>Chairman of Viking Mines Limited from 2010 to 2014.</p>	1,218,176 shares

### COMPANY SECRETARY

The name of the Company Secretary of Mincor Resources NL in office at the date of this report is:

Name	Particulars
G Fariss	<p>Mr Fariss graduated as a civil engineer from the University of Western Australia in 1979 and added a Masters of Business Administration in 1989. He joined Mincor in May 2006 as General Manager, Corporate Development after having served as General Manager, Corporate Finance with related company Tethyan Copper Company Limited from December 2004.</p> <p>Mr Fariss previously held a number of senior finance and business development positions with Clough Limited over a 15-year period which commenced in 1990 and was a non-executive, independent director of LinQ Capital Limited, the responsible entity for the LinQ Resources Fund, from 2005 to 2013. Mr Fariss has a diverse range of commercial experience across the resources, construction and engineering sectors gained over a 35-year period, including significant international exposure.</p>

---

## DIRECTORS' REPORT (continued)

### REVIEW OF OPERATIONS AND SIGNIFICANT EVENTS

#### Mining Operations

The Company produced 9,067 tonnes of nickel-in-concentrate during the year ended 30 June 2014 (2013: 8,637 tonnes of nickel-in-concentrate).

During the year, the Company's South Kambalda Operations (Miitel and Mariners) produced 286,706 dry metric tonnes at an average grade of 3.11%, to produce 7,873 tonnes of nickel-in-concentrate.

The Company's North Kambalda Operations (including Otter Juan, Coronet and McMahon) produced 33,060 dry metric tonnes at an average grade of 3.90%, to produce 1,194 tonnes of nickel-in-concentrate.

In March 2014 the Company's North Kambalda mines (Otter Juan and McMahon) were placed on care and maintenance. Both mines retain outstanding exploration potential and it is possible that both will see renewed production in the years ahead.

#### Exploration and Development Projects

During the year, the Company spent \$8,795,000 on exploration activities, comprising \$3,121,000 on regional exploration activities, \$5,354,000 on extensional exploration activities and \$320,000 on continuing expenditure in Papua New Guinea.

Exploration and development drilling continued throughout the period, with considerable success at Mariners Nickel Mine and Miitel Nickel Mine. Exciting nickel exploration targets were identified near the Company's Kambalda Nickel mines.

The Company has committed to an aggressive exploration drilling program targeting nickel, gold and other base metals on its tenements throughout Australia.

#### Corporate

The Company has no nickel sold forward at 30 June 2014.

### PRINCIPAL ACTIVITIES

The principal activities of the companies in the consolidated entity during the course of the year were the mining and exploration of mineral resources.

No significant change in the activities occurred during the 12 months to 30 June 2014, except as outlined below.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as noted elsewhere in this report, there have been no significant changes in the state of affairs of the consolidated entity during the financial period.

### GROUP RESULTS

The profit of the consolidated entity for the year after income tax was \$1,848,000 (2013 loss: \$22,449,000).

### DIVIDENDS

On 25 September 2013 the Company paid a fully franked annual dividend of 2 cents per share to shareholders in respect of the year ended 30 June 2013.

On 21 March 2014 the Company paid a fully franked interim dividend of 2 cents per share in respect of the year ending 30 June 2014.

On 13 August 2014 the Directors declared a fully franked final dividend of 2 cents per share in respect of the year ended 30 June 2014.

## DIRECTORS' REPORT (continued)

### MEETINGS OF DIRECTORS'

The number of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2014, and the number of meetings attended by each Director were:

	Total Directors Meetings Available	Directors Meetings Attended	Total Audit Committee Meetings Available	Audit Committee Meetings Attended
DJ Humann	6	6	4	4
DCA Moore	6	6	-	-
JW Gardner	6	6	4	4
IF Burston	6	4	4	2

### FUTURE DEVELOPMENTS

Details of important developments occurring in this financial year have been covered in the Review of Operations. The Company will continue to actively explore for minerals, and any significant information or data will be released to the market and the shareholders pursuant to the Continuous Disclosure rules as and when they are to hand.

### REMUNERATION REPORT

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations. For the purposes of this report, Key Management Personnel of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purposes of this report, the term 'Executive' encompasses the Managing Director, senior executives, and operations managers of the Company and the consolidated entity.

The Key Management Personnel of Mincor Resources NL and the consolidated entity during the year included:

a) *Directors*

DJ Humann	Chairman (Non-Executive)
DCA Moore	Managing Director
IF Burston	Director (Non-Executive)
JW Gardner	Director (Non-Executive)

b) *Named Executives*

B Lynn	Chief Financial Officer/Company Secretary (resigned 17 January 2014)
GL Fariss	Chief Financial Officer/Company Secretary (appointed 16 January 2014)
P Muccilli	Exploration Manager
B Fowler	General Manager, Kambalda Operations

All of the above persons were also key management personnel during the year ended 30 June 2013 except Mr B Fowler.

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Key Elements of Key Management Personnel/Executive Remuneration Strategy

Mincor Resources NL's remuneration strategy is designed to provide rewards that:

- attract, retain, motivate and reward executives;
- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- link rewards with the strategic goals and performance of the Company;
- provide remuneration arrangements that are competitive by market standards;
- align executive interests with those of the Company's shareholders;
- comply with applicable legal requirements and appropriate standards of governance;
- preserve the independence of non-executive directors by remunerating them with fixed fees only.

The key elements of Mincor Resources NL's remuneration strategy for executives are outlined in the table below:

Remuneration Component	Vehicle	Purpose	Link to Performance
Fixed Remuneration	Base salary. Superannuation contributions. Other benefits.	Provide competitive remuneration with reference to role and responsibilities, market and experience, to attract high calibre people.	Executive performance and remuneration packages are reviewed at least annually by the Board and the Remuneration Committee. The review process includes consideration of individual performance in addition to the overall performance of the consolidated entity.
Performance based; Short-term incentive (STI)	Cash bonus.	Provide reward to executives for the achievement of individual and group performance targets linked to the Company's strategic objectives.	Award of STI linked directly to achievement of KPI's and performance targets, where possible.
Performance based; Long-term incentive (LTI)	Performance Rights Plan.	Provide reward to executives for their continued service and their contribution to achieving corporate objectives set by the Board to ensure the long-term growth of the Company.	Award of LTI linked directly to achievement of strategic Company objectives.

The Remuneration Report is set out under the following main headings:

- a) Decision-making Authority for Remuneration
- b) Principles used to determine the Nature and Amount of Remuneration
- c) Details of Remuneration
- d) Service Agreements
- e) Share-based Compensation
- f) Additional Information



## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### a) Decision-making Authority for Remuneration

The Company's remuneration policy and strategies are overseen by the Remuneration Committee on behalf of the Board. The Remuneration Committee is responsible for making recommendations to the Board on all aspects of remuneration arrangements for key management personnel including the:

- Company's remuneration policy and framework;
- remuneration arrangements for the Managing Director and other senior executives;
- terms and conditions of long-term incentives and short-term incentives for the Managing Director and other senior executives (including performance targets);
- terms and conditions of employee incentive schemes; and
- appropriate remuneration to be paid to non-executive Directors.

The Remuneration Committee Charter is approved by the Board and is published on the Company's website.

Remuneration levels of the Directors and key management personnel are set by reference to other similar-sized mining and exploration companies with similar risk profiles and are set to attract and retain executives capable of managing the consolidated entity's operations in Australia and overseas.

Remuneration levels for the Managing Director and key management personnel are determined by the Board based upon recommendations from the Remuneration Committee. Remuneration of non-executive directors is determined by the Board within the maximum approved by the shareholders from time to time. The Board undertakes an annual review of its performance against goals set at the start of the year. No bonuses are paid to non-executive directors.

#### b) Principles used to determine the Nature and Amount of Remuneration

The Company's remuneration practices are designed to attract, retain, motivate and reward high calibre individuals capable of delivering the strategic objectives of the business.

The Company's key management personnel remuneration framework aligns their remuneration with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Remuneration Committee ensures that the remuneration of key management personnel is competitive and reasonable, acceptable to shareholders, and aligns remuneration with performance. The structure and level of remuneration for key management personnel is conducted annually by the Remuneration Committee relative to the Company's circumstances, size, nature of business and performance.

#### ***Remuneration of Non-executive Directors***

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board periodically receives advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. No advice was received during the year ended 30 June 2014. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

In order to maintain their independence and impartiality, the fees paid to non-executive directors are not linked to the performance of the Company.

##### *i) Directors' fees*

Fees for the Chairman and non-executive directors' are determined within an aggregate directors' fee pool limit of \$350,000, which was last approved by shareholders on 8 November 2006. The Chairman's and non-executive directors' remuneration is inclusive of committee fees.

##### *ii) Retirement allowances for non-executive directors*

No retirement allowances exist for non-executive directors.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### b) Principles used to determine the Nature and Amount of Remuneration (continued)

##### *Remuneration of Key Management Personnel*

The intention of the Company's pay and reward framework is to ensure reward structures are aligned with shareholders' interests by:

- being market competitive to attract and retain high calibre individuals;
- rewarding high individual performance;
- recognising the contribution of each key management personnel to the continued growth and success of the Company; and
- ensuring that long-term incentives are linked to shareholder value.

To achieve these objectives, the remuneration of key management personnel comprises a fixed salary component and an 'at risk' variable component linked to the performance of the individual and the Company as a whole.

Fixed remuneration comprises base salary, superannuation contributions and other defined benefits. 'At risk' variable remuneration comprises both short-term and long-term incentives.

The pay and reward framework for key management personnel has four components:

- fixed remuneration – base salary;
- variable short-term performance incentives;
- variable long-term incentives through participation in employee share schemes, including the Performance Rights Plan and the Mincor Resources Executive Share Option Scheme (terminated effective 1 December 2011); and
- other remuneration.

The combination of these comprises the key management personnel's total remuneration.

##### *i) Fixed remuneration – base salary*

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and the knowledge, skills and experience required for each position.

Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion.

There is no guaranteed base pay increase included in any key management personnel's contract.

##### *ii) Variable remuneration – Short-Term Incentives ("STIs")*

As indicated above, and following a comprehensive review, the Company has introduced a new cash based 'Mincor Short Term Incentive Scheme' which applies to executives and was effective from 1 July 2012. Where considered appropriate by the Board, the new Scheme provides an annual 'at risk' component for executive remuneration and is designed to link any STI payment with the achievement by each key management personnel of objective and measurable key performance indicators ("KPIs") which are in turn linked to the Company's strategic objectives and targets. The KPIs are established at the start of each financial year. Any STI is paid at the end of the financial year and will be determined by the extent to which KPIs have been achieved.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### b) Principles used to determine the Nature and Amount of Remuneration (continued)

##### *Remuneration of Key Management Personnel (continued)*

##### ii) *Variable remuneration – Short-Term Incentives (“STIs”) (continued)*

The Board has determined for certain executives that it is neither possible nor appropriate to establish objective and measurable KPIs linked to the Company's strategic objectives and targets, due to the breadth of their role in an ever changing business environment and the fact that their strategic decision-making should not be influenced by short-term considerations. For these executives, the Board retains the capacity to recognise outstanding performance by awarding an annual bonus of up to 15% of salary, provided the following process is followed:

- the Managing Director makes a recommendation to the Remuneration Committee at the end of each calendar year which includes a specific justification for the bonus, and the level of bonus proposed;
- the Remuneration Committee considers the recommendation and if it agrees, recommends it to the Board; and
- the Board approves the bonus provided they believe Company circumstances make it appropriate for any bonuses to be paid in that year. The Board has absolute discretion in this regard.

The maximum total gross benefit payable to any executive under the Mincor Short Term Incentive Scheme is limited to 15% of their fixed remuneration. The Board has discretion to reduce or suspend any bonus payments where Company circumstances render it inappropriate.

##### iii) *Variable Remuneration – Long-Term Incentives (“LTIs”)*

Historically, LTIs have been provided to certain employees via the Executive Share Option Scheme. Information on the Executive Share Option Scheme is set out in Note 31 to the financial statements.

As previously noted, following the review of the Company's incentive policies, the Company replaced the Executive Share Option Plan with the Performance Rights Plan, effective 1 July 2012.

The Performance Rights Plan provides a variable long term 'at risk' component for executive remuneration. The objective of the Performance Rights Plan is to provide incentives for senior executives which promote both the long-term performance and growth of the Company and the retention of the Company's senior executives.

Under the Performance Rights Plan senior executives are granted performance rights over ordinary shares in the Company for no consideration. The performance rights will be granted subject to the following vesting conditions:

- continuous service condition, usually three years from the date of grant; and
- the achievement of Strategic Objectives Conditions measured over the three-year period, and set by the Board at the time of granting the performance rights.

The Strategic Objectives Conditions include:

- a **safety and sustainability component**;
- an **operational performance component**, including production, cost control and growth in ore reserves; and
- a **growth component**, including new mining operations, new exploration discoveries or assets and growth in mineral resources.

Each component of the Strategic Objectives Conditions will be earned on a sliding scale basis depending on the degree of success achieved.

All performance rights will automatically expire on the earlier of their expiry date or the date their holder ceases to be an employee of the Company, unless the Board determines to vary the expiry date in the event the holder ceased to be an employee because of retirement, redundancy, death or total and permanent disability.

Performance rights granted under the Performance Rights Plan will carry no dividend or voting rights. When exercised, each performance right will be converted into one ordinary share.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### c) Details of Remuneration

Details of the remuneration of the directors and the key management personnel of the consolidated entity are set out in the following tables.

##### i) Key management personnel of Mincor Resources NL and its controlled entities

2014	Short-Term Employee Benefits				Post-employment Benefits	Long-term Benefits	Share-based Payments		Total \$
	Directors Fees \$	Salary \$	Bonus \$	Other \$	Super-annuation \$	Long service leave \$	Performance Rights \$	Options \$	
Name									
<b>Non-executive Directors</b>									
DJ Humann (Chairman)	110,000	-	-	-	-	-	-	-	110,000
JW Gardner	32,363	-	-	-	22,637	-	-	-	55,000
IF Burston	50,343	-	-	-	4,657	-	-	-	55,000
<b>Sub-total</b>	<b>192,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220,000</b>
<b>Executive Directors</b>									
DCA Moore	-	574,411	-	588	25,000	9,417	-	-	609,416
<b>Other Key Management Personnel</b>									
B Lynn*	-	349,773	-	322	10,369	-	(10,200)	-	350,264
GL Fariss**	-	299,656	-	588	25,000	15,820	29,087	-	370,151
P Muccilli	-	256,412	-	588	25,000	4,223	29,087	-	315,310
B Fowler^	-	305,000	75,000	-	25,000	5,164	46,155	27,640	483,959
<b>Total</b>	<b>192,706</b>	<b>1,785,252</b>	<b>75,000</b>	<b>2,086</b>	<b>137,663</b>	<b>34,624</b>	<b>94,129</b>	<b>27,640</b>	<b>2,349,100</b>

\* Mr B Lynn resigned effective 17 January 2014. Amounts above include annual leave and long service leave entitlements paid on termination. Remuneration in the form of performance rights includes negative amounts for performance rights forfeited during the year.

\*\* Mr G Fariss was appointed as the Company's Chief Financial Officer and Company Secretary effective 16 January 2014. Before this appointment he was the Company's General Manager, Corporate Development. Amounts shown above include all Mr Fariss' remuneration during the reporting period.

^ Mr B Fowler was appointed the Company's General Manager, Kambalda Operations on 1 August 2012. Bonus payments to Mr B Fowler include a one-off "sign-on" bonus of \$50,000. The short term incentive is paid pro-rata to the achievement of the performance conditions.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### c) Details of Remuneration (continued)

##### i) Key management personnel of Mincor Resources NL and its controlled entities (continued)

2013	Short-Term Employee Benefits				Post-employment Benefits	Long-term Benefits	Share-based Payments		Total \$
Name	Directors Fees \$	Salary \$	Bonus \$	Other \$	Super-annuation \$	Long service leave \$	Performance Rights \$	Options \$	
<b>Non-executive Directors</b>									
DJ Humann (Chairman)	100,100	-	-	-	9,900	-	-	-	110,000
JW Gardner	35,738	-	-	-	19,262	-	-	-	55,000
IF Burston	55,000	-	-	-	-	-	-	-	55,000
<b>Sub-total</b>	<b>190,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220,000</b>
<b>Executive Directors</b>									
DCA Moore	-	574,412	-	588	25,000	9,585	-	-	609,585
<b>Other Key Management Personnel</b>									
B Lynn	-	366,231	1,500	588	17,181	8,148	10,200	8,617	412,465
GL Fariss	-	281,362	1,500	588	20,050	6,080	10,200	8,617	328,397
P Muccilli	-	264,942	1,500	588	16,470	5,807	10,200	8,617	308,124
<b>Total</b>	<b>190,838</b>	<b>1,486,947</b>	<b>4,500</b>	<b>2,352</b>	<b>107,863</b>	<b>29,620</b>	<b>30,600</b>	<b>25,851</b>	<b>1,878,571</b>

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration 2014	At Risk – LTI 2014	At Risk – STI 2014
<b>Directors of Mincor Resources NL</b>			
DJ Humann (Chairman)	100%	-	-
DCA Moore	100%	-	-
JW Gardner	100%	-	-
IF Burston	100%	-	-
<b>Other Key Management Personnel of the consolidated entity</b>			
B Lynn	100%	-	-
GL Fariss	92%	8%	-
P Muccilli	91%	9%	-
B Fowler	70%	15%	15%

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### ii) Cash bonuses and share-based compensation benefits

For each cash bonus and grant of performance rights included in the above tables, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses are payable in future years.

Name	Cash Bonus		Share-based Compensation (options)			
	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which options may vest
DCA Moore	-	-	-	-	-	-
B Lynn	-	-	2011	-	100	2012
	-	-	2012	-	100	2013
GL Fariss	-	-	-	-	-	-
P Muccilli	-	-	-	-	-	-
B Fowler	75%	25%	2013	-	-	2015

Name	Share-based Compensation (performance rights)			
	Year granted	Vested %	Forfeited %	Financial years in which performance rights may vest
DCA Moore	-	-	-	-
B Lynn	2013	-	100	2016
GL Fariss	2013	-	-	2016
	2014	-	-	2017
P Muccilli	2013	-	-	2016
	2014	-	-	2017
B Fowler	2013	-	-	2015
	2014	-	-	2016

#### d) Service Agreements

Remuneration and other terms of employment for the Managing Director and other key management personnel are formalised in employment contracts. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party providing between one to three months' notice, subject to termination payments as detailed below.

##### *DCA Moore, Managing Director*

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2014 of \$600,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to three months of the base salary.

##### *B Lynn, Chief Financial Officer/Company Secretary (resigned 17 January 2014)*

- No set term of agreement
- Base salary, inclusive superannuation, for the year ended 30 June 2014 of \$384,000
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to three months of the base salary.

---

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### d) Service Agreements (continued)

*GL Fariss, Chief Financial Officer/Company Secretary (appointed 16 January 2014)*

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2014 of \$390,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to one month of the base salary.

*P Muccilli, Exploration Manager*

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2014 of \$282,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to one month of the base salary.

*B Fowler, General Manager, Kambalda Operations*

- No set term of agreement.
- Base salary, inclusive of superannuation, for the year ended 30 June 2014 of \$330,000.
- Short-term incentive bonus of up to \$50,000 per annum paid pro-rata to the achievement of KPI's for safety (40%), production (30%) and costs (30%).
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to one month of the base salary.

#### e) Share-based Compensation

##### i) Options

*Mincor Resources Senior Manager Share Options*

During the financial year ended 30 June 2013, the Company was required to issue 600,000 unlisted options to Mr B Fowler as part of a negotiation to secure his employment, and are considered to be a "one off" issue of options made outside of previously existing options plans which have all been terminated.

The options were granted to an employee on 13 September 2012 for no consideration, with an exercise price of \$1.16 and can be exercised any time between the date the options vest (12 September 2015) and the expiry date (12 September 2016), subject to the imposition of any specified vesting date determined at the discretion of the Directors.

When exercisable, each option is convertible into one ordinary share. Amounts receivable on the exercise of options are recognised as share capital.

The exercise price of the options was determined at the discretion of the Directors and was set to incentivise the employee to increase shareholder value.

The rules contain a restriction on removing the 'at risk' aspect of the instrument granted to the employee. The employee may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### e) Share-based Compensation (continued)

##### i) Options (continued)

The terms and conditions of these options affecting remuneration in the current or a future reporting period are as follows:

Grant Date	Date Vested and Exercisable	Expiry Date	Exercise Price	Value per Option at Grant Date
13 September 2012	100% after 12 September 2015	12 September 2016	\$1.16	\$0.1382

These options were granted to a senior manager, pursuant to specified terms and conditions.

All options granted carry no dividend or voting rights.

##### ii) Performance Rights

###### *Mincor Resources Performance Rights Plan*

The Mincor Resources Performance Rights Plan ("**Plan**") was introduced following approval by the Board of Directors on 15 August 2012. Persons eligible to participate in the Plan include executive directors and all employees of the Company or a Related Body Corporate of the Company.

Performance rights are granted under the Plan over ordinary shares for no consideration. Performance rights are granted subject to one or all of the following vesting conditions:

- **Service Condition**, usually a three-year period commencing from the time of grant;
- **Strategic Objectives Conditions** measured over the Service Condition period, including:
  - a **safety and sustainability component**;
  - an **operational performance component**, including production, cost control and growth in ore reserves; and
  - a **growth component**, including new mining operations, new exploration discoveries or assets and growth in mineral resources.

Each component of the Strategic Objectives Conditions is earned on a sliding scale basis depending on the degree of success achieved in meeting performance metrics. Certain components of the performance rights may be earned annually but will only be paid when the Service Condition is achieved.

All performance rights will automatically expire on the earlier of their expiry date or the date their holder ceases to be an employee of the Company, unless the Board determines to vary the expiry date in the event the holder ceased to be an employee because of retirement, redundancy, death or total and permanent disability.

Performance rights granted under the Performance Rights Plan will carry no dividend or voting rights. When exercised, each performance right will be converted into one ordinary share.

The terms and conditions of each grant of performance rights affecting remuneration in the current or future reporting periods are set out below:



**REMUNERATION REPORT (continued)****e) Share-based Compensation (continued)****ii) Performance Rights (continued)***Mincor Resources Performance Rights Plan (continued)*

Class	Grant Date	Vesting Date	Expiry Date	Vesting Conditions	Value per Performance Right at Grant Date
2014/1	20 January 2014	31 December 2016	20 January 2018	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2016.</p> <p><b>Performance Conditions</b> measured over the period 1 July 2013 to 30 June 2016 ("Performance Period") applying the following metrics:</p> <ul style="list-style-type: none"> <li>• safety and sustainability;</li> <li>• operational performance; and</li> <li>• achievement of growth objectives.</li> </ul> <p>The number of vested performance rights will be determined at the completion of the Performance Period based on the extent to which the performance metrics have been met.</p> <p>Performance Conditions are measured based on a sliding scale.</p>	\$0.61
2014/2	20 January 2014	31 December 2016	20 January 2018	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2016.</p> <p><b>Performance Conditions</b> measured over the period 1 July 2013 to 30 June 2016 ("Performance Period") applying the following metrics:</p> <ul style="list-style-type: none"> <li>• safety and sustainability;</li> <li>• operational performance; and</li> <li>• achievement of growth objectives.</li> </ul> <p>The number of vested performance rights will be determined at the completion of the Performance Period based on the extent to which the performance metrics have been met.</p> <p>Performance Conditions are measured based on a sliding scale.</p>	\$0.61
2014/3	20 January 2014	31 December 2016	20 January 2018	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2016.</p> <p><b>Performance Conditions:</b> None.</p>	\$0.61

**REMUNERATION REPORT (continued)****e) Share-based Compensation (continued)****ii) Performance Rights (continued)***Mincor Resources Performance Rights Plan (continued)*

Class	Grant Date	Vesting Date	Expiry Date	Vesting Conditions	Value per Performance Right at Grant Date
2013/1	31 January 2013	31 December 2015	30 January 2017	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2015.</p> <p><b>Performance Conditions</b> measured over the period 1 July 2012 to 30 June 2015 ("Performance Period") applying the following metrics:</p> <ul style="list-style-type: none"> <li>• safety and sustainability;</li> <li>• operational performance; and</li> <li>• achievement of growth objectives.</li> </ul> <p>The number of vested performance rights will be determined at the completion of the Performance Period based on the extent to which the performance metrics have been met.</p> <p>Performance Conditions are measured based on a sliding scale.</p>	\$0.94
2013/2	31 January 2013	31 December 2015	30 January 2017	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2015.</p> <p><b>Performance Conditions</b> measured over the period 1 July 2012 to 30 June 2015 ("Performance Period") applying the following metrics:</p> <ul style="list-style-type: none"> <li>• safety and sustainability; and</li> <li>• operational performance.</li> </ul> <p>The number of vested performance rights will be determined at the completion of the Performance Period based on the extent to which the performance metrics have been met.</p> <p>Performance Conditions are measured based on a sliding scale.</p>	\$0.94
2013/3	30 January 2013	31 January 2015	30 January 2017	<p><b>Service Condition:</b> Holder must remain an employee for a continuous period of 30 months ending 31 January 2015.</p> <p><b>Performance Conditions:</b> None.</p>	\$0.87
2013/4	30 January 2013	31 December 2015	30 January 2017	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2015.</p> <p><b>Performance Conditions:</b> None.</p>	\$0.87

The 2014/1 and 2014/2 Performance Rights were issued to certain senior executives/managers pursuant to the Company's remuneration strategy.

All eligible employees were granted 1,000 performance rights each under the 2014/3 issue of Performance Rights.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### e) Share-based Compensation (continued)

##### ii) Performance Rights (continued)

*Mincor Resources Performance Rights Plan (continued)*

*Performance rights provided as remuneration*

Details of performance rights over ordinary shares in the Company provided as remuneration to each Director of Mincor Resources NL and each of the key management personnel of the consolidated entity are set out below. Further information on the performance rights is set out in Note 31 to the financial statements.

Name	Number of Performance Rights Granted during the Year 2014	Number of Performance Rights Vested during the Year 2014
<b>Directors of Mincor Resources NL</b>		
DJ Humann (Chairman)	-	-
DCA Moore	-	-
JW Gardner	-	-
IF Burston	-	-
<b>Other Key Management Personnel of the consolidated entity</b>		
B Lynn	-	-
GL Fariss	84,000	-
P Muccilli	84,000	-
B Fowler	-	-

*Fair value of performance rights granted*

The assessed fair value at grant date of performance rights granted under the Mincor Resources Performance Rights Plan during the year ended 30 June 2014 is based on the market price of the Company's shares at grant date.

Further information on the performance rights is set out in Note 31 to the financial statements.

#### f) Additional Information

##### **Relationship between compensation and Company performance**

The overall level of key management personnel's compensation takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to the current and prior year. Average key management personnel compensation has increased by approximately 4.8% per annum. The following table outlines the Company's performance over the last five years.

In considering the consolidated entity's performance, due regard is given to shareholder wealth creation including dividends paid, movements in the market value of the Company's shares and any return of capital to shareholders. The following table summarises the performance of the Company over the last five financial years.

	2014	2013	2012	2011	2010
Net profit/(loss) attributable to shareholders of Mincor Resources NL (\$000)	1,848	(22,449)	242	(23,391)	28,100
Earnings/(loss) per share (cents)	1.0	(11.9)	0.0	(11.7)	14.1
Dividends paid (\$000)	7,528	7,528	7,854	16,049	14,012
Dividends paid per share (cents)	4.0	4.0	4.0	8.0	7.0
30 June share price (\$)	0.83	0.48	0.65	0.91	1.82

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### *Details of remuneration*

No ordinary shares in the Company were issued as a result of the exercise of remuneration options or the vesting of performance rights to each Director of Mincor Resources NL and other key management personnel of the consolidated entity during the year ended 30 June 2014.

### SHARES UNDER OPTION

Unissued ordinary shares in the Company under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price of Options	Number of Options
31 January 2011	30 January 2015	\$2.60	2,400,000
1 April 2011	31 March 2015	\$1.95	1,600,000
19 May 2011	18 May 2015	\$1.60	1,600,000
18 July 2011	17 July 2015	\$1.32	2,000,000
5 October 2011	4 October 2015	\$1.03	1,600,000
13 September 2012	12 September 2016	\$1.16	600,000
			<b>9,800,000</b>

No option holder has any right under the option to participate in any share issue of the Company or any other entity.

### SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares in the Company pursuant to the performance rights plan at the date of this report are as follows:

Date Performance Rights Granted	Expiry Date	Number of Performance Rights
30 January 2013	30 January 2017	118,000
31 January 2013	30 January 2017	450,000
30 January 2013	30 January 2017	30,000
31 January 2013	30 January 2017	736,000
20 January 2014	20 January 2018	420,000
20 January 2014	20 January 2018	290,000
20 January 2014	20 January 2018	100,000
		<b>2,144,000</b>

### SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of the Company were issued during and/or since the year ended 30 June 2014 and up to the date of this report on the exercise of options granted by the Company.

### SHARES ISSUED ON THE VESTING OF PERFORMANCE RIGHTS

No ordinary shares of the Company were issued during and since the year ended 30 June 2014 and up to the date of this report on the vesting of performance rights issue pursuant to the Mincor Resources Performance Rights Plan.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 13 August 2014 the Directors declared a fully franked dividend of 2 cents per share in respect of the year ended 30 June 2014.

---

## DIRECTORS' REPORT (continued)

### CORPORATE GOVERNANCE

The Company's corporate governance policies and practices are set out separately in the Annual Report.

### ENVIRONMENTAL MATTERS

The consolidated entity is subject to environmental regulation on its mineral properties. To this extent, the consolidated entity has raised rehabilitation provisions of \$7,161,000 (2013: \$4,993,000). To the best of the belief and knowledge of the Directors, no breach of environmental legislation occurred during the year and up to the date of this report. Further details on environmental policy are set out in the Annual Report under the Corporate Governance section and the Health, Safety and Environmental Policy section.

#### Greenhouse Gas and Energy Data Reporting Requirements

The consolidated entity is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007*.

The *Energy Efficiency Opportunities Act 2006* requires the consolidated entity to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the consolidated entity intends to take as a result.

The *National Greenhouse and Energy Reporting Act 2007* requires the consolidated entity to report its annual greenhouse gas emissions and energy use. The consolidated entity has implemented systems and processes for the collection and calculation of the data required and submitted its 2013/14 report to the Greenhouse and Energy Data Officer on 29 October 2013.

### INSURANCE OF OFFICERS

During the year the Company has paid a premium in respect of Directors' and Executive Officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

### NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are provided in Note 24 to the financial statements.

The board of Directors has considered the position and in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 24, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

## DIRECTORS' REPORT (continued)

### AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out separately in this report.

### ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & 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 that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Dated in Perth this 13th day of August 2014 in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "DCA Moore". The signature is fluid and cursive, with a prominent initial "D" and "M".

**DCA Moore**  
**Managing Director**



## Auditor's Independence Declaration

As lead auditor for the audit of Mincor Resources NL for the year ended 30 June 2014, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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 be 'P. Dreyer', written in a cursive style.

Pierre Dreyer  
Partner  
PricewaterhouseCoopers

Perth  
13 August 2014

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
<b>Revenue</b>	3	109,673	98,578
Mining contractor costs		(7,232)	(7,926)
Ore tolling costs		(13,509)	(13,078)
Utilities expense		(8,967)	(6,628)
Mining supplies and consumables		(7,722)	(7,811)
Royalty expense		(4,080)	(3,224)
Employee benefit expense		(21,172)	(26,904)
Finance costs	4	(215)	(259)
Foreign exchange (loss)/gain		(747)	2,430
Exploration costs expensed	4	(3,441)	(15,510)
Depreciation and amortisation expense	4	(29,606)	(34,249)
Impairment of property, plant and equipment	4	-	(2,821)
Other expenses from ordinary activities		(9,798)	(9,315)
<b>Profit/(loss) before income tax</b>		<b>3,184</b>	<b>(26,717)</b>
Income tax (expense)/benefit	5	(1,336)	4,268
<b>Profit/(loss) attributable to the members of Mincor Resources NL</b>		<b>1,848</b>	<b>(22,449)</b>
		<b>Cents</b>	<b>Cents</b>
Earnings/(loss) per share	30	1.0	(11.9)
Diluted earnings/(loss) per share	30	1.0	(11.9)

*The above Consolidated Income Statement should be read in conjunction with the accompanying notes.*



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
Profit/(loss) for the year		1,848	(22,449)
<b>Other Comprehensive (loss)/income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges	18	-	(5,116)
Income tax relating to these items	5(c)	-	1,535
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of other financial assets at fair value through other comprehensive income	18	(859)	(1,235)
Income tax relating to these items	5(c)	(1,670)	370
<b>Other comprehensive loss for the year, net of tax</b>		<u>(2,529)</u>	<u>(4,446)</u>
<b>Total comprehensive loss for the period attributable to the members of Mincor Resources NL</b>		<u>(681)</u>	<u>(26,895)</u>

*The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	29	25,647	34,269
Term deposits	29	25,000	25,392
Trade and other receivables	6	25,417	17,345
Inventory	7	3,217	3,437
<b>Total Current Assets</b>		79,281	80,443
<b>Non-Current Assets</b>			
Other financial assets at fair value through other comprehensive income	9	646	1,224
Property, plant and equipment	10	44,376	38,890
Evaluation and acquired exploration expenditure	11	13,165	13,248
Deferred tax asset	14	-	915
<b>Total Non-Current Assets</b>		58,187	54,277
<b>TOTAL ASSETS</b>		<b>137,468</b>	<b>134,720</b>
<b>Current Liabilities</b>			
Payables	12	13,524	9,477
Interest bearing liabilities	13	1,285	-
Provisions	15	3,241	3,785
Derivative financial instruments	8	68	-
<b>Total Current Liabilities</b>		18,118	13,262
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	13	2,400	-
Provisions	15	7,953	5,813
Deferred tax liabilities	16	1,238	-
<b>Total Non-Current Liabilities</b>		11,591	5,813
<b>TOTAL LIABILITIES</b>		29,709	19,075
<b>NET ASSETS</b>		<b>107,759</b>	<b>115,645</b>
<b>Equity</b>			
Contributed equity	17	23,663	23,663
Reserves	18	(1,359)	847
Retained earnings	19	85,455	91,135
<b>TOTAL EQUITY</b>		<b>107,759</b>	<b>115,645</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 YEAR ENDED 30 JUNE 2014

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total \$'000
<b>Balance at 1 July 2012</b>		23,663	121,112	4,933	149,708
Loss for the year		-	(22,449)	-	(22,449)
Other comprehensive loss for the year		-	-	(4,446)	(4,446)
Total comprehensive loss for the year		-	(22,449)	(4,446)	(26,895)
Transactions with owners in their capacity as owners:					
- Dividends provided for or paid	20	-	(7,528)	-	(7,528)
- Employee share options and performance rights	18	-	-	360	360
		-	(7,528)	360	(7,168)
<b>Balance at 30 June 2013</b>		<b>23,663</b>	<b>91,135</b>	<b>847</b>	<b>115,645</b>
Profit for the year		-	1,848	-	1,848
Other comprehensive loss for the year		-	-	(2,529)	(2,529)
Total comprehensive income/loss for the year		-	1,848	(2,529)	(681)
Transactions with owners in their capacity as owners:					
- Dividends provided for or paid	20	-	(7,528)	-	(7,528)
- Employee share options and performance rights	18	-	-	323	323
		-	(7,528)	323	(7,205)
<b>Balance at 30 June 2014</b>		<b>23,663</b>	<b>85,455</b>	<b>(1,359)</b>	<b>107,759</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 YEAR ENDED 30 JUNE 2014

	2014	2013
Note	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from customers (inclusive of GST)	109,585	111,284
Payments to suppliers and employees (inclusive of GST)	(79,216)	(88,189)
	30,369	23,095
Interest received	1,296	1,390
Other revenue	127	276
Interest paid	(65)	-
<b>Net Cash Inflow from Operating Activities</b>	29(a) 31,727	24,761
<b>Cash Flows from Investing Activities</b>		
Payments for other financial assets at fair value through other comprehensive income	-	(504)
Payments for acquisition of exploration properties	(15)	-
Payments for property, plant and equipment	(29,319)	(22,870)
Payments for exploration, evaluation and development expenditure	(3,595)	(10,192)
Repayment of loans	-	81
Proceeds from sale of property, plant and equipment	29	15
<b>Net Cash Outflow from Investing Activities</b>	(32,900)	(33,470)
<b>Cash Flows from Financing Activities</b>		
Lease payments	(313)	-
Dividends paid	(7,528)	(7,528)
<b>Net Cash Outflow from Financing Activities</b>	(7,841)	(7,528)
<b>Net Decrease in Cash and Cash Equivalents</b>	(9,014)	(16,237)
Cash at the Beginning of the Financial Year	59,661	75,898
<b>Cash at the End of the Financial Year</b>	29(b) 50,647	59,661

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Mincor Resources NL and its subsidiaries.

#### a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Mincor Resources NL is a for-profit entity for the purpose of preparing the financial statements.

##### **Compliance with IFRS**

The consolidated financial statements of the consolidated entity comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

##### **Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of other financial assets at fair value through other comprehensive income, financial assets and liabilities (including derivative instruments) at fair value through profit or loss or equity.

#### b) Principles of Consolidation

##### **Subsidiaries**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mincor Resources NL (“**Company**”) as at 30 June 2014 and the results of all subsidiaries for the year then ended. Mincor Resources NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the consolidated entity has control. The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(r)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### b) Principles of Consolidation (continued)

###### **Joint Arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The consolidated entity has both joint operations and joint ventures.

###### **(i) Joint Operations**

The consolidated entity recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in Note 27.

###### **(ii) Joint Ventures**

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

###### **(iii) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the consolidated entity.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

##### c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### d) Revenue Recognition

Sales revenue comprises revenue earned from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the product is delivered and:

- Risk has been passed to the customer;
- The product is in a form suitable for delivery;
- The quantity of the product can be determined with reasonable accuracy;
- The product has been dispatched to the customer and is no longer under the physical control of the producer; and
- The selling price can be determined with reasonable accuracy.

Sales revenue represents gross proceeds receivable from the customer. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal assay, weight, price and currency between the time of delivery and the time of final settlement of sales proceeds.

Interest income is recognised using the effective interest rate method.

##### e) Property, Plant and Equipment

Office property, plant and equipment is stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Office property, plant and equipment are depreciated or amortised over their estimated useful economic lives using either the straight line or reducing balance method. The expected useful lives are as follows:

- Plant and Equipment - 2 to 5 years
- Furniture and Fittings - 3 to 10 years

Refer to Notes 1(i), 1(j), 1(k) and 1(l) for the accounting policy with respect to exploration and evaluation expenditure, development properties, mine properties, and mine buildings, machinery and equipment.

An asset's carrying amount is written down immediately to its recoverable amount, in accordance with the accounting policy in 1(s), if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Companies within the Group may be entitled to claim special tax deductions for the investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

##### g) Foreign Currency Translation

###### i) *Functional and presentation currency*

Items included in the financial statements of each of the entities comprising the consolidated entity are measured using the currency of the primary economic environment in which the entity operates (**"the functional currency"**). The consolidated financial statements are presented in Australian dollars, which is Mincor Resources NL's functional and presentation currency.

###### ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### g) Foreign Currency Translation (continued)

###### ii) Transactions and balances (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities whose change in the fair value are presented in other comprehensive income are included in the related reserve in equity.

###### iii) Group companies

The results and financial position of all the entities comprising the consolidated entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or borrowings repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

##### h) Inventories

###### *Raw materials and stores, work in progress and finished goods*

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of stock on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

##### i) Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are initially capitalised when incurred and then written off except where they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### i) Exploration and Evaluation Expenditure (continued)

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

##### j) Development Expenditure

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure having a specific nexus with the development property.

Once a development decision has been taken, any deferred exploration and evaluation expenditure is transferred to "Development Expenditure".

All expenditure incurred prior to the commencement of commercial levels of production from each development property, is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until they are reclassified as "Mine Properties" following a decision to commence mining.

##### k) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the consolidated entity in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the associated future economic benefits will flow to the consolidated entity, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs are provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

##### l) Mine Buildings, Machinery and Equipment

The cost of each item of buildings, machinery and equipment is written off over its expected useful life using either the unit-of-production or straight-line method. Cost includes expenditure that is directly attributable to the acquisition of the items. The unit-of-production basis results in an amortisation charge proportional to the depletion of the recoverable mineral reserves. Each item's economic life has due regard to both its own physical life limitations and to present assessments of recoverable mineral reserves of the mine property at which the item is located, and to possible future variations in those assessments.

Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments of major items.

The expected useful lives are as follows:

- Mine buildings – the shorter of applicable mine life and 5 years;
- Machinery and equipment – the shorter of applicable mine life and 2 to 10 years, depending on the nature of the asset.

---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### m) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets. Qualifying assets are assets that take more than 12 months to prepare for their intended use or sale.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year. No interest was capitalised in 2014 (2013: Nil).

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings;
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings, and
- Finance lease charges.

##### n) Leased Non-Current Assets

Leases of property, plant and equipment where the consolidated entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated in accordance with policy 1(e) above.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the consolidated entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

##### o) Employee Benefits

###### i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

###### ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **o) Employee Benefits (continued)**

###### **ii) Other long-term employee benefit obligations (continued)**

The obligations are presented as current liabilities in the statement of financial position if the consolidated entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

###### **iii) Share-based payments**

Share-based compensation benefits are provided to employees via the Mincor Resources NL Executive Share Option Scheme and Mincor Resources Performance Rights Plan.

The fair value of options granted under the Mincor Resources Executive Share Option Scheme and performance rights granted under the Mincor Resources Performance Rights Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or performance rights.

The fair value of options at grant date is independently determined using a Binomial option valuation model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of performance rights at grant date was calculated based on the market price of the Company's share price on the date, and adjusted to take into account the likelihood that all vesting conditions will be met during the Performance Period.

The fair value of the options and performance rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options and performance rights that are expected to vest. At each statement of financial position date, the entity revises its estimate of the number of options and performance rights that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

##### **p) Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes deposits at call with financial institutions, term deposits, short-term bank bills, and cash at bank and in transit, all of which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

##### **q) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

##### **r) Business Combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### r) Business Combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with the changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

##### s) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

##### t) Investments and Other Financial Assets

###### i) Classification

The consolidated entity classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss;
- Trade and other receivables; and
- Other financial assets at fair value through other comprehensive income.

The classification depends on the purpose for which the financial assets were acquired. The consolidated entity determines the classification of its financial assets at initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### t) Investments and Other Financial Assets (continued)

###### i) Classification (continued)

###### A) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading or equity investments for which the consolidated entity has not irrevocably elected to recognise any movements in their fair value through reserves. Financial assets held for trading are classified in this category if acquired principally for the purpose of selling in the short term. The policy of management is to designate a financial asset held for trading if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value.

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current assets.

All equity investments are measured at fair value. Equity investments are measured at fair value through profit or loss unless the consolidated entity has made an irrevocable election at initial recognition of each investment to account for changes in fair value through other comprehensive income ("OCI") or profit or loss (refer (C) below).

###### B) Trade and other receivables

Trade and other receivables arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets.

###### C) Other financial assets at fair value through other comprehensive income

Equity investments which are not held for trading and for which the consolidated entity has irrevocably elected to recognise any movements in their fair value through reserves are classified as other financial assets at fair value through other comprehensive income.

###### ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the consolidated entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

###### iii) Measurement

At initial recognition, the consolidated entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade and other receivables are carried at amortised cost using the effective interest method.

The consolidated entity subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses in the income statement as applicable. Interest income from these financial assets is included in the net gains/(losses). Dividend income is presented as other revenue.

Changes in the fair value of financial assets at fair value through other comprehensive income are recognised in reserves. There is no subsequent reclassification of fair value gains and losses to profit or loss for these financial assets. Dividends from such investments continue to be recognised in profit or loss as other revenue when the consolidated entity's right to receive payments is established and as long as they represent a return on investment.

Details on how the fair value of financial instruments is determined are disclosed in Note 2.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### t) Investments and Other Financial Assets (continued)

###### iv) Impairment

The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. No impairment assessment is required for assets classified as financial assets at fair value through other comprehensive income.

###### *Assets carried at amortised cost*

For trade and other receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the consolidated entity may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

##### u) Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- Hedges of highly probable forecast transactions (cash flow hedges).

The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 8. Movements in the hedging reserve in shareholders' equity are shown in Note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or a liability when the remaining maturity of the hedged item is less than 12 months.

###### i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective investment rate.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### u) Derivatives and Hedging Activities (continued)

###### ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are reclassified from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

###### iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

##### v) Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

##### w) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Where the consolidated entity purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the consolidated entity. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the consolidated entity.



---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### x) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the reporting period but not distributed at the end of the reporting period.

##### y) Earnings per Share

###### i) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

###### ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

##### z) Rehabilitation and Mine Closure Costs

The consolidated entity has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment.

Under AASB 116 *Property, Plant and Equipment*, the cost of an asset includes any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life.

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* requires a provision to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a pre-tax discount rate that reflects the time value of money. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised as a borrowing cost.

##### aa) Royalties

Royalties, to the extent that they represent period costs, are accrued and charged against earnings when the liability from production or sale of the mineral crystallises.

In the case of business combinations, future royalty payments may represent contingent purchase consideration. Where this is the case and an estimate of the probable payments can be reliably measured, such amounts are included in the cost of the business combination.

##### ab) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### ac) Critical Accounting Estimates and Judgements

Critical accounting estimates and judgements are continually evaluated and are based on management's historical experience and knowledge of relevant facts and circumstances at that time.

The consolidated entity makes estimates and judgements concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amounts of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. Information on such estimates and judgements are contained in the accounting policies and/or notes to the financial statements.

Key accounting estimates include:

- estimation of sales revenue when product is delivered (Note 1(d));
- estimation of royalties based on estimated sales revenue;
- estimation of dismantling, restoration costs, environmental clean-up costs and the timing of this expenditure (Notes 1(z) and 15);
- asset carrying value and impairment charges;
- determination of ore reserves; and
- capitalisation and impairment of exploration and evaluation expenditure.

Critical judgements in applying the entity's accounting policies include determining the effectiveness of forward foreign exchange contracts and futures commodity contracts as cash flow hedges and fair value hedges (Note 1(u)).

##### ad) Parent Entity Financial Information

The financial information for the parent entity, Mincor Resources NL disclosed in Note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below.

###### *i) Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Mincor Resources NL. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

###### *ii) Tax consolidation legislation*

Mincor Resources NL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Mincor Resources NL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Mincor Resources NL recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mincor Resources NL for any current tax payable assumed and are compensated by Mincor Resources NL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mincor Resources NL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### ad) Parent Entity Financial Information (continued)

###### ii) *Tax consolidation legislation (continued)*

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

###### iii) *Financial guarantees*

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

##### ae) New Accounting Standards and Interpretations

There are no standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

##### af) Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 2 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts and commodity price futures to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments.

Financial risk management is carried out by senior management utilising policies approved by the Board of Directors. The Board provides written policies covering specific areas, such as mitigating foreign exchange and price risks, use of derivative financial instruments and investing excess liquidity. The consolidated entity uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, commodity price and interest rate risks.

The consolidated entity hedges less than 60% of its proved and probable ore reserves from its combined operations. The consolidated entity will not hedge more than 80% of its budgeted or forecast production over any six-month period and will not enter into hedging contracts that terminate less than six months before planned exhaustion of ore reserves.

There has been no change to the consolidated entity's exposure to market risks or the manner in which it manages and measures the risk.

#### a) Market Risk

##### i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. The entity manages its foreign exchange risk exposure arising from future commercial transactions through sensitivity analysis, cash flow management and forecasting and where appropriate, utilises derivative financial instruments to reduce foreign exchange risk exposure.

The consolidated entity is exposed to foreign exchange risk principally through the sale of commodities denominated in US dollars. The consolidated entity hedges part of this exposure through the use of derivative instruments in accordance with policies approved by the Board of Directors.

The consolidated entity's exposure to foreign currency risk at the end of the reporting period was as follows:

	30 June 2014 USD \$'000	30 June 2013 USD \$'000
Cash and cash equivalents	17,613	15,818
Trade and other receivables	22,555	14,414
Derivative financial instruments - Futures commodity contracts	(64)	-
Interest bearing liabilities	(1,025)	-

##### Group sensitivity

Based on the financial instruments held at 30 June 2014, had the Australian dollar strengthened/weakened by 10% against the US dollar, with all other variables held constant, the consolidated entity's post-tax profit for the year would have been \$2,644,000 lower/\$3,232,000 higher (2013: post-tax loss \$2,056,000 higher/\$2,512,000 lower), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated trade receivables and US dollar denominated cash and cash equivalents.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 2

#### FINANCIAL RISK MANAGEMENT (continued)

##### a) Market Risk (continued)

###### ii) Price risk

The consolidated entity is exposed to commodity price risk. Commodity price risk arises from the sales of nickel, copper and cobalt. The entity manages its commodity price risk exposure arising from future commodity sales through sensitivity analysis, cash flow management and forecasting and where appropriate, utilises derivative financial instruments to reduce price risk.

###### Group sensitivity

Based on the financial instruments held at 30 June 2014, had commodity prices strengthened/weakened by 10% against those recognised, with all other variables held constant, the consolidated entity's post-tax profit for the year would have been \$1,676,000 higher/\$1,676,000 lower (2013: post-tax loss \$1,842,000 lower/\$1,842,000 higher).

###### iii) Other price risk

The consolidated entity is exposed to equity security price risk which arises from investments held by the consolidated entity and which are classified as assets held at fair value through other comprehensive income. Equity security price risk arises from market fluctuations in the price of listed equity instruments.

###### Group sensitivity

Based on the equity instruments held at 30 June 2014, had share prices strengthened/weakened by 10% against those recognised with all other variables held constant, the consolidated entity's equity would have been \$65,000 higher/\$65,000 lower (2013: equity \$117,000 higher/\$117,000 lower).

###### iv) Cash flow interest rate risk

Interest rate risk arises from the consolidated entity's cash and cash equivalents earning interest at variable rates. The significance and management of the risks to the consolidated entity and the parent entity are dependent on a number of factors including:

- Interest rates;
- Level of cash, liquid investments and borrowings and their term;
- Maturity dates of investments.

At the end of the reporting period, the consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	30 June 2014		30 June 2013	
	Weighted Average Interest Rate	Balance \$'000	Weighted Average Interest Rate	Balance \$'000
Cash and cash equivalents including term deposits	2.05%	50,647	2.44%	59,661

The Group's fixed rate term deposits are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rate.

The risk is managed by the consolidated entity by maintaining an appropriate mix between short-term fixed and floating rate cash and cash equivalents.

###### Group sensitivity

Based on the financial instruments at 30 June 2014, if interest rates had changed by +/-50 basis points from the year end rates, with all other variables held constant, post-tax profit and equity for the year would have been \$177,000 higher/\$112,000 lower (2013: post-tax loss and equity \$120,000 lower/\$120,000 higher).

The consolidated entity's interest bearing liabilities have not been included in the sensitivity analysis as their possible impact on profit or loss or total equity is not considered material.

---

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 2

#### FINANCIAL RISK MANAGEMENT (continued)

##### b) Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to trade customers, including outstanding receivables and committed transactions and represents the potential financial loss if counterparties fail to perform as contracted. The consolidated entity has credit policies in place and the exposure to credit risk is monitored on an ongoing basis.

All revenue from operations and related trade receivables balances are due from BHP Billiton Limited pursuant to Ore Tolling and Concentrate Purchase Agreements. The receivables balances are monitored on an ongoing basis.

The age analysis of trade receivables past due but not impaired is disclosed in Note 6. The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is also disclosed in Note 6.

For cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, the consolidated entity controls credit risk by setting minimum creditworthiness requirements of counterparties, which for banks and financial institutions is a Standard & Poor's rating of A or better.

The carrying amount of financial assets recorded in the statement represents the consolidated entity's exposure to credit risk.

##### c) Liquidity Risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the operating commitments of the business.

The consolidated entity aims at maintaining flexibility in funding to meet ongoing operational requirements, exploration and development expenditure and small-to-medium sized business development opportunities by prudent cash flow management and maintaining committed credit facilities.

To the extent that the consolidated entity has liabilities on its cash flow hedges, the consolidated entity expects to produce sufficient nickel from its nickel operations to deliver into its committed hedge contracts.

The consolidated entity had access to a bonding facility. Refer to Note 13 for details at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

#### c) Liquidity Risk (continued)

##### **Contractual maturities of financial liabilities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities and derivatives. The amounts presented represent the future undiscounted principal and interest cash flows.

CONSOLIDATED	Less than 1 year \$'000	Between 1 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount (assets)/liabilities \$'000
<b>AT 30 JUNE 2014</b>				
<b>Non-Derivative Financial Liabilities</b>				
Trade payables	4,651	-	4,651	4,651
Finance lease liabilities	1,423	2,498	3,921	3,685
Non-interest bearing liabilities	8,873	-	8,873	8,873
<b>Total Non-Derivative Financial Liabilities</b>	<b>14,947</b>	<b>2,498</b>	<b>17,445</b>	<b>17,209</b>
<b>Derivatives – commodity contracts</b>				
Net settled	68	-	68	68
<b>AT 30 JUNE 2013</b>				
<b>Non-Derivative Financial Liabilities</b>				
Trade payables	2,681	-	2,681	2,681
Non-interest bearing liabilities	6,796	-	6,796	6,796
<b>Total Non-Derivative Financial Liabilities</b>	<b>9,477</b>	<b>-</b>	<b>9,477</b>	<b>9,477</b>

There are no derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

#### d) Fair Value Measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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) (level 2); and

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 2

#### FINANCIAL RISK MANAGEMENT (continued)

##### d) Fair Value Measurement (continued)

- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>GROUP – AT 30 JUNE 2014</b>				
<b>Assets</b>				
Trade and other receivables	4,360	20,041	-	24,401
Other financial assets at fair value through other comprehensive income	646	-	-	646
<b>Total Assets</b>	<b>5,006</b>	<b>20,041</b>	<b>-</b>	<b>25,047</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	68	-	68
<b>Total Liabilities</b>	<b>-</b>	<b>68</b>	<b>-</b>	<b>68</b>
<b>GROUP – AT 30 JUNE 2013</b>				
<b>Assets</b>				
Trade and other receivables	-	17,345	-	17,345
Other financial assets at fair value through other comprehensive income	1,224	-	-	1,224
<b>Total Assets</b>	<b>1,224</b>	<b>17,345</b>	<b>-</b>	<b>18,569</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the 30 June 2014 bid price. These instruments are included in level 1.

The fair value of the derivative financial instruments held by the Group is calculated in-house using published market data to determine market valuations. These instruments are included in level 2.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 3 REVENUE

	2014 \$'000	2013 \$'000
<b>Revenue</b>		
Sale of goods	107,991	96,641
<b>Other Revenue</b>		
Interest income	1,276	1,569
Dividends	281	-
Sundry income	125	368
	<b>109,673</b>	<b>98,578</b>

### NOTE 4 EXPENSES

	2014 \$'000	2013 \$'000
Profit/(loss) before income tax includes the following specific expenses:		
<b>Expenses</b>		
Cost of sale of goods	55,934	55,244
Finance costs		
- Interest paid or due and payable to other persons	96	32
- Unwinding of discount on rehabilitation	119	227
	<u>215</u>	<u>259</u>
Exploration expenditure written off	3,441	15,510
Rental expenses relating to operating leases	546	783
Government royalty expense	3,717	2,412
Defined contribution superannuation expense	2,440	2,153
Impairment		
- Property, plant and equipment (refer Note 10)	-	2,821
	<u>-</u>	<u>2,821</u>
Depreciation and amortisation:		
- Mine property	25,941	30,696
- Plant and equipment	3,665	3,553
	<u>29,606</u>	<u>34,249</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 5 INCOME TAX EXPENSE

	2014 \$'000	2013 \$'000
<b>a) Income tax expense/(benefit)</b>		
Deferred tax	1,334	(4,345)
Under provision in prior year	2	77
<b>Aggregate income tax expense/(benefit)</b>	<b>1,336</b>	<b>(4,268)</b>
<b>b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit/(loss) before income tax expense	3,184	(26,717)
Tax at the Australian tax rate of 30% (2013: 30%)	955	(8,015)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Amortisation of property, plant and equipment	113	151
- PNG exploration expenditure write off (i)	135	3,415
- Under provision in prior year	2	77
- Share-based payment	97	108
- Sundry items	34	(4)
<b>Income tax expense/(benefit)</b>	<b>1,336</b>	<b>(4,268)</b>
<b>c) Tax expense/(income) relating to items of other comprehensive income</b>		
Other financial assets at fair value through other comprehensive income (Note 18)	1,670	(370)
Cash flow hedges (Note 18)	-	(1,535)
	<b>1,670</b>	<b>(1,905)</b>
<b>d) Franking credits</b>		
Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%)	67,830	71,057

The amounts represent the balance of the franking account as at the reporting date, adjusted for:

- i) Franking credits that will arise from the payment of the current tax liability;
- ii) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- iii) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- iv) Franking credits that may be prevented from being distributed in subsequent financial years.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 6 TRADE AND OTHER RECEIVABLES

	2014 \$'000	2013 \$'000
<b>Current</b>		
Trade receivables	23,967	15,380
Other receivables	434	766
Prepayments	1,016	1,199
	25,417	17,345

The total revenue from operations and the related trade receivables' balances are due from BHP Billiton Limited pursuant to Ore Tolling and Concentrate Purchase Agreements.

#### a) Impaired Receivables

The consolidated entity has no impaired receivables (2013: Nil).

#### b) Past Due but Not Impaired

Financial assets that are neither past due or impaired are trade receivables with companies with a good collection track record with the consolidated entity.

Where financial assets are past due but not impaired, the consolidated entity has assessed that the credit quality of these amounts has not changed and the amounts are still considered recoverable.

None of the current and non-current trade and other receivables are either impaired or past due but not impaired (2013: Nil).

#### c) Effective Interest Rate and Credit Risk

All receivables in 2014 and 2013 are non-interest bearing and therefore have no exposure to interest rate risk. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The consolidated entity does not hold collateral as security. Refer to Note 2 for more information on the risk management policy of the consolidated entity.

#### d) Foreign Exchange Risk

Note 2(a)(i) details the trade and other receivables not denominated in Australian dollars and provides an analysis of the sensitivity of trade and other receivables to foreign exchange risk.

### NOTE 7 INVENTORY

	2014 \$'000	2013 \$'000
Stores at cost	3,076	3,437
Work in progress	141	-
	3,217	3,437

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 8 DERIVATIVE FINANCIAL INSTRUMENTS

	2014 \$'000	2013 \$'000
<b>Current Liabilities</b>		
Futures commodity contracts – fair value hedges	(68)	-
<b>Total Current Derivative Financial Instrument Liabilities</b>	(68)	-
<b>Net Derivative Financial Instrument Liabilities</b>	(68)	-

#### a) Instruments used by the Consolidated Entity

The consolidated entity is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in future commodity price and foreign exchange rates. There are no forward exchange contracts or commodity price contracts in place at 30 June 2014 (2013: Nil).

#### b) Interest rate, foreign exchange and commodity price risk

An analysis of the sensitivity of derivatives to interest rate, foreign exchange and commodity price risk is provided at Note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial assets mentioned above.

### NOTE 9 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2014 \$'000	2013 \$'000
<b>a) Other Financial Assets at Fair Value through Other Comprehensive Income</b>		
At beginning of year	1,224	1,954
Additions	-	505
Reclassification adjustment – In-specie dividend	281	-
Revaluation in current year transferred to equity (Note 18)	(859)	(1,235)
At end of year	646	1,224
Represented by:		
Equity securities – listed	646	1,224

#### b) Listed Investments

An analysis of the sensitivity of other financial assets at fair value through other comprehensive income is provided in Note 2.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 10  
PROPERTY, PLANT AND EQUIPMENT

Consolidated	Mine Property & Development \$'000	Plant & Equipment \$'000	Leased Plant & Equipment \$'000	Total \$'000
<b>At 30 June 2012</b>				
Cost	379,827	53,408	-	433,235
Accumulated depreciation	(334,620)	(45,100)	-	(379,720)
Net book amount	45,207	8,308	-	53,515
<b>Year ended 30 June 2013</b>				
Opening net book amount	45,207	8,308	-	53,515
Additions	20,122	2,323	-	22,445
Depreciation/amortisation charge	(30,696)	(3,553)	-	(34,249)
Impairment loss	(2,821)	-	-	(2,821)
Closing net book amount	31,812	7,078	-	38,890
<b>At 30 June 2013</b>				
Cost	397,128	55,731	-	452,859
Accumulated depreciation	(365,316)	(48,653)	-	(413,969)
Net book amount	31,812	7,078	-	38,890
<b>Year ended 30 June 2014</b>				
Opening net book amount	31,812	7,078	-	38,890
Additions	31,310	618	4,041	35,969
Disposals	(851)	(26)	-	(877)
Depreciation/amortisation charge	(25,941)	(3,436)	(229)	(29,606)
Closing net book amount	36,330	4,234	3,812	44,376
<b>At 30 June 2014</b>				
Cost	427,587	56,323	4,041	487,951
Accumulated depreciation	(391,257)	(52,089)	(229)	(443,575)
Net book amount	36,330	4,234	3,812	44,376

Refer to Note 13 for information on non-current assets pledged as security by the parent entity or its controlled entities.

NOTE 11  
EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	2014 \$'000	2013 \$'000
<b>Exploration and Evaluation Expenditure</b>		
Opening balance	13,248	18,415
Current year expenditure	3,441	10,193
Cost of acquisition – new tenements	15	-
Revaluation of rehabilitation provision	(98)	150
Expenditure written off in current year	(3,441)	(15,510)
<b>Total Exploration, Evaluation and Development Expenditure</b>	<b>13,165</b>	<b>13,248</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 12 PAYABLES

	2014 \$'000	2013 \$'000
<b>Current</b>		
Trade payables	4,651	2,681
Other creditors and accruals	8,873	6,796
	<u>13,524</u>	<u>9,477</u>

#### a) Foreign Currency Risk

Note 2(a)(i) details the trade and other payables not denominated in Australian dollars. An analysis of the sensitivity of trade and other payables to foreign exchange and foreign currency risk is provided at Note 2.

### NOTE 13 INTEREST-BEARING LIABILITIES

	2014 \$'000	2013 \$'000
<b>Current</b>		
Lease liabilities (secured)	1,285	-
<b>Non-Current</b>		
Lease liabilities (secured)	2,400	-

#### Financing Arrangements

Entities in the consolidated entity have access to the following financing arrangements at balance date:

	2014 \$'000	2013 \$'000
Bonding Facility – secured	2,000	2,000
Asset Purchase Facility (USD\$) - secured	10,616	-
Asset Purchase Facility (AUD\$) – secured	2,931	-
Less: Draw down portion	(5,307)	(1,345)
	<u>10,240</u>	<u>655</u>

The Bonding Facility is denominated in Australian dollars and is secured by a first ranking charge over the assets and undertakings of the parent entity and consolidated entities. An annual performance bond fee is charged at market rates.

The Asset Purchase Facility (USD\$) is denominated in US dollars and is translated into Australian dollars at the year-end exchange rate; it is secured by the assets purchased under this agreement.

At the end of the lease term the consolidated entity acquires ownership of assets purchased under financing arrangements.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 14 DEFERRED TAX ASSETS

	2014 \$'000	2013 \$'000
The balance comprises temporary differences attributable to:		
Tax losses	10,694	5,305
Inventory	158	153
Employee benefits	1,259	1,427
Rehabilitation	1,564	1,498
Other	215	134
	13,890	8,517
<i>Amounts recognised directly in equity</i>		
Other financial assets at fair value through other comprehensive income	-	1,670
	-	1,670
Total deferred tax assets	13,890	10,187
Set-off deferred tax liabilities pursuant to set-off provisions (refer Note 16)	(13,890)	(9,272)
Net deferred tax assets	-	915
Deferred tax assets expected to be settled within 12 months	1,512	1,714
Deferred tax assets expected to be settled after more than 12 months	12,378	8,473
	13,890	10,187

Management has made an assessment of the probability that sufficient future taxable income (including the reversal of taxable temporary differences) will be generated to utilise the carried forward tax losses, and concluded that recognition of deferred tax assets on such losses is appropriate.

The consolidated entity has entered into a tax funding agreement. Refer to Note 1(ad)(ii).

### NOTE 15 PROVISIONS

	2014 \$'000	2013 \$'000
<b>Current</b>		
Employee benefits (b)	3,241	3,785
<b>Non-Current</b>		
Employee benefits (b)	792	820
Rehabilitation (a)	7,161	4,993
	7,953	5,813

#### Mine Rehabilitation

In accordance with State government legislative requirements, a provision for mine rehabilitation has been recognised in relation to the consolidated entity's nickel mining operations. The basis for accounting is set out in Note 1(z) of the significant accounting policies. Because of the long-term nature of the liability, the key uncertainty in estimating the provision is the costs that will be incurred and the life of the mine.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 15

#### PROVISIONS (continued)

##### a) *Movements in provisions*

Movements in the rehabilitation provision during the financial year are set out below.

	2014 \$'000	2013 \$'000
<b>Rehabilitation</b>		
Carrying amount at start of year	4,993	4,943
Additional provision	-	150
Revaluation of provision	2,049	(327)
Charged to profit or loss		
- unwinding of discount	119	227
Carrying amount at end of year	<u>7,161</u>	<u>4,993</u>

##### b) *Amounts not expected to be settled within the next 12 months*

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2014 \$'000	2013 \$'000
Leave obligation expected to be settled after 12 months	<u>317</u>	<u>366</u>

### NOTE 16

#### DEFERRED TAX LIABILITIES

	2014 \$'000	2013 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Trade receivables	5,620	4,399
Property, plant and equipment	6,137	515
Evaluation and acquired exploration	3,371	4,217
Other	-	141
<b>Total deferred tax liabilities</b>	<u>15,128</u>	<u>9,272</u>
Set-off deferred tax liabilities pursuant to set-off provisions (refer Note 14)	<u>(13,890)</u>	<u>(9,272)</u>
<b>Net deferred tax liabilities</b>	<u>1,238</u>	<u>-</u>
Deferred tax liabilities expected to be settled within 12 months	5,620	4,539
Deferred tax liabilities expected to be settled after more than 12 months	9,508	4,733
	<u>15,128</u>	<u>9,272</u>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 17 CONTRIBUTED EQUITY

#### a) Issued and Paid-up Capital

	2014 \$'000	2013 \$'000
Fully paid ordinary shares 188,208,274 (2013: 188,208,274)	23,663	23,663

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

2014	No. of Shares	Issue Price	\$'000
Opening and Closing balance	188,208,274		23,663

  

2013	No. of Shares	Issue Price	\$'000
Opening and Closing balance	188,208,274		23,663

#### c) Options

At 30 June 2014 options to take up shares in Mincor Resources NL are as follows:

Number and Class	Issue Date	Expiry Date	Exercise Price
2,400,000 unlisted <sup>(1)</sup>	31 January 2011	30 January 2015	260 cents per share
1,600,000 unlisted <sup>(1)</sup>	1 April 2011	31 March 2015	195 cents per share
1,600,000 unlisted <sup>(1)</sup>	19 May 2011	18 May 2015	160 cents per share
2,000,000 unlisted <sup>(1)</sup>	18 July 2011	17 July 2015	132 cents per share
1,600,000 unlisted <sup>(1)</sup>	5 October 2011	4 October 2015	103 cents per share
600,000 unlisted <sup>(2)</sup>	13 September 2012	12 September 2016	116 cents per share

<sup>(1)</sup> Options have been granted under the Executive Share Option Scheme to certain senior executives. Each option entitles the holder to acquire one ordinary share by payment of the exercise price prior to the expiry date.

<sup>(2)</sup> Options were granted to a senior manager. Each option entitles the holder to acquire one ordinary share by payment of the exercise price prior to the expiry date.

#### d) Performance Rights

At 30 June 2014 performance rights issued pursuant to the Mincor Resources Performance Rights Plan to take up shares in Mincor Resources NL are as follows:

Number and Class	Issue Group	Issue Date	Expiry Date
1,186,000 unlisted	Senior executives/managers	31 January 2013	30 January 2017
30,000 unlisted	Senior manager	30 January 2013	30 January 2017
118,000 unlisted	All employees	30 January 2013	30 January 2017
626,000 unlisted	Senior executives/managers	20 January 2014	20 January 2018
100,000 unlisted	All employees	20 January 2014	20 January 2018
84,000 unlisted	Senior executives/managers	7 February 2014	7 February 2018

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 17

#### CONTRIBUTED EQUITY (continued)

##### e) Capital Risk Management

The consolidated entity manages its capital to ensure entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of its capital structure comprising equity, debt and cash.

The capital structure of the consolidated entity consists of debt, which includes borrowings disclosed in Note 13, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings as disclosed in Notes 18 and 19 respectively.

The consolidated entity reviews the capital structure on an ongoing basis. As part of this review the consolidated entity considers the cost of capital and the risks associated with each class of capital. Based on recommendations from the Board of Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs, new debt or the refinancing or repayment of existing debt.

The consolidated entity reviews its gearing level. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'interest bearing debt' and 'trade and other payables' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

As the consolidated entity had no net debt at 30 June 2014, its gearing level was Nil (30 June 2013: Nil).

### NOTE 18 RESERVES

	2014 \$'000	2013 \$'000
Other financial assets at fair value through other comprehensive income	(6,426)	(3,897)
Share-based payments	5,067	4,744
	<u>(1,359)</u>	<u>847</u>
<b>Movements:</b>		
<i>Other financial assets at fair value through other comprehensive income</i>		
Balance at 1 July	(3,897)	(3,032)
Revaluation – gross (Note 9)	(859)	(1,235)
Deferred tax (Note 14)	(1,670)	370
Balance at 30 June	<u>(6,426)</u>	<u>(3,897)</u>
<i>Cash flow hedges</i>		
Balance at 1 July	-	3,581
Revaluation – net	-	(5,116)
Deferred tax (Note 16)	-	1,535
Balance at 30 June	<u>-</u>	<u>-</u>
<i>Share-based payments</i>		
Balance at 1 July	4,744	4,384
Option expense (Note 31)	28	242
Performance rights expense (Note 31)	295	118
Balance at 30 June	<u>5,067</u>	<u>4,744</u>

#### Nature and Purpose of Reserves

##### i) Other financial assets at fair value through other comprehensive income

Changes in the fair value and exchange differences arising on translation of investments, such as equities, are recognised in other comprehensive income, as described in Note 1(t).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 18 RESERVES (continued)

#### Nature and Purpose of Reserves (continued)

##### ii) Cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 1(u). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

##### iii) Share-based payments

The share-based payments reserve is used to recognise the fair value of options and performance rights at grant date issued to employees but not exercised.

### NOTE 19 RETAINED EARNINGS

	2014 \$'000	2013 \$'000
Balance 1 July	91,135	121,112
Profit/(loss) for the year	1,848	(22,449)
Dividends paid (Note 20)	(7,528)	(7,528)
Balance 30 June	<u>85,455</u>	<u>91,135</u>

### NOTE 20 DIVIDENDS

#### a) Ordinary Shares

	2014 \$'000	2013 \$'000
Final fully franked dividend for the year ended 30 June 2013 of 2 cents (2013: 2 cents) per fully paid ordinary shares paid on 25 September 2013 (2013: 26 September 2012)	3,764	3,764
Interim fully franked dividend for the year ended 30 June 2014 of 2 cents (2013: 2 cents) per fully paid ordinary share paid on 21 March 2014 (2013: 22 March 2013)	3,764	3,764
	<u>7,528</u>	<u>7,528</u>

#### b) Dividends Not Recognised at Year End

The Directors have recommended the payment of a final dividend of 2 cents per fully paid ordinary share, (2013: 2 cents) fully franked based on tax paid at 30% (2013: 30%). The aggregate amount of the proposed dividend expected to be paid on 24 September 2014 out of retained earnings at 30 June 2014, but not recognised as a liability at year end is \$3,764,000.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 21

#### KEY MANAGEMENT PERSONNEL DISCLOSURES

##### a) Directors

The following persons were Directors of Mincor Resources NL during the financial year:

- DJ Humann – Non-executive Chairman
- DCA Moore – Managing Director
- JW Gardner – Non-executive Director
- IF Burston – Non-executive Director

##### b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

- B Lynn – Chief Financial Officer/Company Secretary (resigned effective 17 January 2014)
- GL Fariss – Chief Financial Officer/Company Secretary (appointed 16 January 2014)
- P Muccilli – Exploration Manager
- B Fowler – General Manager, Kambalda Operations

All the above persons are employees of Mincor Resources NL and were also key management persons during the year ended 30 June 2013 except Mr B Fowler.

##### c) Key Management Personnel Compensation

	2014	2013
	\$	\$
Short-term employee benefits	2,055,044	1,684,637
Post-employment benefits	137,663	107,863
Long-term employment benefits	34,624	29,620
Share-based payments	121,769	56,451
	2,349,100	1,878,571

Detailed remuneration disclosures can be found in sections (a) to (e) of the Remuneration Report contained in the Directors' Report.

##### d) Equity Instruments Disclosures relating to Key Management Personnel

###### i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of options, together with terms and conditions of the options, can be found in section (e) of the Remuneration Report contained in the Directors' Report.

###### ii) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Mincor Resources NL and other key management personnel of the consolidated entity, including their personally-related parties, are set out below.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 21

#### KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

##### d) Equity Instruments Disclosures relating to Key Management Personnel (continued)

###### ii) Option holdings (continued)

2014 Name	Balance at start of year	Granted as compensation	Exercised	Other changes	Balance at end of year	Vested and exercisable	Unvested
<b>Directors of Mincor Resources NL</b>							
DJ Humann (Chairman)	-	-	-	-	-	-	-
DCA Moore	-	-	-	-	-	-	-
JW Gardner	-	-	-	-	-	-	-
IF Burston	-	-	-	-	-	-	-
<b>Other Key Management Personnel</b>							
B Lynn	1,800,000	-	-	(1,800,000)	-	-	-
GL Fariss	1,800,000	-	-	-	1,800,000	1,800,000	-
P Muccilli	1,800,000	-	-	-	1,800,000	1,800,000	-
B Fowler	600,000	-	-	-	600,000	-	600,000

2013 Name	Balance at start of year	Granted as compensation	Exercised	Other changes	Balance at end of year	Vested and exercisable	Unvested
<b>Directors of Mincor Resources NL</b>							
DJ Humann (Chairman)	-	-	-	-	-	-	-
DCA Moore	-	-	-	-	-	-	-
JW Gardner	-	-	-	-	-	-	-
IF Burston	-	-	-	-	-	-	-
<b>Other Key Management Personnel of the consolidated entity</b>							
B Lynn	1,800,000	-	-	-	1,800,000	1,800,000	-
GL Fariss	1,800,000	-	-	-	1,800,000	1,800,000	-
P Muccilli	1,800,000	-	-	-	1,800,000	1,800,000	-

###### iii) Performance rights provided as remuneration

Mincor Resources' Performance Rights Plan ("Plan") was introduced following approval by the Board of Directors on 15 August 2012.

Details of performance rights provided as remuneration and shares issued on the vesting of the performance rights, together with terms and conditions of the performance rights, can be found in section (e) of the Remuneration Report contained in the Directors' Report.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 21

#### KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

#### d) Equity Instruments Disclosures relating to Key Management Personnel (continued)

##### iv) Performance rights holdings

The number of performance rights over ordinary shares in the Company granted during the financial year to each director of Mincor Resources NL and other key management personnel of the consolidated entity, including their personally-related parties, are set out below.

2014 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors of Mincor Resources NL</b>							
DJ Humann (Chairman)	-	-	-	-	-	-	-
DCA Moore	-	-	-	-	-	-	-
JW Gardner	-	-	-	-	-	-	-
IF Burston	-	-	-	-	-	-	-
<b>Other Key Management Personnel</b>							
B Lynn	134,000	-	-	(134,000)	-	-	-
GL Fariss	134,000	84,000	-	-	218,000	-	218,000
P Muccilli	134,000	84,000	-	-	218,000	-	218,000
B Fowler	230,000	-	-	-	230,000	-	230,000

2013 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors of Mincor Resources NL</b>							
DJ Humann (Chairman)	-	-	-	-	-	-	-
DCA Moore	-	-	-	-	-	-	-
JW Gardner	-	-	-	-	-	-	-
IF Burston	-	-	-	-	-	-	-
<b>Other Key Management Personnel</b>							
B Lynn	-	134,000	-	-	134,000	-	134,000
GL Fariss	-	134,000	-	-	134,000	-	134,000
P Muccilli	-	134,000	-	-	134,000	-	134,000

##### iv) Shareholdings

The number of shares in the Company held during the financial year by each director of Mincor Resources NL and other key management personnel of the consolidated entity, including their personally-related parties, are set below.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 21

#### KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

##### d) Equity Instruments Disclosures relating to Key Management Personnel (continued)

##### iv) Shareholdings (continued)

2014 Name	Balance at start of the year	Received on the exercise of options/ performance rights	Other changes	Balance at end of the year
<b>Directors of Mincor Resources NL</b>				
<i>Ordinary shares</i>				
DJ Humann (Chairman)	500,000	-	-	500,000
DCA Moore	4,245,000	-	-	4,245,000
JW Gardner	1,218,176	-	-	1,218,176
IF Burston	50,000	-	-	50,000
<b>Other Key Management Personnel of the consolidated entity</b>				
<i>Ordinary shares</i>				
B Lynn	150,000	-	(150,000)	-
GL Fariss	333,334	-	(150,000)	183,334
P Muccilli	-	-	112,500	112,500
B Fowler	-	-	8,000	8,000

2013 Name	Balance at start of the year	Received on the exercise of options	Other changes	Balance at end of the year
<b>Directors of Mincor Resources NL</b>				
<i>Ordinary shares</i>				
DJ Humann (Chairman)	500,000	-	-	500,000
DCA Moore	4,245,000	-	-	4,245,000
JW Gardner	1,218,176	-	-	1,218,176
IF Burston	50,000	-	-	50,000
<b>Other Key Management Personnel of the consolidated entity</b>				
<i>Ordinary shares</i>				
B Lynn	150,000	-	-	150,000
GL Fariss	333,334	-	-	333,334
P Muccilli	100,000	-	(100,000)	-

### NOTE 22

#### EXPENDITURE COMMITMENTS AND CONTINGENCIES

##### a) Exploration Expenditure Commitments

	2014 \$'000	2013 \$'000
Discretionary exploration expenditure commitments relating to existing mineral tenements are as follows:		
- Within 1 year	3,855	3,987

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable within one year. All of the above obligations are subject to renegotiation upon expiry of the mineral tenements.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 22

#### EXPENDITURE COMMITMENTS AND CONTINGENCIES (continued)

##### b) Operating Lease Commitments

Operating lease commitments are as follows:

	2014 \$'000	2013 \$'000
Office Rental		
Within 1 year	476	483
Later than 1 year but not later than 5 years	1,261	1,813
	1,736	2,296

##### c) Finance Lease Commitments

	2014 \$'000	2013 \$'000
Finance and hire purchase rentals for plant and equipment are payable as follows:		
Within 1 year	1,423	-
Later than 1 year but not later than 5 years	2,498	-
Minimum lease payments	3,921	-
Less: future finance charges	(236)	-
Recognised as a liability	3,685	-
Representing interest bearing liabilities		
Current (Note 13)	1,285	-
Non-current (Note 13)	2,400	-
	3,685	-

##### d) Capital Commitments

	2014 \$'000	2013 \$'000
Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Leased plant and equipment	1,088	-

##### e) Contingent Assets and Liabilities

Mincor Resources NL has entered into an agreement to purchase exploration tenements which at 30 June 2014 all conditions precedent to the agreement had not been met. On 16 July 2014 all conditions precedent to the agreement have been fulfilled resulting in the recognition of an exploration asset of \$720,000.

### NOTE 23

#### SEGMENT INFORMATION

##### Description of Segments

The Group has one reportable operating segment being nickel mining operations.

In determining operating segments, the Group has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources. 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 Group. The MD assesses and reviews the business using a total Group nickel business approach and utilises an executive team consisting of the General Manager – Operations, Chief Financial Officer, and Exploration Manager to assist with this function. The MD assesses the performance of the operating segment based on a measure of net profit after tax.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 24 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the group, and its related practices and non-related audit firms.

	2014 \$	2013 \$
<b>a) Audit services</b>		
PricewaterhouseCoopers Australian firm		
- Audit and review of financial statements and other audit work under the <i>Corporations Act 2001</i>	210,157	180,795
PricewaterhouseCoopers Papua New Guinea firm		
- Audit and review of financial reports	10,640	8,347
<b>Total remuneration for audit services</b>	<b>220,797</b>	<b>189,142</b>
<b>b) Non-audit services</b>		
<i>Taxation services</i>		
PricewaterhouseCoopers Australian firm		
- Tax compliance services, including review of company income tax returns	51,900	62,750
- Tax advice on R&D concessions	-	10,000
PricewaterhouseCoopers Papua New Guinea firm		
- Tax compliance services, including review of company income tax returns	25,006	20,289
<b>Total remuneration for taxation services</b>	<b>76,906</b>	<b>93,039</b>
<i>Other Services</i>		
PricewaterhouseCoopers Australian firm		
- Due diligence and accounting advice regarding potential acquisitions	9,500	12,500
- Other	500	21,500
PricewaterhouseCoopers Papua New Guinea firm		
- Other	5,946	20,974
	<b>15,946</b>	<b>54,974</b>

### NOTE 25 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2014 (%)	2013 (%)
Oribi Resources Inc	British Virgin Islands	Ordinary	100	100
Mincor Operations Pty Limited	Australia	Ordinary	100	100
Mincor Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor Gold Pty Ltd	Australia	Ordinary	100	100
Mincor Copper Pty Ltd	Australia	Ordinary	100	100
Mincor Tungsten Pty Ltd	Australia	Ordinary	100	100
Mincor Zinc Pty Ltd	Australia	Ordinary	100	100
Goldfields Mine Management Pty Ltd*	Australia	Ordinary	100	100
Mincor Coal Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor Iron Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor PNG Holdings Pty Ltd	Australia	Ordinary	100	100
Mincor PNG Limited	Papua New Guinea	Ordinary	100	100

\*This subsidiary has been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by Australian Securities and Investments Commission. For further information refer to Note 26.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 26

#### DEED OF CROSS GUARANTEE

Mincor Resources NL and Goldfields Mine Management Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entity has been relieved from the requirement to prepare a financial report and director's report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

#### a) Consolidated Income Statement, Statement of Comprehensive Income, and a Summary of Movements in Consolidated Retained Earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Mincor Resources NL, they also represent the 'Extended closed group'.

Set out below is a consolidated income statement, statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2014 of the closed group consisting of Mincor Resources NL and Goldfields Mine Management Pty Ltd.

	2014 \$'000	2013 \$'000
Revenue	109,881	98,315
Mining contractor costs	(7,232)	(7,926)
Ore tolling costs	(13,509)	(13,078)
Utilities expense	(8,967)	(6,628)
Mining supplies and consumables	(7,722)	(7,811)
Royalty expense	(4,100)	(3,224)
Employee benefit expense	(21,172)	(26,904)
Finance costs	(215)	(259)
Foreign exchange (loss)/gain	(700)	2,524
Exploration costs expensed	(2,942)	(3,623)
Depreciation and amortisation expense	(29,576)	(34,246)
Impairment of property, plant and equipment	-	(2,821)
Provision for doubtful debt on intercompany receivable	(562)	(11,561)
Other expenses from ordinary activities	(9,747)	(9,288)
<b>Profit/(loss) before income tax</b>	<b>3,437</b>	<b>(26,530)</b>
Income tax (expense)/benefit	(1,389)	4,117
<b>Profit/(loss) for the year</b>	<b>2,048</b>	<b>(22,413)</b>
<b>Other comprehensive loss</b>		
Financial assets at fair value through other comprehensive income	(475)	(1,425)
Cash flow hedges	-	(5,116)
Income tax relating to components of other comprehensive income	(1,817)	1,962
<b>Other comprehensive loss for the year, net of tax</b>	<b>(2,292)</b>	<b>(4,579)</b>
<b>Total comprehensive loss for the year</b>	<b>(244)</b>	<b>(26,992)</b>
<b>Summary of movements in consolidated retained earnings</b>		
Retained earnings at the beginning of the financial year	96,667	126,608
Profit/(loss) for the year	2,048	(22,413)
Dividends provided for or paid	(7,528)	(7,528)
<b>Retained earnings at the end</b>	<b>91,187</b>	<b>96,667</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 26

#### DEED OF CROSS GUARANTEE (continued)

##### b) Statement of Financial Position

Set out below is a consolidated statement of financial position as at 30 June 2014 of the closed group consisting of Mincor Resources NL and Goldfields Mine Management Pty Ltd.

	2014 \$'000	2013 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	25,647	34,202
Term deposit	25,000	25,392
Trade and other receivables	31,214	23,017
Inventory	3,217	3,437
<b>Total Current Assets</b>	<b>85,078</b>	<b>86,048</b>
<b>Non-Current Assets</b>		
Financial assets at fair value through other comprehensive income	230	425
Property, plant and equipment	44,376	38,882
Exploration and evaluation expenditure	13,165	13,247
Deferred tax asset	-	1,001
Other financial assets	310	311
<b>Total Non-Current Assets</b>	<b>58,081</b>	<b>53,866</b>
<b>TOTAL ASSETS</b>	<b>143,159</b>	<b>139,914</b>
<b>Current Liabilities</b>		
Payables	13,501	9,307
Interest bearing liabilities	1,285	-
Provisions	3,980	4,764
Derivative financial instruments	68	-
<b>Total Current Liabilities</b>	<b>18,834</b>	<b>14,071</b>
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	2,400	-
Provisions	7,214	5,012
Deferred tax liabilities	1,331	-
<b>Total Non-Current Liabilities</b>	<b>10,945</b>	<b>5,012</b>
<b>TOTAL LIABILITIES</b>	<b>29,779</b>	<b>19,083</b>
<b>NET ASSETS</b>	<b>113,380</b>	<b>120,831</b>
<b>Equity</b>		
Contributed equity	23,663	23,663
Reserves	(1,470)	501
Retained profits	91,187	96,667
<b>TOTAL EQUITY</b>	<b>113,380</b>	<b>120,831</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 27 JOINT ARRANGEMENTS

The consolidated entity has the following joint arrangements:

Name	Principal Activity	Percentage Interest	
		2014	2013
Carnilya Hill Farm-in and Joint Venture*	Nickel exploration	70	70
Bonaparte Farm-in and Joint Venture <sup>(1)</sup> *	Zinc exploration	Withdrawn	60
Apollo Farm-in and Joint Venture <sup>(2)</sup>	Iron ore exploration	100	100
Edie Creek Farm-in and Joint Venture <sup>(3)</sup>	Gold exploration	17	17
May River Farm-in and Joint Venture <sup>(4)</sup>	Copper/gold exploration	Withdrawn	36
Bolobip Farm-in and Joint Venture <sup>(5)</sup>	Copper/gold exploration	Withdrawn	36

\*The interest in the joint venture is controlled by Mincor Resources NL and is not jointly controlled.

- During 2010 the Company entered into an agreement with JOGMEC whereby JOGMEC agreed to spend \$430,000 within one year, then may elect to spend a further \$770,000 over a second year to earn a 24% interest in the Bonaparte Project. JOGMEC may elect to earn a further 16% interest by spending an additional \$800,000 on the project over a further 12 month period. During 2012 the Company extended the earn-in period by a further six months such that JOGMEC were required to spend \$2 million by 30 September 2012 to earn 40%. During 2014 the joint venture parties agreed to the termination of Bonaparte Joint Venture.
- During June 2013 the Company entered into an agreement with Apollo Minerals Ltd whereby Apollo Iron Ore No 2 Pty Ltd (a wholly owned subsidiary of Apollo Minerals Ltd) will have the right to earn in 75% interest in Mincor's exploration tenement EL 4932 (**"the Tenement"**) by sole funding exploration expenditure totalling \$2 million over a three-year period. Apollo has committed to a minimum exploration expenditure of \$250,000 on the Tenement during the first year of the farm-in period. At the completion of the farm-in, the Company may elect to convert its residual 25% interest into a gross production royalty of 3.5% on gold, 2.5% on base metals and 1.5% on all other minerals. On conversion, Apollo would pay the Company an amount equal to 25% of the total exploration expenditure during the farm-in period. During 2014 Apollo have met the expenditure commitment of \$250,000.
- During 2011 the Company entered into an agreement with Niuminco Group Limited (**"Niuminco"**) whereby the Company undertook to spend \$15 million over five years to earn a 51% interest in the Edie Creek Gold Project. During March 2013 the Company completed its work at the Edie Creek project. Mincor considers that the ore system is likely to have a number of small gold deposits rather than one single viable ore deposit, and accordingly Mincor has elected not to continue to earn any additional interest in the project although potential still remains. During May 2013 the Company met the \$5 million earn-in target and is therefore entitled to a 17% fully-vested interest in the Edie Creek Joint Venture.
- During 2011 the Company entered into an agreement with Niuminco whereby the Company undertook to spend \$5 million over eight years to earn a 72% interest in the May River Exploration Licence. During 2012 the Company acquired a 36% interest in the May River Joint Venture with Niuminco by meeting expenditure commitments of \$2.5 million. During 2014 the Company swapped its interest in the May River Exploration Licence in return for a net smelter royalty on future production.
- During 2011 the Company entered into an agreement with Niuminco whereby the Company undertook to spend \$5 million over eight years to earn a 72% interest in the Bolobip Exploration Licence. During 2013 the Company Met the \$2.5 million earn-in target and is therefore entitled to a 36% fully-vested interest in the Bolobip Joint Venture. During 2014 the Company swapped its interest in the Bolobip Exploration Licence in return for a net smelter royalty on future production.

The joint arrangements are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue or profit.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 28 RELATED PARTY TRANSACTIONS

**a) Parent Entity**

The ultimate parent entity within the consolidated entity is Mincor Resources NL.

**b) Subsidiaries**

The aggregate amounts receivable from/payable to controlled entities are on an interest-free basis and are repayable on demand.

**c) Key Management Personnel**

Disclosures relating to key management personnel are set out in Note 21.

**d) Transactions with Other Related Parties**

There were no transactions with other related parties during the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 29

#### RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

##### a) Reconciliation of Net Cash Inflow from Operating Activities to Operating Profit/(Loss) After Income Tax

	2014 \$'000	2013 \$'000
Profit/(loss) for the year	1,848	(22,449)
<b>Add/(Less): Non-Cash Items</b>		
Depreciation	3,549	3,438
Amortisation	26,057	30,811
Impairment	-	2,821
Dividend income	(280)	-
Net profit on sale of non-current assets	(3)	(15)
Exploration expenditure written off	3,441	15,510
Employee benefits expense – share based payments	323	360
Rehabilitation provisions	119	227
Bad debt provisions	78	(82)
Foreign exchange gain on revaluation of lease liability	(17)	-
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in trade receivables	(8,264)	2,164
Decrease in inventories	220	489
Decrease in prepayments	183	346
Increase/(decrease) in creditors and accruals	3,872	(4,876)
Increase/(decrease) in net deferred tax	1,336	(4,268)
(Decrease)/increase in employee benefit provisions	(735)	285
<b>Net cash inflow from operating activities</b>	<b>31,727</b>	<b>24,761</b>

##### b) Cash and Cash Equivalents

Term deposits	25,000	25,392
Cash at bank and in hand	3	10
Deposits at call	25,644	34,259
	<b>50,647</b>	<b>59,661</b>

The consolidated entity's exposure to interest rate risk is disclosed in Note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 30 EARNINGS PER SHARE

	2014	2013
a) <b>Basic earnings per share (cents)</b> Profit/(loss) attributable to the ordinary equity holders of the Company	1.0	(11.9)
b) <b>Diluted earnings per share (cents)</b> Profit/(loss) attributable to the ordinary equity holders of the Company	1.0	(11.9)
c) <b>Earnings used in calculating earnings per share (\$'000)</b> <i>Basic and Diluted earnings per share</i> Profit/(loss) for the year	1,848	(22,449)
Profit/(loss) attributable to the ordinary equity holders of the Company	1,848	(22,449)
d) <b>Weighted average number of shares used as the denominator</b> <i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	188,208,274	188,208,274
Adjustments for calculation of diluted earnings per share: Performance rights on issue	1,693,507	-
<i>Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share</i>	189,901,781	188,208,274

### NOTE 31 SHARE-BASED PAYMENTS

#### a) Options

##### **Mincor Resources Executive Share Option Scheme**

The Mincor Resources Executive Share Option Scheme (“**Scheme**”) was introduced on 8 May 2006. Persons eligible to participate in the Scheme include key employees, who are determined at the discretion of the Directors. Options are granted under the Scheme for no consideration for a maximum period of five years and can be exercised at any time on or after the following dates.

Grant Date	Number of Options Exercisable	Vesting and Date Exercisable
31 January 2011	100% of options	31 January 2012
1 April 2011	100% of options	1 April 2012
19 May 2011	100% of options	20 May 2012
18 July 2011	100% of options	18 July 2013
5 October 2011	100% of options	6 October 2012

Each option is convertible into one ordinary share. Amounts receivable on the exercise of options are recognised as share capital.

The exercise price of options is determined at the discretion of the Directors and is set to incentivise the executives to increase shareholder value.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 31

#### SHARE-BASED PAYMENTS (continued)

##### a) Options (continued)

##### *Mincor Resources Executive Share Option Scheme (continued)*

Set out below are summaries of options granted under the Scheme.

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted during the Year	Exercised during the Year	Lapsed during the Year	Closing Balance	Vested and Exercisable at End of the Year
			Number	Number	Number	Number		
<b>2014</b>								
31 January 2011	30 January 2015	260 cents	3,000,000	-	-	600,000	2,400,000	2,400,000
1 April 2011	31 March 2015	195 cents	2,000,000	-	-	400,000	1,600,000	1,600,000
19 May 2011	18 May 2015	160 cents	2,000,000	-	-	400,000	1,600,000	1,600,000
18 July 2011	17 July 2015	132 cents	2,000,000	-	-	-	2,000,000	2,000,000
5 October 2011	4 October 2015	103 cents	2,000,000	-	-	400,000	1,600,000	1,600,000
<b>Total</b>			<b>11,000,000</b>	<b>-</b>	<b>-</b>	<b>1,800,000</b>	<b>9,200,000</b>	<b>9,200,000</b>
Weighted average exercise price			\$1.78	-	-	-	\$1.76	\$1.76

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted during the Year	Exercised during the Year	Lapsed during the Year	Closing Balance	Vested and Exercisable at End of the Year
			Number	Number	Number	Number		
<b>2013</b>								
31 January 2011	30 January 2015	260 cents	3,000,000	-	-	-	3,000,000	3,000,000
1 April 2011	31 March 2015	195 cents	2,000,000	-	-	-	2,000,000	2,000,000
19 May 2011	18 May 2015	160 cents	2,000,000	-	-	-	2,000,000	2,000,000
18 July 2011	17 July 2015	132 cents	2,000,000	-	-	-	2,000,000	-
5 October 2011	4 October 2015	103 cents	2,000,000	-	-	-	2,000,000	2,000,000
<b>Total</b>			<b>11,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,000,000</b>	<b>9,000,000</b>
Weighted average exercise price			\$1.78	-	-	-	\$1.78	\$1.88

The weighted average contractual life of options outstanding at the end of the period was 0.88 years (2013: 1.88 years).

##### *Mincor Resources Senior Manager Share Options*

As noted in the Company's announcement to the Australian Stock Exchange on 14 September 2012, the Company was required to issue 600,000 unlisted options to Mr B Fowler as part of a negotiation to secure his employment, and are considered to be a "one off" issue of options made outside of previously existing options plans which had all been terminated.

The exercise price of the options was determined at the discretion of the Directors and is set to incentivise the employee to increase shareholder value.

Set out below is a summary of the options granted.

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted during the Year	Exercised during the Year	Lapsed during the Year	Closing Balance	Vested and Exercisable at End of the Year
			Number	Number	Number	Number		
<b>2014</b>								
13 September 2012	12 September 2016	116 cents	600,000	-	-	-	600,000	-
<b>Total</b>			<b>600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600,000</b>	<b>-</b>
Weighted average exercise price			\$1.16	-	-	-	\$1.16	-

The weighted average contractual life of options outstanding at the end of the period was 2.21 years (2013: 3.25 years).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 31

#### SHARE-BASED PAYMENTS (continued)

##### b) Performance Rights

###### *Mincor Resources Performance Rights Plan*

The Mincor Resources Performance Rights Plan (“Plan”) was introduced following approval by the Board of Directors on 15 August 2012. Persons eligible to participate in the Plan include executive directors and all employees of the Company or a Related Body Corporate of the Company.

Performance rights are granted under the Plan over ordinary shares for no consideration. Performance rights are granted subject to one or all of the following vesting conditions:

- **Service Condition**, usually a three-year period commencing from the time of grant;
- **Strategic Objectives Conditions** measured over the Service Condition period, including:
  - a **safety and sustainability component**;
  - an **operational performance component**, including production, cost control and growth in ore reserves; and
  - a **growth component**, including new mining operations, new exploration discoveries or assets and growth in mineral resources.

Each component of the Strategic Objectives Conditions is earned on a sliding scale basis depending on the degree of success achieved in meeting performance metrics. Certain components of the performance rights may be earned annually but will only be paid when the Service Condition is achieved.

All performance rights will automatically expire on the earlier of their expiry date or the date their holder ceases to be an employee of the Company, unless the Board determines to vary the expiry date in the event the holder ceased to be an employee because of retirement, redundancy, death or total and permanent disability.

Performance rights granted under the Performance Rights Plan will carry no dividend or voting rights. When exercised, each performance right will be converted into one ordinary share.

The terms and conditions of each grant of performance rights affecting remuneration in the current or future reporting periods are set out below:

Class	Grant Date	Vesting Date	Expiry Date	Vesting Conditions	Value per Performance Right at Grant Date
2014/1	20 January 2014	31 December 2016	20 January 2018	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2016.</p> <p><b>Performance Conditions</b> measured over the period 1 July 2013 to 30 June 2016 (“Performance Period”) applying the following metrics:</p> <ul style="list-style-type: none"> <li>• safety and sustainability;</li> <li>• operational performance; and</li> <li>• achievement of growth objectives.</li> </ul> <p>The number of vested performance rights will be determined at the completion of the Performance Period based on the extent to which the performance metrics have been met.</p> <p>Performance Conditions are measured based on a sliding scale.</p>	\$0.61

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 31 SHARE-BASED PAYMENTS (continued)

#### b) Performance Rights (continued)

##### *Mincor Resources Performance Rights Plan (continued)*

Class	Grant Date	Vesting Date	Expiry Date	Vesting Conditions	Value per Performance Right at Grant Date
2014/2	20 January 2014	31 December 2016	20 January 2018	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2016.</p> <p><b>Performance Conditions</b> measured over the period 1 July 2013 to 30 June 2016 ("Performance Period") applying the following metrics:</p> <ul style="list-style-type: none"> <li>• safety and sustainability;</li> <li>• operational performance; and</li> <li>• achievement of growth objectives.</li> </ul> <p>The number of vested performance rights will be determined at the completion of the Performance Period based on the extent to which the performance metrics have been met.</p> <p>Performance Conditions are measured based on a sliding scale.</p>	\$0.61
2014/3	20 January 2014	31 December 2016	20 January 2018	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2016.</p> <p><b>Performance Conditions:</b> None.</p>	\$0.61
2013/1	31 January 2013	31 December 2015	30 January 2017	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2015.</p> <p><b>Performance Conditions</b> measured over the period 1 July 2012 to 30 June 2015 ("Performance Period") applying the following metrics:</p> <ul style="list-style-type: none"> <li>• safety and sustainability;</li> <li>• operational performance; and</li> <li>• achievement of growth objectives.</li> </ul> <p>The number of vested performance rights will be determined at the completion of the Performance Period based on the extent to which the performance metrics have been met.</p> <p>Performance Conditions are measured based on a sliding scale.</p>	\$0.94

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 31

#### SHARE-BASED PAYMENTS (continued)

##### b) Performance Rights (continued)

##### *Mincor Resources Performance Rights Plan (continued)*

Class	Grant Date	Vesting Date	Expiry Date	Vesting Conditions	Value per Performance Right at Grant Date
2013/2	31 January 2013	31 December 2015	30 January 2017	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2015.</p> <p><b>Performance Conditions</b> measured over the period 1 July 2012 to 30 June 2015 ("Performance Period") applying the following metrics:</p> <ul style="list-style-type: none"> <li>• safety and sustainability; and</li> <li>• operational performance.</li> </ul> <p>The number of vested performance rights will be determined at the completion of the Performance Period based on the extent to which the performance metrics have been met.</p> <p>Performance Conditions are measured based on a sliding scale.</p>	\$0.94
2013/3	30 January 2013	31 January 2015	30 January 2017	<p><b>Service Condition:</b> Holder must remain an employee for a continuous period of 30 months ending 31 January 2015.</p> <p><b>Performance Conditions:</b> None.</p>	\$0.87
2013/4	30 January 2013	31 December 2015	30 January 2017	<p><b>Service Condition:</b> Holder must remain an employee for a continuous three-year period ending 31 December 2015.</p> <p><b>Performance Conditions:</b> None.</p>	\$0.87

The 2014/1 and 2014/2 Performance Rights were issued to certain senior executives/managers pursuant to the Company's remuneration strategy.

All eligible employees were granted 1,000 performance rights each under the 2014/3 issue of Performance Rights.

##### *Fair value of performance rights granted*

The assessed fair value at grant date of performance rights granted under the Mincor Resources Performance Rights Plan during the year ended 30 June 2014 is based on the market price of the Company's shares at grant date.

Set out below are summaries of performance rights granted under the Plan:

Class	Grant Date	Vesting Date	Expiry Date	Opening Balance	Granted during the Year	Exercised during the Year	Lapsed during the Year	Closing Balance	Vested and Exercisable at end of the Year
				Number	Number	Number	Number	Number	Number
2014/1	20 Jan 2014	31 Dec 2016	20 Jan 2018	-	420,000	-	-	420,000	-
2014/2	20 Jan 2014	31 Dec 2016	20 Jan 2018	-	290,000	-	-	290,000	-
2014/3	20 Jan 2014	31 Dec 2016	20 Jan 2018	-	100,000	-	-	100,000	-
2013/1	31 Jan 2013	31 Dec 2015	31 Jan 2017	870,000	-	-	134,000	736,000	-
2013/2	31 Jan 2013	31 Dec 2015	31 Jan 2017	450,000	-	-	-	450,000	-
2013/3	30 Jan 2013	31 Jan 2015	30 Jan 2017	30,000	-	-	-	30,000	-
2013/4	30 Jan 2013	31 Dec 2015	30 Jan 2017	195,000	-	-	77,000	118,000	-
<b>Total</b>				<b>1,545,000</b>	<b>810,000</b>	<b>-</b>	<b>211,000</b>	<b>2,144,000</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 31

#### SHARE-BASED PAYMENTS (continued)

##### b) Performance Rights (continued)

###### *Mincor Resources Performance Rights Plan (continued)*

The weighted average contractual life of performance rights outstanding at the end of the period was 2.96 years (2013: 3.58).

##### c) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2014 \$'000	2013 \$'000
Options issued under employee option plans (refer Note 18)	28	242
Performance rights issued under performance rights plan (refer Note 18)	295	118
	323	360

### NOTE 32

#### PARENT ENTITY FINANCIAL INFORMATION

##### a) Summary Financial Information

The individual financial statements for the parent entity show the following aggregate amounts:

	2014 \$'000	2013 \$'000
<b>Statement of Financial Position</b>		
Current assets	78,690	74,907
Total assets	238,104	230,464
Current liabilities	137,659	125,144
Total liabilities	146,405	128,338
<b>Shareholders' equity</b>		
Issued capital	23,663	23,663
Reserves		
- Financial assets at fair value through other comprehensive income	(6,534)	(4,241)
- Share-based payments	5,066	4,743
Retained earnings	69,504	77,961
	91,699	102,126
Loss for the year	(929)	(16,404)
Total Comprehensive Loss	(3,221)	(20,983)

##### b) Guarantees entered into by the Parent Entity

Mincor Resources NL and Goldfields Mine Management Pty Ltd have provided a cross guarantee as described in Note 26. No deficiencies of assets exist in any of these entities.

Additionally, the parent entity has provided financial guarantees in respect of lease liabilities to the value of \$3,685,000 to Mincor Operations Pty Ltd (2013: Nil).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 32

#### PARENT ENTITY FINANCIAL INFORMATION (continued)

##### c) Contingent Assets and Liabilities of the Parent Entity

The parent entity has entered into an agreement to purchase exploration tenements which at 30 June 2014 all conditions precedent to the agreement had not been met. On 16 July 2014 all conditions precedent to the agreement have been fulfilled resulting in the recognition of an exploration asset of \$720,000

##### d) Contractual Commitments for the Acquisition of Property, Plant and Equipment

	2014	2013
	\$'000	\$'000
Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Leased plant and equipment	1,088	-

### NOTE 33

#### EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 13 August 2014 the Directors declared a fully franked dividend of 2 cents per share in respect of the year ended 30 June 2014.

The financial effect of this post balance date event has not been recorded in the 30 June 2014 financial statements.

## DIRECTORS' DECLARATION

In the Director's opinion:

- (a) the financial statements and notes set out on pages 34 to 87 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 30 June 2014 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 26.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Dated at Perth this 13th day of August 2014.



**DCA Moore**  
**Managing Director**



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

### ***Report on the financial report***

We have audited the accompanying financial report of Mincor Resources NL (the company), which comprises the statement of financial position as at 30 June 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Mincor Resources NL Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Independence***

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



*Auditor's opinion*

In our opinion:

- (a) the financial report of Mincor Resources NL is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

***Report on the Remuneration Report***

We have audited the remuneration report included in pages 17 to 30 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's opinion*

In our opinion, the remuneration report of Mincor Resources NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Pierre Dreyer', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Pierre Dreyer', written in a cursive style.

Pierre Dreyer  
Partner

Perth  
13 August 2014