

# Preliminary Half Year Report of Mincor Resources NL for the Half Year Ended 31 December 2010

(ABN 42 072 745 692)

*This Preliminary Half Year Report is provided to the Australian Stock Exchange (ASX) under  
ASX Listing Rule 4.2A*

Current Reporting Period: Half Year ending 31 December 2010  
Previous Corresponding Period: Half Year ending 31 December 2009

The information set out in this Preliminary Half Year Report should be read in conjunction with the  
annual report for the year ended 30 June 2010

**Results for announcement to the market**

				\$'000
<b>Revenue from ordinary activities</b>	Down	14.8%	to	80,382
<b>Profit/(loss) from ordinary activities after tax attributable to members</b>	Down	115.1%	to	(2,137)
<b>Net profit/(loss) for the period attributable to members</b>	Down	115.1%	to	(2,137)
<b>Dividends</b>	<b>Amount per security</b>		<b>Franked amount per security</b>	
<b>Half year ended 31 December 2010</b>				
Final dividend	N/A		N/A	
Interim dividend	2 cents		2 cents	
<b>Half year ended 31 December 2009</b>				
Final dividend	N/A		N/A	
Interim dividend	3 cents		3 cents	

**Dividend payments / Distributions**

On 24 September 2010 the Company paid a final fully franked dividend of \$12,036,000 for the year ended 30 June 2010, comprising 6 cents per share.

On 15 February 2011 the Directors declared a fully franked interim dividend of 2 cents per share for the year ended 30 June 2011.

Date the interim 2011 dividend is payable

25 March 2011

Record date to determine entitlements to the dividend

28 February 2011

Date interim dividend was declared

15 February 2011

**Total dividend per security (interim)**

	Current period	Previous corresponding period
Ordinary securities – Interim dividend	2 cents	3 cents

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

	Current period \$'000	Previous period \$'000
Ordinary securities (payable on 25 March 2011)	4,012	6,006
<b>Total</b>	4,012	6,006

**Net Tangible Assets**

	Current period	Previous period
Net tangible assets per ordinary security	95.03¢	98.40 ¢

**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

	<b>2010 \$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities before tax during the period, from the date of gaining control.	N/A

	<b>2009 \$'000</b>
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

**Loss of control of entities**

Name of entity (or group of entities)	N/A
Date control lost	N/A

	<b>2010 \$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, up to the date of losing control.	-

	<b>2009 \$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	-

**Details of Associates and Joint Venture Entities**

Name of Entity	Ownership Interest		Contribution to net profit	
	2010 %	2009 %	2010 \$'000	2009 \$'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 4.2A are contained within Mincor Resources NL's Half Year Financial Report for the period ended 31 December 2010 which accompanies this Preliminary Half Year Report.

Sign here:



(Director)

Print name: David Moore

Date: 15 February 2011



**M I N C O R**

R E S O U R C E S N L

MINCOR RESOURCES NL

(ACN 072 745 692)

HALF YEAR FINANCIAL REPORT

31 December 2010

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## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Mincor Resources NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2010.

### DIRECTORS

The following persons were Directors of Mincor Resources NL ("the Company") during the whole of the half-year and up to the date of this report:

<u>Name</u>	<u>Particulars</u>
DJ Humann	Non-Executive Director and Chairman
DCA Moore	Managing Director
JW Gardner	Non-Executive Director
IF Burston	Non-Executive Director

### REVIEW OF OPERATIONS

#### Mining Operations

The Company produced 5,553 tonnes of nickel in ore, 4,900 tonnes of nickel in concentrate for the half year to 31 December 2010 (2009: 6,175 tonnes of nickel in ore, 5,611 tonnes of nickel in concentrate).

During the period, the Company's South Kambalda Operations produced 121,017 dry metric tonnes at an average nickel grade of 2.26%, to produce 2,732 tonnes of nickel in ore and 2,310 tonnes of nickel in concentrate (2009: 70,408 dry metric tonnes at 3.15% for 2,219 tonnes of nickel in ore and 1,973 tonnes of nickel in concentrate).

The Company's North Kambalda Operations produced 85,917 dry metric tonnes at an average nickel grade of 3.28% for 2,821 tonnes of nickel in ore and 2,590 tonnes of nickel in concentrate (2009: 118,471 dry metric tonnes at 3.34% for 3,956 tonnes of nickel in ore and 3,638 tonnes of nickel in concentrate).

#### Exploration and Development Projects

During the half year the consolidated entity spent \$7.7 million on exploration activities, comprising \$3.3 million on regional exploration projects and \$4.4 million on extensional exploration activities.

Exploration and development drilling continued throughout the period, with considerable success at Mariners Nickel Mine, Miitel Nickel Mine, Otter Juan Nickel Mine and Bluebush. The Company has committed to an aggressive exploration drilling program targeting nickel and other base metals on its tenements throughout Australia.

#### Corporate Matters

The consolidated entity generated a loss after tax of \$2.1 million (2010: profit after tax of \$14.2 million) for the half year.

On 24 September 2010 the Company paid a fully franked annual dividend of 6.0 cents per share to shareholders, bringing the Company's total dividend payments to date to \$98.6 million.

On 15 February 2011 the Directors declared a fully franked interim dividend of 2.0 cents per share in respect of the year ending 30 June 2011.

During the half-year ended 31 December 2010, 424,118 ordinary shares were issued following the exercise of 10,000 employee options at an exercise price of 70 cents per share and 414,118 employee options at an exercise price of 85 cents per share.

### **Events Subsequent to 31 December 2010**

On 15 February 2011 the Directors declared a fully franked interim dividend of 2.0 cents per share in respect of the year ending 30 June 2011.

### **Auditor Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

### **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 Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



**DCA Moore**  
**Director**  
PERTH

15 February 2011





## Auditor's Independence Declaration

As lead auditor for the review of Mincor Resources NL for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mincor Resources NL and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'David J. Smith'.

David J Smith  
Partner  
PricewaterhouseCoopers

Perth  
15 February 2011

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**CONSOLIDATED INCOME STATEMENT**  
For the half-year ended 31 December 2010

	<b>CONSOLIDATED</b>	
	31 December 2010 \$'000	31 December 2009 \$'000
Revenue	80,382	94,364
Mining contractor costs	(19,308)	(11,362)
Ore tolling costs	(8,034)	(7,548)
Utilities expense	(4,803)	(3,554)
Mining suppliers and consumables	(3,061)	(4,154)
Royalty expense	(2,764)	(2,073)
Employee benefits expense	(12,897)	(12,833)
Finance costs	(165)	(177)
Foreign exchange loss	(7,586)	(3,145)
Exploration costs expensed	(3,275)	(2,988)
Depreciation and amortisation expense	(16,272)	(20,862)
Other expenses from ordinary activities	(5,374)	(5,744)
<b>(Loss)/profit before income tax</b>	(3,157)	19,924
Income tax benefit/(expense)	1,020	(5,752)
<b>(Loss)/ profit attributable to the members of Mincor Resources NL</b>	(2,137)	14,172
	<u>Cents</u>	<u>Cents</u>
(Loss)/earnings per share	(1.1)	7.10
Diluted (loss)/ earnings per share	(1.1)	7.09

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the half-year ended 31 December 2010

	<b>CONSOLIDATED</b>	
	31 December 2010 \$'000	31 December 2009 \$'000
(Loss)/profit for the year	(2,137)	14,172
<b>Other Comprehensive (Loss)/ Income</b>		
Changes in the fair value of available-for-sale financial assets	667	424
Changes in the fair value of cash flow hedges	(1,532)	(14,053)
Income tax relating to components of other comprehensive income	260	4,089
<b>Other comprehensive (loss) for the half year, net of tax</b>	(605)	(9,540)
<b>Total comprehensive (loss)/ income for the half year attributable to the members of Mincor Resources NL</b>	(2,742)	4,632

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2010

	<b>CONSOLIDATED</b>	
	31 December 2010 \$'000	30 June 2010 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	100,090	126,797
Trade and other receivables	29,768	24,783
Inventory	3,704	2,718
Current tax asset	4,071	-
Derivative financial instruments	6,690	3,669
<b>Total Current Assets</b>	144,323	157,967
<b>Non-Current Assets</b>		
Available-for-sale financial assets	1,896	1,229
Property, plant and equipment	87,132	83,474
Exploration, evaluation and development expenditure	12,948	12,948
Derivative financial instruments	1,266	4,811
<b>Total Non-Current Assets</b>	103,242	102,462
<b>TOTAL ASSETS</b>	247,565	260,429
<b>Current Liabilities</b>		
Payables	22,501	19,449
Interest bearing liabilities	-	943
Current tax liabilities	-	9,243
Provisions	3,901	3,492
Derivative financial instruments	8,038	705
<b>Total Current Liabilities</b>	34,440	33,832
<b>Non-Current Liabilities</b>		
Provisions	4,978	4,858
Deferred tax liabilities	16,979	14,633
Derivative financial instruments	520	2,053
<b>Total Non-Current Liabilities</b>	22,477	21,544
<b>TOTAL LIABILITIES</b>	56,917	55,376
<b>NET ASSETS</b>	190,648	205,053
<b>Equity</b>		
Contributed equity	32,753	32,394
Reserves	3,904	4,495
Retained profits	153,991	168,164
<b>TOTAL EQUITY</b>	190,648	205,053

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2010

	Notes	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
<b>Balance at 1 July 2009</b>		31,392	13,858	154,076	199,326
Total comprehensive income/(loss) for the half-year		-	(9,540)	14,172	4,632
		31,392	4,318	168,248	203,958
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		1,002	-	-	1,002
Dividends provided for or paid		-	-	(8,007)	(8,007)
Employee share options		-	36	-	36
		1,002	36	(8,007)	(6,969)
<b>Balance at 31 December 2009</b>		32,394	4,354	160,241	196,989
<b>Balance at 1 July 2010</b>		32,394	4,495	168,164	205,053
Total comprehensive (loss) for the half-year		-	(605)	(2,137)	(2,742)
		32,394	3,890	166,027	202,311
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		359	-	-	359
Dividends provided for or paid		-	-	(12,036)	(12,036)
Employee share options		-	14	-	14
		359	14	(12,036)	(11,663)
<b>Balance at 31 December 2010</b>		32,753	3,904	153,991	190,648

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the half-year ended 31 December 2010

	<b>CONSOLIDATED</b>	
	31 December 2010 \$'000	31 December 2009 \$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from customers (inclusive of GST)	77,601	104,656
Payments to suppliers and employees (inclusive of GST)	(60,518)	(54,854)
	<u>17,083</u>	<u>49,802</u>
Interest received	1,865	1,024
Other revenue	619	504
Interest paid	(34)	(65)
Income tax paid	(9,689)	(1,490)
	<u>9,844</u>	<u>49,775</u>
<b>Net Cash Inflow from Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Payment for purchase of subsidiary, net of cash acquired	-	(1,671)
Payments for property, plant and equipment	(20,824)	(14,955)
Payments for exploration, evaluation and development expenditure	(3,119)	(2,134)
Proceeds from sale of property, plant and equipment	13	-
	<u>(23,930)</u>	<u>(18,760)</u>
<b>Net Cash Outflow from Investing Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	359	1,002
Dividends paid	(12,036)	(8,007)
Finance lease payments	(944)	(452)
	<u>(12,621)</u>	<u>(7,457)</u>
<b>Net Cash Outflow from Financing Activities</b>		
<b>Net (Decrease)/increase in Cash and Cash Equivalents</b>	(26,707)	23,558
Cash and Cash Equivalents at the Beginning of the Half-Year	<u>126,797</u>	<u>75,801</u>
<b>Cash and Cash Equivalents at the End of the Half-Year</b>	<u>100,090</u>	<u>99,359</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2010

### NOTE 1

#### Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Mincor Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

### NOTE 2

#### Segment information

##### Description of segments

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

In determining operating segments the Company has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources. The Chief Executive Officer (CEO) is considered to be the chief operating decision maker and is empowered by the Board of Directors to allocate resources and assess the performance of the Company. The CEO assesses and reviews the business using a total Group nickel business approach and utilises an executive team consisting of the Chief Operating Officer, Chief Financial Officer, General Manager – Corporate Development and Exploration Manager to assist with this function. The CEO assesses the performance of the operating segment based on a measure of net profit after tax.

### NOTE 3

#### Dividends

	CONSOLIDATED	
	31 December 2010	31 December 2009
	\$'000	\$'000
Dividends provided for or paid during the half-year	12,036	8,007
<b>Dividends not recognised at the end of the half-year</b>		
Since the end of the half-year the Directors declared a fully franked interim dividend of 2 cents (2009: 3 cents) per fully paid ordinary share.		
Interim dividend expected to be paid out of retained profits at the end of the half-year, but not recognised as a liability	4,012	6,006

**NOTE 4**  
**Equity Securities Issued**

	2010	2009	2010	2009
	Shares	Shares	\$'000	\$'000
Issues of ordinary shares during the half-year				
Exercise of options issued over fully paid ordinary shares	424,118	1,125,676	359	1,002

**NOTE 5**  
**Contingent Liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

**NOTE 6**  
**Events Subsequent to Reporting Date**

On 15 February 2011 the Directors declared a fully franked interim dividend of 2.0 cents per share in respect of the year ending 30 June 2011.



## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 10 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Mincor Resources NL will be able to pay its debts as and when they become due and payable.

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



**DCA Moore**  
**Director**

PERTH

15 February 2011



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

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

We have reviewed the accompanying half-year financial statements of Mincor Resources NL, which comprises the statement of financial position as at 31 December 2010, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Mincor Resources NL Group (the consolidated entity). The consolidated entity comprises both Mincor Resources NL (the company) and the entities it controlled during that half-year.

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

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mincor Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

### *Independence*

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

### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

  
PricewaterhouseCoopers

  
David J Smith  
Partner

Perth  
15 February 2011