



MINCOR RESOURCES NL
ABN 42 072 745 692

FINANCIAL REPORT

30 JUNE 2020



FINANCIAL REPORT 2020

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DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising of Mincor Resources NL ("Mincor" or the "Company") and its subsidiaries for the financial year ended 30 June 2020 and the auditor's report thereon. The Directors' report and consolidated financial statements are presented in Australian dollars, except where otherwise indicated.

DIRECTORS

The names and particulars of the Directors of Mincor during the financial year and up to the date of this report are:

Name	Particulars		
Brett Thomas Lambert BAppSc (Mining Engineering), MAICD Appointed 1 January 2017 Appointed Non-Executive Chairman 6 February 2018	Non-executive Chairman (Independent) Mr Lambert is a mining engineer and has over 35 years’ involvement in the Australian and international resources industry encompassing mining operations, project development, business development and corporate administration. After graduating from the Western Australian School of Mines, Mr Lambert commenced his professional career with Western Mining Corporation (“WMC”) at Kalgoorlie in 1983. He progressed to a senior management position with WMC before leaving to take responsibility for the development of Herald Resources’ Three Mile Hill gold mine at Coolgardie. Mr Lambert has since held senior roles with a number of junior and mid-tier resource companies, including more than 10 years at chief executive officer/managing director level. Mr Lambert has served as a director of companies listed on the Australian Securities Exchange (“ASX”), London’s Alternative Investment Market, the Toronto Stock Exchange and the Stock Exchange of Thailand.		
	Special responsibilities Chairman of the Board Member of the Audit and Risk Committee (until 30 June 2020) Member of the Nomination and Remuneration Committee	Other current directorships Australian Potash Limited (appointed 9 May 2017) Saturn Metals Limited (appointed 9 April 2020)	Former ASX listed directorships in last 3 years Tao Commodities Limited (2017) De Grey Mining Limited (2017–2019) Metals X Limited (2019–2020)
David Clifford Southam BComm, CPA, MAICD Appointed 1 February 2019	Managing Director Mr Southam holds a Bachelor of Commerce degree from Curtin University and has significant experience as a senior executive and director of ASX200 companies. He is a Certified Practicing Accountant with more than 25 years’ experience in accounting, operations, capital markets and finance across the resources and industrial sectors. Mr Southam held the role of executive director at successful nickel producer, Western Areas Limited, immediately prior to his appointment at Mincor. He has been intimately involved in several large project financings in multiple jurisdictions and has completed significant capital market and merger and acquisition transactions. Mr Southam has negotiated several multi-billion-dollar sales offtake agreements in base metals and bulk commodities and holds extensive industry experience in nickel and other battery metal industries.		
	Special responsibilities None	Other current directorships Ramelius Resources Limited (appointed 2 July 2018)	Former ASX listed directorships in last 3 years Western Areas Limited (2010–2019) Kidman Resources Limited (2017–2019)
Michael Andrew Bohm BAppSc (Mining Engineering), MAusIMM, MAICD Appointed 1 January 2017	Non-executive Director (Independent) Mr Bohm is a qualified mining professional with extensive corporate, project development and mine operations experience in Australia, South-East Asia, Africa, Chile, North America and Europe. A graduate of the Western Australian School of Mines, Mr Bohm has worked as a mining engineer, mine manager, study manager, project manager, project director and managing director. He has been directly involved in a number of new project developments in the gold, nickel and diamond sectors both in Australia and offshore. Mr Bohm’s experience includes previous directorships at Argyle Diamond Mines, Sally Malay Mining Limited (now Panoramic Resources Limited), Perseus Mining Limited and Ashton Mining of Canada Inc.		
	Special responsibilities Chair of the Nomination and Remuneration Committee Member of the Audit and Risk Committee	Other current directorships Ramelius Resources Limited (appointed 2 November 2012) Cygnus Gold Limited (appointed Chairman 30 September 2016)	Former ASX listed directorships in last 3 years Perseus Mining Limited (2009–2018)

DIRECTORS' REPORT

Name	Particulars		
Liza Carpene MBA, FGIA, FCIS, GAICD Appointed 16 April 2018	Non-executive Director (Independent) Ms Carpene has worked in the resources industry for more than 20 years, and has significant experience in corporate administration, HR, legal, environment, IT and stakeholder relations. Up until February 2018, Ms Carpene was part of Northern Star Resources Limited’s (“Northern Star”) executive team responsible for its transformational growth, through a combination of acquisition, organic growth and divestment, to an ASX100 company. Prior to Northern Star, Ms Carpene was Company Secretary/Chief Financial Officer for ASX listed exploration companies, Venturex Resources Limited and Newland Resources Limited, and previously held various site and Perth based management roles with Great Central Mines Limited, Normandy Mining Limited, Newmont Australia Limited, Agincourt Resources Limited and Oxiana Limited. Ms Carpene has a Master of Business Administration and a Graduate Diploma in Applied Corporate Governance. She is also a Chartered Secretary and a Graduate of the Australian Institute of Company Directors.		
	Special responsibilities Chair of the Audit and Risk Committee Member of the Nomination and Remuneration Committee	Other current directorships Alchemy Resources Limited (appointed 18 March 2015)	Former ASX listed directorships in last 3 years None
Peter William Bewick B.Eng (Hons), MAusIMM Appointed 2 December 2019	Non-executive Director (Independent) Mr Bewick was appointed as a Non-executive Director of Mincor on 2 December 2019 and is an experienced mining executive and geologist with technical and geological expertise in the nickel sulphide sector. Mr Bewick graduated from the Western Australian School of Mines in 1990 and is a geologist with over 25 years of industry experience. Mr Bewick held a number of senior mine and exploration geological roles during a 14-year career with WMC, including Exploration Manager and Geology Manager of the Kambalda Nickel Operations and Exploration Manager for the St Ives Gold Operations. Mr Bewick has also held corporate roles with WMC as Exploration Manager for the Nickel Business Unit and Exploration Manager for North America, based in Denver, Colorado. Mr Bewick has been an Executive director of Encounter Resources Limited, a successful resource generation company, since its inception. Mr Bewick has extensive experience in project generation for a range of commodities including nickel, gold, copper and bauxite. He has been a member of the MERIWA Exploration Advisory Committee since 2013.		
	Special responsibilities Member of the Audit and Risk Committee (from 1 July 2020)	Other current directorships Encounter Resources Limited (appointed Executive Director 7 October 2005)	Former ASX listed directorships in last 3 years None

COMPANY SECRETARY

The name of the Company Secretary of Mincor during the financial year ended 30 June 2020 and to the date of this report is:

Name	Particulars
Shannon Louise Coates LLB, B(Juris), AGIA, ACIS, GAICD Appointed 17 November 2017	<p>Company Secretary</p> <p>Ms Coates has over 25 years' experience in corporate law and compliance. She is currently a director of a boutique corporate advisory firm, Evolution Corporate Services Pty Ltd, and company secretary to a number of ASX listed companies. She has provided company secretarial and corporate advisory services to boards across a variety of industries, including mining and oil and gas exploration and development, financial services, manufacturing and technology both in Australia and internationally.</p> <p>Ms Coates is a qualified lawyer, Chartered Secretary and a Graduate of the Australian Institute of Company Directors.</p>

REVIEW OF OPERATIONS AND SIGNIFICANT EVENTS

KAMBALDA LANDHOLDINGS

The Company's key assets consist of strategic landholdings in the Kambalda District of Western Australia, a major nickel and gold producing area with significantly developed mining infrastructure.

KAMBALDA NICKEL OPERATIONS ("KNO")(100%)

COVID-19 Response

Mincor took proactive steps during the financial year to address the risks arising from the COVID-19 pandemic and implement Government measures to prevent the virus' spread. Company policies and procedures were outlined to all staff and contractors and hygiene and social distancing protocols implemented.

The Company's workforce is largely locally based, enabling Mincor to effectively maintain business operations throughout the reporting period. No staff members or contractors have been diagnosed with COVID-19.

The Company will continue to monitor any future developments associated with COVID-19 to identify and manage risks that may arise.

Nickel Offtake Agreement with BHP Nickel West Pty Ltd

In August 2019, the Company announced the execution of a binding Ore Tolling and Concentrate Purchase Agreement ("OTCPA") with BHP Billiton Nickel West. This was an important milestone and laid one of the critical foundations towards the planned restart of the Kambalda Nickel Operations ("KNO").

The contract will commence on the date of delivery of first ore ("Start Date") and conclude on the fifth anniversary of the Start Date or 31 December 2025, whichever occurs first. Mincor must give six months' prior notice of the Start Date and if it does not do so by 30 June 2022, the OTCPA will terminate unless otherwise agreed by the parties. The Company has the right to process up to 600ktpa of nickel sulphide ore at the Kambalda Nickel Concentrator. Nickel concentrate produced will be sold to BHP for further downstream processing at the Kalgoorlie Nickel Smelter and the Kwinana Nickel Refinery.

Definitive Feasibility Study ("DFS")

In March 2020, the Company announced the results of the Definitive Feasibility Study ("DFS") on its integrated nickel restart plan for the KNO. The DFS confirmed the potential to develop a 5-year operation producing 63,000 tonnes of recovered nickel-in-concentrate with pre-production capital expenditure ("CAPEX") of \$68.0 million. Based on a forecast nickel price of \$10.20/lb (US\$7.14/lb at an exchange rate of 0.70 AUD:USD), the DFS demonstrated an economically robust project with low start-up capital requirements, excellent potential financial returns, and low operating costs (*refer to the Company's ASX announcement on 25 March 2020*). The DFS paves the way for a Final Investment Decision ("FID") by the Board of Mincor which is being targeted for the September 2020 quarter. This timeline will result in first nickel-in-concentrate production occurring in the 2021/2022 financial year.

Nickel Restart Plan

Following completion of the DFS, the Company progressed with its nickel restart plan at KNO. Key milestones achieved to 30 June 2020 include:

- **Cassini maiden Ore Reserve:** announced Cassini maiden Ore Reserve of 1.05Mt @ 3.3% Ni for 34,300 tonnes of contained nickel (*refer to the Company's ASX announcement on 25 March 2020*);
- **Underground Mining Contract:** execution in May 2020 of the KNO underground mining contract with Kalgoorlie-based underground mining services and equipment hire group, Pit N Portal Pty Ltd, subject to Mincor issuing a Notice to Proceed before 31 March 2021. Should Mincor not issue a Notice to Proceed by 31 March 2021, either party can terminate the contract, or the time period can be extended by mutual agreement.

The contract encompasses a five-year underground mining contract for the new Cassini Nickel mine, and a three-year contract (plus one two-year option) at the Northern Operations (the brownfields Durkin North and Long Nickel mines). All key components of the contract are in line with the parameters set out in the DFS;

DIRECTORS' REPORT

- **Cassini early site works and box-cut:** completion in May 2020 of the early capital works at Cassini. The works included clearing of the Cassini site area, excavation of the box-cut, construction of the site office pad, magazine and waste areas and construction of the surface settling dams and haul road;
- **Power Purchase Agreement:** execution in June 2020 of a Power Purchase Agreement ("PPA") with BHP Billiton to supply grid power from July 2020 to December 2025. The PPA reduced power costs at the Long operations (currently on care and maintenance) from July 2020 and will provide Mincor with an option to utilise grid power for the Cassini operations;
- **Senior Operations Management:** completion of targeted recruitment of key senior personnel to fill separate General Manager, Operations roles at Cassini and the Northern Operations, with letters of intent signed by two highly experienced underground senior managers pending a FID;
- **Heritage:** execution in May 2020 of the Mining Operations Agreement for Cassini with the Ngadju Prescribed Body Corporate, and
- **Regulatory Approvals:** receipt of all key Western Australian State Government approvals for the Cassini Nickel mine. The Northern Operations are already fully permitted, and no Federal Government approvals are required. The Company executed a service agreement with the Water Corporation to access potable water from the Coolgardie-Norseman pipeline and progressed with the reinstatement of the Prescribed Premise Licence to discharge water to Lake Lefroy and Lake Fore at Miitel.

Project Funding

The estimated pre-production CAPEX required for KNO is \$68.0 million, while the maximum cash drawdown estimate is \$97.0 million. The difference represents working capital requirements while ore stockpiles are built up to a sufficient level to ensure that an efficient processing profile is maintained.

The Company engaged debt advisory specialist Orimco Pty Ltd to assist in arranging project debt funding from domestic and international financial institutions.

Following release of the DFS, the Company received expressions of interest from a number of domestic and international financial institutions and have short-listed the potential financiers. As part of the debt funding process, an Independent Technical Expert ("ITE") Report was completed for the short-listed financiers. The completion of the ITE Report is a critical and important milestone for Mincor to seek binding credit approved term sheets to assist the Board in making a FID.

Nickel Resource Extension and Exploration

The Company significantly stepped up its exploration and resource extension drilling activities during FY2020 with drilling programs focussed around Cassini, Cassini North, Juno 4, Long and Republican Hill. Key results achieved include:

- Three Mineral Resource upgrades at Cassini, with the current Mineral Resource totalling 1.5Mt @ 4.0% Ni for 58,700 tonnes of contained nickel (*refer to ASX announcements dated 26 August 2019, 6 November 2019 and 25 June 2020*). The June 2020 upgrade represents a 55% increase from the FY2019 Mineral Resource at Cassini which totalled 37,800 tonnes of contained nickel;
- Indicated Mineral Resource at Cassini increased by 7,300 nickel tonnes in the June 2020 upgrade (*refer to ASX announcement dated 25 June 2020*), representing a very high conversion of material reported as Inferred category in the DFS;
- Completion of diamond drilling programs at Cassini North in the CS 1 Channel. MDD342 intersected 7.7m @ 1.4% Ni, which included matrix sulphides that returned 0.5m @ 7.5% Ni (*refer to the Company's ASX announcement on 18 March 2020*). A review of the available geochemical data and a remodel of the basalt contact is underway to refine future drill targets; and
- Completion of the Spanner in-fill underground drilling program at the Long Mine. An updated Mineral Resource Estimate was completed for the northern section of the Long Mine, which resulted in the same total metal content, but increased the Indicated category from 51% to 62%.

DIRECTORS' REPORT

Competent Persons Statements

The information in this report that relates to nickel Exploration Results and Mineral Resources is based on information compiled by Rob Hartley, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hartley is a full-time employee of Mincor Resources NL and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hartley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to nickel Ore Reserves at Cassini and Long is based on information compiled by Dean Will, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Will is a full-time employee of Mincor Resources NL and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Will consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to nickel Ore Reserves at Burnett, Miitel and Durkin North is based on information compiled by Paul Darcey, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Darcey is a full-time employee of Mincor Resources NL and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Darcey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcements and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. In relation to the production target and forecast financial information referred to in the report, the Company confirms that all material assumptions underpinning the production target and the forecast financial information derived from the production target continue to apply and have not materially changed since the original announcement on 25 March 2020.

WIDGIEMOOLTHA GOLD PROJECT ("WGP") (100%)

Following the completion of a strategic review of the Company's gold assets in June 2019, Mincor proceeded to wind-down the operations at WGP and mining activities ceased in October 2019. Ore was processed through the Lakewood treatment facility in Kalgoorlie with the final parcel completed in December 2019. A final regulatory site inspection was undertaken during October 2019 with no issues noted, and the operation was placed on care and maintenance.

The table below is a gold production summary for WGP for the 2020 financial year:

Production summary	Unit	Dec 2019 Quarter	Sep 2019 Quarter	Financial Year
Ore mined	tonnes	-	85,653	85,653
Mined grade	g/t Au	-	2.30	2.30
Ounces mined	ounces	-	6,347	6,347
Tonnes milled	tonnes	66,786	109,111	175,897
Milled grade	g/t Au	1.50	2.24	1.96
Mill recovery	%	88.9%	89.8%	89.6%
Gold recovered	ounces	2,861	7,055	9,916
Gold sold	ounces	4,610	5,306	9,916
Price received	A\$/oz	\$2,181	\$2,119	\$2,148
Gold sales revenue	A\$'000	\$10,056	\$11,243	\$21,299

TOTTENHAM JOINT VENTURE – NEW SOUTH WALES (70.51%)

During the 2020 financial year, the Company's joint venture partner at the Tottenham Copper Project, Bacchus Resources Pty Ltd ("Bacchus"), met its Second Option Earn-In Obligations under the Tottenham Earn-In and Joint Venture Agreement and increased its interest in the project from 19.88% to 29.49%.

DIRECTORS' REPORT

In May 2020, the joint venture completed a soil sampling program using an auger rig at Bulbodney, just along strike from the Helix Resources Limited prospect at Collierina. The results are still pending. A two-diamond drill hole program commenced at the Carolina prospect, designed to test the down-plunge end of a down-hole EM plate. The first diamond hole was completed in June 2020 and assays were pending at the end of the financial year.

CORPORATE

In December 2019, the Company raised \$35.6 million (before costs) through a share placement and share purchase plan. A total of 59,266,534 new fully paid ordinary shares were issued at \$0.60 per share. The funds raised have and will be used for early pre-production capital costs associated with the restart of the nickel operations and to maintain the current level of exploration activities.

On 25 June 2020, the Company undertook a \$60.0 million equity raise which comprised:

- a fully underwritten two-tranche share placement ("June Placement") of new fully paid ordinary shares to raise \$50.0 million (before costs) at issue price of \$0.72 per share; and
- Share Purchase Plan ("SPP") to raise approximately \$10.0 million to eligible shareholders at the same price as the Placement.

Existing strategic shareholder, IGO Limited, subscribed for \$13.0 million of the June Placement taking their holding to 8.11%. Wyloo Metals Pty Ltd, part of Tattarang (formerly known as Minderoo Group), subscribed for \$8.3 million of the June Placement in line with their current shareholding of 13.78%.

Proceeds from the June 2020 capital raise have and will be used to fund pre-production capital expenditure and maintain resource growth and exploration programs. Together with existing cash and expected debt financing, the Placement and SPP are expected to fully fund KNO into production while providing a prudent contingency buffer.

The June Placement and SPP were completed subsequent to 30 June 2020. Further details are provided later in the report.

PRINCIPAL ACTIVITIES

The principal activities of the Group, consisting of Mincor Resources NL and its subsidiaries, during the course of the year were exploration and mining for mineral resources.

There were no significant changes in nature of the activities of the Group during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as noted elsewhere in this report, there have been no other changes in the state of affairs of the Group during the financial year.

GROUP RESULTS

The Group incurred loss after tax of \$14.3 million for FY2020 (30 June 2019: \$13.7 million). The loss was predominately attributable to exploration expenditure totalling \$13.7 million, general and administrative expenses of \$4.2 million, offset by gross profit of \$2.2 million from WGP, a reduction of rehabilitation provisions and gains from the revaluation of financial instruments of \$1.6 million.

At 30 June 2020, the Group's cash balance totalled \$47.0 million (30 June 2019: \$29.2 million) with no corporate debt. Subsequent to 30 June 2020, the Company received proceeds totalling \$58.9 million (after costs) following completion of the June Placement and SPP announced on 25 June 2020.

DIVIDENDS

The Directors recommend that no dividend to be declared or paid (2019: Nil).

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The number of Board and committee meetings attended by each Director during the financial year were:

	Directors Meetings		Committee Meetings			
			Audit and Risk		Nomination and Remuneration	
	Number attended	Number available	Number attended	Number available	Number attended	Number available
BT Lambert	14	14	4	4	4	4
D Southam	14	14	-	-	-	-
MA Bohm	14	14	4	4	4	4
L Carpene	14	14	4	4	4	4
P Bewick ¹	10	10	-	-	-	-

¹ Mr Bewick was appointed as a Non-executive Director on 2 December 2019.

FUTURE DEVELOPMENTS

Details of important developments occurring in FY2020 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 applicable to the Company, as and when they are to hand.

REMUNERATION REPORT

This Remuneration Report, which forms part of the Directors' Report, sets out information on the remuneration of the key management personnel ("KMP") of the Company for the financial year ended 30 June 2020. The information in the Remuneration Report has been prepared in accordance with Section 300A of the *Corporations Act 2001 (Cth)* and has been audited as required by Section 308 (3C) of the *Corporations Act 2001(Cth)*.

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

- a) Key Management Personnel;
- b) Remuneration Policy;
- c) Principles Used to Determine the Nature and Amount of Remuneration;
- d) Link Between Performance and Remuneration Outcomes;
- e) Details of Remuneration;
- f) Service Agreements;
- g) Share Based Compensation;
- h) Shareholdings of Key Management Personnel; and
- i) Other Transactions with Key Management Personnel

A) KEY MANAGEMENT PERSONNEL

The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company. For the purpose of this report, the term 'executive' encompasses the Managing Director and other executives.

The following people were KMP during the financial year and unless otherwise indicated were KMP for the entire financial year:

Directors	Position	Executives	Position
BT Lambert	Non-executive Chairman	C Sun	Chief Financial Officer
D Southam	Managing Director	D Will ²	Chief Operating Officer
MA Bohm	Non-executive Director		
L Carpena	Non-executive Director		
P Bewick ¹	Non-executive Director		

¹ Mr Bewick was appointed as a Non-executive Director on 2 December 2019.

² Mr Will was appointed as Chief Operating Officer on 1 July 2019.

B) REMUNERATION POLICY

Mincor's remuneration policy is designed to provide rewards that:

- attract, motivate and retain executives;
- align executive interests with the Company's strategic and business objectives and the creation of shareholder value;
- incentivise executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- provide remuneration arrangements that are competitive by market standards; and
- comply with applicable legal requirements and appropriate standards of governance.

C) PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Company's remuneration policy is overseen by the Nomination and Remuneration Committee on behalf of the Board. The Committee is responsible for making recommendations to the Board on the:

- Company's remuneration policy and framework;
- remuneration for Non-executive Directors;
- remuneration for executives; and
- terms and conditions of employee incentive schemes.

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

Remuneration levels of executives are set by reference to other similar-sized mining and exploration companies with similar risk profiles. 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.

Remuneration levels for executives are determined by the Board based upon recommendations from the Nomination and Remuneration Committee. Remuneration of Non-executive Directors is determined by the Board within the Director remuneration fee pool limit approved by the shareholders from time to time. The Board undertakes an annual review of its performance and that of the Audit and Risk Committee and the Nomination and Remuneration Committee. No bonuses are paid to Non-executive Directors.

The Company's remuneration framework aligns KMP remuneration with the achievement of strategic objectives and the creation of value for shareholders. The Nomination and Remuneration Committee seeks to ensure that the remuneration of KMP is competitive and reasonable, acceptable to shareholders, and aligns remuneration with performance. In performing its function, the Nomination and Remuneration Committee may seek advice from independent remuneration consultants. The structure and level of remuneration for KMP is reviewed annually by the Nomination and Remuneration Committee and approved by the Board taking into consideration the Company's circumstances and performance.

During the 2020 financial year, the Nomination and Remuneration Committee engaged Morrow Sodali Pty Ltd to benchmark the remuneration of the Managing Director to ensure it is appropriate and in line with the market. The work completed did not constitute a remuneration recommendation in accordance with the *Corporations Act 2001 (Cth)*.

Remuneration of Non-executive Directors

Fees and payments to Non-executive Directors reflect the time commitment and responsibilities of their role and are reviewed annually by the Board.

Directors' fees

Fees for the Chairman and Non-executive Directors are determined within an aggregate Director fee pool limit of \$600,000, which was last approved by shareholders in 2019. During the year, the Chairman's and other Non-executive Directors' remuneration was inclusive of all committee fees. Remuneration for Non-executive Directors is not linked to individual performance.

All Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

Non-executive Directors are not provided with retirement benefits other than statutory superannuation.

Remuneration of Executives

The Company's remuneration policy for executives is designed to promote performance and long-term commitment to the Company. In considering the Company's performance in relation to the remuneration policy, due regard is given to shareholder wealth creation including movements in the market value of the Company's shares.

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

- being market competitive to attract and retain high calibre individuals;
- rewarding superior individual performance;
- recognising the contribution of each executive to the continued growth and success of the Company, and
- linking long-term incentives to shareholder value.

To achieve these objectives, the remuneration structure of executives provides a combination of fixed and variable pay, and comprises of:

- total fixed remuneration, inclusive of base pay, superannuation and other benefits;
- performance based short-term incentives, and
- performance based long-term incentives.

i) Total fixed remuneration

Total fixed remuneration ("TFR") for each executive is influenced by the nature and responsibilities of each role and the knowledge, skills and experience required for each position. TFR comprises base salary, statutory superannuation and other benefits.

Base salary for each executive is reviewed annually by the Nomination and Remuneration Committee and approved by the Board. The process includes a review of the Company and individual's performance and the market rate for the position, which is determined with the assistance of external advisors (where necessary) and reference to relevant surveys and reports. There is no guaranteed base pay increase included in any executive contracts.

ii) Short-term incentives

Short-term incentives ("STIs") comprise generally a cash bonus or incentive. The STIs are structured as performance-based remuneration which are linked to achievement of shorter-term performance targets or objectives in a period of 12 months.

STIs payments are recommended by the Nomination and Remuneration Committee and approved at the discretion of the Board based on the attainment of Key Performance Indicators ("KPIs"). KPIs are set annually in advance by the Nomination and Remuneration Committee and approved by the Board.

iii) Long-term incentives

Long-term incentives ("LTIs"), which may comprise shares, options and/or performance rights, are granted at the discretion of the Board, subject to obtaining relevant approvals if required, and vest on attainment of both time and performance hurdles. These LTIs are granted under the Mincor Resources NL Employment Equity Plan. The LTIs are designed to align the remuneration of executives with creation of value for shareholders and provide a link between executive remuneration and the level of their performance and the performance of the Company.

iv) Securities Trading Policy

The trading of shares issued to participants under any of the Company's employee equity plans is subject to, and conditional upon compliance with the Company's Securities Trading Policy. Executives are prohibited from entering into any hedging arrangements over unvested securities under the Company's employee incentive plans and the Securities Trading Policy.

D) LINK BETWEEN PERFORMANCE AND REMUNERATION OUTCOMES

The remuneration framework detailed above has been tailored with the objective of attracting and retaining high calibre individuals who contribute to the success of the Company, while maintaining alignment between Company performance and individual rewards. The remuneration policies seek a balance between the interests of stakeholders and competitive market remuneration levels.

Company Performance

The Group's performance for the financial year ended 30 June 2020 and the previous four financial years, and its impact on shareholder wealth as required to be disclosed under the *Corporations Act 2001 (Cth)* is summarised in the table below.

Year ended 30 June	Units	2020	2019	2018	2017	2016
Market capitalisation	\$m	269.9	126.2	83.7	34.0	56.5
Closing share price at 30 June	\$	0.78	0.44	0.38	0.18	0.30
Loss for the year	\$m	(\$14.3)	(\$13.7)	(\$4.7)	(\$4.2)	(\$42.0)
Loss per shares	cents	(4.4)	(6.1)	(2.3)	(2.2)	(22.3)
Nickel Mineral Resources (contained nickel)	t	196,100	175,300	117,900	99,200	99,200

Short-term Incentives

The KPIs for FY2020 STIs were linked to the Company's safety performance, Mineral Resource/ Reserve outcomes and achieving DFS, site works and project funding milestones. Subsequent to 30 June 2020, the Board determined to pay STIs to the executives in recognition of achievements made against performance targets set at the beginning of the financial year:

DIRECTORS' REPORT

KPI	Managing Director		Other Executives	
	Maximum STI	STI earned	Maximum STI	STI earned
	% of TFR			
Group safety performance	5.0%	5.0%	3.0%	3.0%
Increase/ expand nickel Mineral Resources (excluding Cassini)	15.0%	2.5%	10.0%	1.5%
Delivery of a DFS for the KNO and Cassini Ore Reserve	12.0%	12.0%	8.0%	8.0%
Early capital works for KNO as approved by the Board	6.0%	4.0%	4.0%	2.0%
Project funding progress	9.0%	7.5%	6.0%	4.5%
Personal performance	10.0%	10.0%	6.0%	6.0%
Total	57.0%	41.0%	37.0%	25.0%

Long-term Incentives

Details on the Performance Rights issued to executives during the financial year are included in Section (G)(iii) of this report.

E) DETAILS OF REMUNERATION

Details of the remuneration for KMP are set out in the following tables.

2020	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments (LTI) ⁴		Total \$	Linked to performance %
Name	Directors fees \$	Salary \$	STI bonus \$	Other ³ \$	Super-annuation \$	Long service leave \$	Performance Rights \$	Options \$		
Non-executive Directors										
BT Lambert	105,000	-	-	-	9,975	-	-	-	114,975	-
MA Bohm	72,500	-	-	-	6,888	-	-	-	79,388	-
L Carpine	72,500	-	-	-	6,888	-	-	-	79,388	-
P Bewick ¹	35,000	-	-	-	3,325	-	-	-	38,325	-
Subtotal	285,000	-	-	-	27,076	-	-	-	312,076	-
Executive Director										
D Southam	-	500,000	215,250	25,313	25,000	8,334	84,682	158,274	1,016,853	45%
Other KMP										
C Sun	-	265,000	72,500	22,649	25,000	11,053	44,602	-	440,804	27%
D Will ²	-	360,000	96,250	22,154	25,000	7,430	52,243	-	563,077	26%
Subtotal	-	625,000	168,750	44,803	50,000	18,483	96,845	-	1,003,881	
TOTAL	285,000	1,125,000	384,000	70,116	102,076	26,817	181,527	158,274	2,332,810	

¹ Mr Bewick was appointed as a Non-executive Director on 2 December 2019.

² Mr Will was appointed as Chief Operating Officer on 1 July 2019.

³ Other short-term employee benefits include FY2020 movement in annual leave provisions.

⁴ Relates to the non-cash value of Performance Rights and Options expensed during the financial year under Australian Accounting Standards.

2019	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments (LTI) ⁴		Total \$	Linked to performance %
Name	Directors fees \$	Salary \$	STI bonus \$	Other ³ \$	Super-annuation \$	Long service leave \$	Performance Rights \$	Options \$		
Non-executive Directors										
BT Lambert	90,000	-	-	-	8,550	-	-	-	98,550	-
MA Bohm	60,000	-	-	-	5,700	-	-	-	65,700	-
L Carpine	60,000	-	-	-	5,700	-	-	-	65,700	-
Subtotal	210,000	-	-	-	19,950	-	-	-	229,950	

DIRECTORS' REPORT

2019	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments (LTI) ⁴		Total \$	Linked to performance %
	Directors fees \$	Salary \$	STI bonus \$	Other ³ \$	Superannuation \$	Long service leave \$	Performance Rights \$	Options \$		
Name										
Executive Directors										
D Southam ¹	-	208,333	104,167	16,907	10,417	3,471	35,225	41,836	420,356	43%
P Muccilli ^{1,2}	-	182,261	16,250	150,467	11,977	-	-	-	360,955	-
Subtotal	-	390,594	120,417	167,374	22,394	3,471	35,225	41,836	781,311	
Other KMP										
C Sun ²	-	229,965	62,525	11,438	20,531	3,749	5,684	-	333,892	20%
RJ Hartley ^{2,5}	-	234,074	51,100	(15,868)	20,531	(3,337)	5,798	-	292,298	19%
Subtotal	-	464,039	113,625	(4,430)	41,062	412	11,482	-	626,190	
TOTAL	210,000	854,633	234,042	162,944	83,406	3,883	46,707	41,836	1,637,451	

¹ Mr Southam was appointed as Managing Director on 1 February 2019, replacing Mr Muccilli who resigned effective 31 January 2019.

² Includes a cash bonus of \$16,250 to Mr Muccilli, \$12,525 to Ms Sun and \$12,775 to Mr Hartley which related to the 30 June 2018 financial year but approved and paid in the 30 June 2019 financial year.

³ Other Short-term employee benefits include FY2019 movement in annual leave provision and cash payment for annual leave and long-service leave on resignation.

⁴ Relates to the non-cash value of Performance Rights and Options which were expensed during the financial year under Australian Accounting Standards.

⁵ Mr Hartley ceased to be a KMP on 30 June 2019.

F) SERVICE AGREEMENTS

Remuneration and other terms of employment for executives are formalised in employment contracts. The employment contracts specify the components of remuneration, benefits and notice periods. Participation in LTIs are at the discretion of the Board.

The agreements relating to remuneration and other terms of employment for the Managing Director and other executives for the 2020 financial year are set out below.

Name and position	Term of agreement	Base salary including superannuation	Notice period	Termination benefit
D Southam Managing Director	Ongoing commencing 1 February 2019	\$525,000	3 months' notice by employee 12 months' notice by the Company	12 months' termination payment and accrued leave entitlements
C Sun Chief Financial Officer	Ongoing commencing 18 March 2008	\$290,000	3 months' notice by employee 6 months' notice by the Company	6 months' termination payment and accrued leave entitlements
D Will Chief Operating Officer	Ongoing commencing 1 July 2019	\$385,000	3 months' notice by employee 6 months' notice by the Company	6 months' termination payment and accrued leave entitlements

G) SHARE BASED COMPENSATION

i) Options issued under the Employee Share Option Plan

Options were granted in previous years under the Mincor Employee Share Option Plan ("ESOP") for no consideration for a maximum period of five years and are subject to the imposition of any specified vesting conditions as may be determined at the discretion of the Board. The Options may be exercised at any time between the date the option vests and the expiry date. No Options were issued under the ESOP during the financial year.

The terms and conditions of Options affecting remuneration in the reporting period are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Fair value per option at grant date	Vested
18 May 2016	100% after 18 May 2018	18 May 2021	\$0.50	\$0.1254	100%

DIRECTORS' REPORT

Fair value of Options granted

The fair value at grant date stated in the table above was determined using the Binomial option valuation methodology and takes into account the following inputs:

Metric	Options expiring 18 May 2021
a. Exercise price	\$0.50
b. Grant date	18 May 2016
c. Expiry date	18 May 2021
d. Share price at grant date	\$0.340
e. Expected price volatility of the Company's shares	75%
f. Expected dividend yield	0%
g. Risk-free interest rate	1.550%

Share Options holdings

The number of Options issued under the ESOP over ordinary shares in the Company held during the financial year by the KMP is set out below.

Name	Grant date	Balance at start of period	Granted as compensation	Vested		Exercised	Other changes	Forfeited/ lapsed during the period	Balance for the period ended	
		Vested		No.	%				Vested and exercise-able	Unvested
C Sun	18 May 2016	400,000	-	-	-	-	-	-	400,000	-

No Options were exercised during the reporting period.

ii) Incentive Options pursuant to shareholder approval

The following Incentive Options were granted to Mr Southam for nil cash consideration as part of his service agreement on appointment as the Managing Director, as approved by shareholders on 13 March 2019:

- 1,500,000 Incentive Options at an exercise price of \$0.40 per share, and
- 1,500,000 Incentive Options at an exercise price of \$0.50 per share.

Each Incentive Option will vest upon the first to occur:

- 1 February 2022 subject to Mr Southam continuing to be employed by the Company on that date;
- a change of control of the Company;
- Mr Southam's employment is terminated by the Company other than for cause, or
- the termination or cessation of Mr Southam's employment as a result of:
 - total and permanent disablement of Mr Southam;
 - mental illness of Mr Southam, as determined by the Board;
 - redundancy, or
 - the death, or terminal illness of Mr Southam.

The terms and conditions of Incentive Options affecting remuneration in the reporting period are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Fair value per option at grant date	Vested
13 March 2019	1 February 2022	13 March 2024	\$0.40	\$0.1535	-
13 March 2019	1 February 2022	13 March 2024	\$0.50	\$0.1304	-

Fair value of Incentive Options granted

The fair value at grant date stated in the table above was determined using the Black-Scholes valuation methodology of Incentive Options and takes into account the following inputs:

DIRECTORS' REPORT

Metric	Options expiring 13 March 2024
a. Exercise price	\$0.40 and \$0.50
b. Grant date	13 March 2019
c. Expiry date	13 March 2024
d. Share price at grant date	\$0.365
e. Expected price volatility of the Company's shares	49%
f. Expected dividend yield	0%
g. Risk-free interest rate	1.601%

Share Incentive Options holdings

The number of Incentive Options issued pursuant to shareholder approval over ordinary shares in the Company held during the financial year is set out below.

Name	Grant date	Balance at start of period	Granted as compensation	Vested		Exercised	Other changes	Forfeited/ lapsed during the period	Balance for the period ended	
		Unvested		No.	%				Vested	Unvested
D Southam	13 Mar 2019	3,000,000	-	-	-	-	-	-	-	3,000,000

No Incentive Options were exercised during the reporting period.

iii) Performance Rights issued under the Incentive Plan

Executives were granted Performance Rights which are subject to vesting conditions related to achieving a matrix of performance targets measured over a three-year period. The number of Performance Rights granted was capped at 50% of the TFR for the executives other than the Managing Director.

As part of Mr Southam's appointment as Managing Director, he was granted 1,404,889 Performance Rights under the Incentive Plan. Pursuant to the terms of his employment, Mr Southam is not eligible to participate in another performance rights grant until the financial year commencing 1 July 2020.

The Performance Rights over ordinary shares are granted under the Incentive Plan for nil cash consideration and 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 reporting period are set out below:

Grant date	Performance measurement period	Expiry date	Vesting conditions	Value per Performance Right at grant date
------------	--------------------------------	-------------	--------------------	---

Executives and staff (excluding Managing Director)

19 March 2019	1 July 2018 to 30 June 2021	2 years after vesting of Performance Rights	40% of Performance Rights vest based on achieving a Total Shareholder Return ("TSR") for the Company over the performance period of greater than 15% compound annual growth.	\$0.21
			40% of Performance Rights vest on reaching commercial production at a nickel mine at operating cost of not more than 10% above budget.	\$0.42
			20% of Performance Rights vest upon the Company being listed in the ASX300 for two consecutive six-month periods within the performance period or the Company's market capitalisation exceeds the market capitalisation of the 300 th company in the ASX300.	\$0.18
15 November 2019	1 July 2019 to 30 June 2022	2 years after vesting of Performance Rights	30% of Performance Rights vest based on the TSR for the Company over the performance period relative to the TSR of each of the companies in a peer group, on a sliding scale, over the same period.	\$0.62

DIRECTORS' REPORT

Grant date	Performance measurement period	Expiry date	Vesting conditions	Value per Performance Right at grant date
			40% of the Performance Rights based on achieving a TSR for the Company over the Performance Period of greater than 15% compound annual growth.	\$0.44
			30% of the Performance Rights upon the Company being listed in the ASX300 within the Performance Period.	\$0.42

Managing Director

13 March 2019	1 February 2019 to 30 June 2022	2 years after vesting of Performance Rights	30% of Performance Rights vest based on the TSR for the Company over the performance period relative to the TSR of each of the companies in a peer group, on a sliding scale, over the same period.	\$0.29
			40% of Performance Rights vest based on achieving a TSR for the Company over the performance period of greater than 15% compound annual growth.	\$0.18
			30% of Performance Rights vest upon the Company being listed in the ASX300 within the performance period.	\$0.15

A component of the TSR performance conditions for Performance Rights issued to the Managing Director on 13 March 2019 and to Executives and staff on 15 November 2019, are measured against TSR of a benchmark peer group. The following companies are the peer group which the TSR will be measured against for those Performance Rights:

Ardea Resources Limited	Jervois Mining Limited	Red River Resources Limited
Australian Mines Limited	KGL Resources Limited	St George Mining Limited
Clean TeQ Holdings Limited	Metals X Limited	Talisman Mining Limited
Galena Mining Limited	Neometals Limited	Venturex Resources Limited
Hillgrove Resources Limited	Panoramic Limited	Western Areas Limited
	Poseidon Nickel Limited	

Fair value of Performance Rights granted

The fair value at grant date stated in the table above is determined using a hybrid employee share option pricing model, Monte Carlo simulation and Trinomial valuation methodology, depending on the relevant performance conditions attached to the award, and takes into consideration the following inputs:

Metric	Performance Rights granted to executives and staff		Performance Rights granted to Managing Director
Exercise price	Nil	Nil	Nil
Grant date	19 March 2019	15 November 2019	13 March 2019
Expiry date	2 years after vesting of Performance Rights	2 years after vesting of Performance Rights	2 years after vesting of Performance Rights
Share price at grant date	\$0.415	\$0.66	\$0.365
Expected price volatility of the Company's shares	50%	50%	50%
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.52%	0.85%	1.60%

Performance Rights holdings

The number of Performance Rights over ordinary shares in the Company held during the financial year by KMP, including their personally related parties, are set out below.

DIRECTORS' REPORT

Name	Balance at start of year	Granted as compensation	Vested and converted	Forfeited/ Cessation as KMP	Balance at end of year	
	Unvested				Vested	Unvested
2020						
D Southam	1,404,889	-	-	-	-	1,404,889
C Sun	164,803	337,995	-	-	-	502,798
D Will ¹	-	448,718	-	-	-	448,718
RJ Hartley ²	168,092	-	-	(168,092)	-	-
2019						
D Southam	-	1,404,889	-	-	-	1,404,889
RJ Hartley	-	168,092	-	-	-	168,092
C Sun	-	164,803	-	-	-	164,803
P Muccilli ³	200,000	-	(122,200)	(77,800)	-	-

¹ Mr Will was appointed as Chief Operating Officer on 1 July 2019

² Mr Hartley ceased to be a KMP on 30 June 2019.

³ Mr Muccilli resigned as Managing Director effective 31 January 2019.

H) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The number of shares in the Company held during the financial year by KMP of the Company, including their personally related parties, are set below.

Name	Balance at start of year	Received on the exercise of Options/Performance Rights	Other changes	Balance at end of year
2020				
Directors of Mincor				
BT Lambert (Chairman)	137,500	-	25,000	162,500
D Southam	-	-	-	-
MA Bohm	551,769	-	25,000	576,769
L Carpine	-	-	150,000	150,000
P Bewick ¹	-	-	-	-
Other KMP				
C Sun	17,269	-	-	17,269
D Will ²	-	-	-	-
RJ Hartley ³	111,298	-	(111,298)	-

¹ Mr Bewick was appointed as a Non-executive Director on 2 December 2019.

² Mr Will was appointed as Chief Operating Officer on 1 July 2019.

³ Other changes for Mr Hartley relate to cessation as KMP. Mr Hartley did not sell any shares during the reporting period.

Name	Balance at start of year	Received on the exercise of Options/Performance Rights	Other changes	Balance at end of year
2019				
Directors of Mincor				
BT Lambert (Chairman)	100,000	-	37,500	137,500
MA Bohm	514,269	-	37,500	551,769
L Carpine	-	-	-	-
D Southam ¹	-	-	-	-
P Muccilli ^{1,2}	226,260	122,200	(348,460)	-
Other KMP				
RJ Hartley	111,298	-	-	111,298
C Sun	17,269	-	-	17,269

¹ Mr Southam was appointed as Managing Director on 1 February 2019, replacing Mr Muccilli who resigned effective 31 January 2019.

² Other changes for Mr Muccilli relate to cessation as KMP.

I) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no transactions with KMP during the 2020 and 2019 financial year.

This concludes the Remuneration Report.

DIRECTORS' REPORT

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
18 May 2016	18 May 2021	\$0.50	5,300,000
13 March 2019	13 March 2024	\$0.40	1,500,000
13 March 2019	13 March 2024	\$0.50	1,500,000

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 Incentive Plan at the date of this report are as follows:

Date Performance Rights granted	Expiry date	Number of Performance Rights
19 March 2019	30 June 2023	784,868
13 March 2019	30 June 2024	1,404,889
15 November 2019	30 June 2024	1,425,204

SHARES ISSUED ON THE EXERCISE OF OPTIONS

On 17 August 2020, 33,808 ordinary shares of the Company were issued 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/or since the year ended 30 June 2020 and up to the date of this report on vesting of Performance Rights granted by the Company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2020, the Company completed the following:

- on 1 July 2020, Tranche 1 of the June Placement shares were settled, and on 2 July 2020 the Company issued 24,001,803 new fully paid ordinary shares at \$0.72 per share and received \$16.8 million (after costs);
- on 22 July 2020, the Company announced the early close of the SPP. A total of 14,380,578 new fully paid ordinary shares at the same price as the June Placement were issued and the Company received \$10.4 million on 30 July 2020;
- on 5 August 2020, the Company held a general meeting and shareholders ratified Tranche 1 and approved the issue of Tranche 2 of the June Placement shares;
- on 11 August 2020, Tranche 2 of the June Placement was settled, and the Company issued 45,442,642 new fully paid ordinary shares at \$0.72 per share and received \$31.7million (after costs), and
- on 17 August 2020, the Company announced:
 - a 16.5% increase in the Cassini Ore Reserve to 1.2Mt @3.3% Ni for 40,100 tonnes of contained nickel and further increased the Company-wide Nickel Ore Reserves to 71,100 tonnes of contained nickel;
 - an exploration update of a new high-grade massive sulphide intercept of 3.5m @7.6% Ni in the CS4 channel at Cassini Main; and
 - early works package awarded to Pit N Portal Pty Ltd for the Northern Operations, comprising re-establishment of services and minor rehabilitation works in the Otter Juan decline.

CORPORATE GOVERNANCE

A summary of the Company's corporate governance policies and practices and compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) will be provided at the same time as the 2020 Annual Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001 (Cth)* for leave to bring any proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

ENVIRONMENTAL MATTERS

The Group is subject to environmental regulation on its mineral properties. To this extent, the Group has raised rehabilitation provisions of \$11.1 million (2019: \$11.8 million).

NATIONAL POLLUTANT INVENTORY AND GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group is subject to the reporting requirements of the *National Environmental Protection (National Pollution Inventory) Measures 1998*. This requires the Group to measure and report its annual emissions of specified substances to air, land and water if usages of certain substances or fuel exceed reporting thresholds. The Widgiemooltha Gold Project and the Cassini Nickel Project have exceeded a number of these thresholds and will submit its 2019/2020 National Pollutant Inventory Report to the Department of Agriculture, Water and the Environment by the legislated due date of 30 September 2020. The Group has implemented systems and processes for the collection and calculation of the data required for this report.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to track its annual greenhouse gas emissions and energy use. During the year ended 30 June 2020, the Group's annual greenhouse gas emission and energy use were under the reporting threshold for National Greenhouse and Energy Reporting, therefore it is not required to submit the 2019/2020 National Greenhouse and Energy Report.

INSURANCE OF OFFICERS

During the 2020 financial year, the Company 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 engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the current auditor (Deloitte Touche Tohmatsu) and previous auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the financial year are detailed in Note 26 to the financial statements.

The Board of Directors has considered the position and in accordance with the advice received from the Audit and Risk 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 (Cth)*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 26, did not compromise the auditor independence requirements of the *Corporations Act 2001 (Cth)* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- 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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001(Cth)* is set out separately in this report (page 20).

ROUNDING OF AMOUNTS

The Company has relied on the relief provided by the 'ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191', 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 the Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Dated in Perth this 26th day of August 2020 in accordance with a resolution of the Directors.



D Southam
Managing Director

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

26 August 2020

Dear Board Members

Auditor's Independence Declaration Mincor Resources NL

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

As lead audit partner for the audit of the financial report of Mincor Resources NL for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
Revenue from contracts with customers	4	21,437	40,676
Cost of sales	5	(19,261)	(40,382)
Gross profit		2,176	294
General and administrative expenses		(4,247)	(3,305)
Exploration and evaluation expenditure	13	(13,749)	(9,014)
Depreciation and amortisation		(452)	(61)
(Loss)/gain on disposal of property, plant and equipment		(47)	395
Impairment of property, plant and equipment	14	-	(2,187)
Adjustments to rehabilitation provision		719	-
Share-based payments	22	(429)	(105)
Gain from financial instrument at fair value through profit or loss	6	831	-
Foreign exchange gain		-	30
Other income and expense		920	204
Operating loss before interest and income tax		(14,278)	(13,749)
Finance costs		(5)	-
Loss before income tax		(14,283)	(13,749)
Income tax expense	7	-	-
Loss after income tax		(14,283)	(13,749)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the members of Mincor Resources NL		(14,283)	(13,749)
		Cents	Cents
Loss per share	8	(4.4)	(6.1)
Diluted loss per share	8	(4.4)	(6.1)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
Current Assets			
Cash and cash equivalents	9	46,724	29,013
Restricted cash	9	231	176
Trade and other receivables	10	58	649
Inventories	11	11	4,484
Other current assets	12	1,167	370
Total Current Assets		48,191	34,692
Non-Current Assets			
Exploration and evaluation Assets	13	19,866	19,027
Property, plant and equipment	14	6,314	6,361
Total Non-Current Assets		26,180	25,388
TOTAL ASSETS		74,371	60,080
Current Liabilities			
Trade and other payables	15	2,772	8,048
Lease liability	16	99	-
Provisions	17	504	500
Total Current Liabilities		3,375	8,548
Non-Current Liabilities			
Lease liability	16	163	-
Provisions	17	11,157	11,661
Financial liability	21(a)	1,730	2,331
Total Non-Current Liabilities		13,050	13,992
TOTAL LIABILITIES		16,425	22,540
NET ASSETS		57,946	37,540
Equity			
Contributed equity	18	95,340	59,141
Share-based payments reserve	22	1,197	5,867
Accumulated losses		(38,591)	(27,468)
TOTAL EQUITY		57,946	37,540

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 2020

		Contributed Equity \$'000	Accumulated Losses \$'000	Share-based Payment Reserve \$'000	Total \$'000
Note					
	Balance at 1 July 2018	33,242	(13,719)	5,762	25,285
	Loss for the year	-	(13,749)	-	(13,749)
	Total comprehensive loss for the year	-	(13,749)	-	(13,749)
	Transactions with owners in their capacity as owners:				
	- Contributions of equity, net of transaction costs	18	16,978	-	16,978
	- Share purchase plan, net of transaction costs	18	5,271	-	5,271
	- Share issue on asset acquisition, net of transaction costs	18, 21	3,500	-	3,500
	- Share based payments		150	-	150
	- Employee share options and performance rights	22	-	105	105
		25,899	-	105	26,004
	Balance at 30 June 2019	59,141	(27,468)	5,867	37,540
	Loss for the year	-	(14,283)	-	(14,283)
	Total comprehensive loss for the year	-	(14,283)	-	(14,283)
	Transactions with owners in their capacity as owners:				
	- Contributions of equity, net of transaction costs	18	28,767	-	28,767
	- Share purchase plan, net of transaction costs	18	5,493	-	5,493
	- Employee share options and performance rights	22	-	429	429
	- Transfer between reserves arising from issued and expired Options and Performance Rights	18, 22	1,939	(5,099)	-
		36,199	3,160	(4,670)	34,689
	Balance at 30 June 2020	95,340	(38,591)	1,197	57,946

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 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		21,474	40,716
Payments for other operating activities		(20,739)	(33,708)
Payments for exploration and evaluation expenditure		(15,380)	(7,412)
		(14,645)	(404)
Interest received		520	147
Other income		802	208
Net cash outflow from operating activities	9	(13,323)	(49)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,767)	(49)
Payments for mine development		(374)	(7,850)
Payments for exploration and evaluation expenditure		(798)	-
Proceeds from disposal of property, plant and equipment		8	395
Net cash outflow from investing activities		(2,931)	(7,504)
Cash flows from financing activities			
Proceeds from the issue of shares, net of capital raising costs		34,032	22,452
Lease payments		(12)	-
Payments from cash restricted cash accounts		(55)	-
Net cash inflow from financing activities		33,965	22,452
Net increase in cash and cash equivalents		17,711	14,899
Cash and cash equivalents at the beginning of the financial year		29,013	14,114
Cash and cash equivalents at the end of the financial year	9	46,724	29,013

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. Information on the reclassification of prior period is detailed in Note 2 b).

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FOR THE YEAR ENDED 30 JUNE 2020

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

BASIS OF PREPARATION

Note 1. GENERAL INFORMATION

Mincor Resources NL ("Mincor", or "the Company") is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly listed on the Australian Securities Exchange Limited ("ASX"). The Company's registered office is located at Ground Floor, 9 Havelock Street, West Perth, Western Australia.

The principal activities of the companies in the Group, consisting of Mincor and its subsidiaries, during the financial year were exploration and mining for mineral resources.

Note 2. ABOUT THIS FINANCIAL REPORT

The financial report comprises of:

- consolidated financial statements for the year ended 30 June 2020;
- notes to the consolidated financial statements; and
- the Directors' declaration about the statements and notes.

The consolidated general-purpose financial report for the Group for the year ended 30 June 2020 was authorised for issue by the Directors on 26 August 2020. The Directors have the power to amend and reissue the financial report.

The financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the *Corporations Act 2001(Cth)*, Australian Accounting Standards and Interpretations issued by the Accounting Standards Board ("AASB"). The consolidated financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- have been prepared on a historical cost basis except for the revaluation of financial instruments that are measured at revalued amounts or fair value at each reporting period;
- adopt all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2019. Refer to Note 2 d) for further details;
- do not early adopt any Australian Accounting Standards and Interpretations issued or amended by the AASB but not yet effective, and
- are presented in Australian Dollars, being the Company's functional currency.

In preparing the financial report for the year ended 30 June 2020, the Company has made a number of changes in structure, layout and wording in order to make the report less complex and more relevant for shareholders and other users. Significant and other accounting policies that summarise the measurement basis used and are relevant to aiding an understanding of the financial statements are provided throughout the notes to the financial statements. The notes to the consolidated financial statements are grouped into the following five categories:

1. Basis of preparation;
2. Key numbers;
3. Risk management;
4. Group structure, and
5. Other information.

The Group has relied on the relief provided by the 'ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191', 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 the Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

BASIS OF PREPARATION

a) Basis of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2020 and the results of all subsidiaries for the financial year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group 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 Group. They are de-consolidated from the date that control ceases. A list of controlled entities is detailed in Note 20 to the consolidated financial statements.

ii) Transactions eliminated on consolidation

Intra-group transactions, balances and unrealised gains arising from intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

b) Comparatives

During the 2020 financial year, payments for exploration and valuation expenditure have been classified as operating activities within the consolidated statement of cash flows, to reflect the Group's accounting policy to expense exploration and evaluation expenditure post acquisition, through to completion of a definitive feasibility study. As a result of this reclassification, payments for exploration expenditure for the prior year ended 30 June 2019 totalling \$7,412,000 were reclassified from investing activities to operating activities in the consolidated statement of cash flows. There has been no impact on the consolidated statement of profit or loss and other comprehensive income or the consolidated statement of financial position.

c) Key estimates and judgements

In preparing the consolidated financial statements, management has made a number of judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates are based on management's experience and knowledge of relevant facts and circumstances at that time. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Key accounting estimates and judgements which are material to the financial report are found in the following sections:

- Note 7 Income Tax;
- Note 13 Exploration and Evaluation;
- Note 14 Property, Plant and Equipment;
- Note 17 Provisions;
- Note 21 Asset Acquisitions; and
- Note 22 Share-based Payments.

d) New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the accounting policy on leases described below which has changed following the adoption of AASB 16 Leases. The nature and effect of these changes are disclosed below:

i) AASB 16 Leases

The Group adopted AASB 16 Leases from 1 July 2019. AASB 16 Leases introduced a single, on balance sheet accounting model for lessees. As a result, the Group as a lessee, will recognise right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The changes in the Group's accounting policies are set out in Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

BASIS OF PREPARATION

There was no impact on the financial statements from the application of this new standard at 1 July 2019 as the Group's leasing arrangements at that time were either:

- low value assets, or
- short-term contracts.

There are no new accounting standards and interpretations which have been issued but not yet effective which would have a material impact on the entity in the current or future reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

Note 3. OPERATING SEGMENT

a) Description of segments

For management purposes, the Group is organised into operating segments by the mineral being mined or explored. The two identifiable segments for the 2019 and 2020 financial years were:

- Nickel Operations – exploration and development of nickel assets; and
- Gold Operations – exploration, development and mining of gold assets, including gold operations at WGP. Following the completion of a strategic review of the Company's gold assets in June 2019, mining activities ceased at WGP in October 2019 and the operation was placed on care and maintenance in November 2019.

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

b) Segment information

	Gold \$'000	Nickel \$'000	Total \$'000
2019			
Segment sales to external customers	40,537	-	40,537
Cost of production	(33,393)	-	(33,393)
Change in inventories	3,542	-	3,542
Write down of stockpile	(759)	-	(759)
Exploration and evaluation expenditure	-	(9,014)	(9,014)
Depreciation and amortisation	(9,772)	(43)	(9,815)
Gain on disposal of property, plant and equipment	-	395	395
Impairment of property, plant and equipment	(2,187)	-	(2,187)
Total segment results	(2,032)	(8,662)	(10,694)
Segment assets	7,197	23,406	30,603
Segment liabilities	5,952	15,024	20,976
2020			
Segment sales to external customers	21,305	-	21,305
Cost of production	(12,498)	-	(12,498)
Change in inventories	(4,484)	-	(4,484)
Exploration and evaluation expenditure	-	(13,746)	(13,746)
Depreciation and amortisation	(2,279)	(337)	(2,616)
Loss on disposal of property, plant and equipment	-	(38)	(38)
Adjustments to rehabilitation provision	662	57	719
Gain from financial instrument at fair value through profit or loss	230	601	831
Total segment results	2,936	(13,463)	(10,527)
Segment assets	128	26,006	26,134
Segment liabilities	617	13,300	13,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

c) Reconciliation of operating loss

	2020 \$'000	2019 \$'000
Segment loss	(10,527)	(10,694)
Sundry income	1,204	204
Other sales to external customers	132	139
Foreign exchange gain	-	30
Corporate expenses	(5,092)	(3,428)
Loss before income tax	(14,283)	(13,749)

d) Reconciliation of assets and liabilities

	2020 \$'000	2019 \$'000
Segment assets	26,134	30,603
Corporate assets	1,282	288
Cash, cash equivalents and restricted cash	46,955	29,189
Consolidated Total Assets	74,371	60,080
Segment liabilities	13,917	20,976
Corporate liabilities	2,508	1,564
Consolidated Total Liabilities	16,425	22,540

Note 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020 \$'000	2019 \$'000
Sale of gold bullion	21,299	40,484
Sale of silver by product	6	53
Other sales	132	139
21,437	40,676	

a) Revenue recognition

The Group earned revenue from the sale of gold bullion and silver by-product mined from its 100% owned WGP. The Group determined that revenue from these sales were recognised when the performance obligation was satisfied, and control has been transferred to the customer (i.e. The Perth Mint). The only performance obligation was the sale of the gold bullion and silver by-product, which occurred when the metals had been transferred out of the Group's metals account with The Perth Mint.

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

WGP was placed on care and maintenance in November 2019, refer to Note 3 for further details.

Note 5. COSTS OF SALES

	2020 \$'000	2019 \$'000
Mining	2,050	10,230
Mine administration	316	1,120
Processing	8,992	18,728
Royalties	1,140	3,315
Depreciation and amortisation	2,279	9,772
Change in inventories	4,484	(3,542)
Write down of stockpiles	-	759
19,261	40,382	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

Note 6. GAIN FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 \$'000	2019 \$'000
Gain from gold put options	230	-
Gain from revaluation of financial liability (Refer to Note 21)	601	-
	831	-

Gold put options acquired for WGP were settled during the financial year. For details on accounting policies on financial instruments, refer to Note 19.

Note 7. INCOME TAX

a) Numerical reconciliation of income tax expenses to prima facie tax payable

	2020 \$'000	2019 \$'000
Loss before income tax expense	(14,283)	(13,749)
Tax at the Australian tax rate of 30% (2019: 30%)	(4,285)	(4,125)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Share-based payment	128	32
- Non-deductible expenses	34	10
- Other	-	(3)
- Non-recognition of deferred tax assets	4,123	4,086
Income tax benefit	-	-

The tax rate of 30% represents the rate at which the Company expects to utilise the tax losses. The Group has tax losses of \$108,703,000 (2019: \$95,224,000) that are available indefinitely for offsetting against future taxable profits of the companies within the tax consolidated group.

b) Franking credits

	2020 \$'000	2019 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2019: 30%)	64,604	64,604

The amounts represent the balance of the franking account as at the reporting date, adjusted for franking credits that may be prevented from being distributed in subsequent financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Deferred tax liabilities

Evaluation and acquired exploration

Other

Total deferred tax liabilities

Deferred tax assets

Tax losses

Employee benefits

Rehabilitation

Property, plant and equipment

Other

Total deferred tax assets

Non-recognition of tax assets

Net deferred tax asset/(liability)

2020 \$'000	2019 \$'000
(3,901)	(3,649)
(194)	(3)
(4,095)	(3,652)
32,611	28,567
164	111
1,826	2,188
819	353
629	411
36,049	31,630
(31,954)	(27,978)
-	-

d) Recognition and measurement

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the tax rate, which is adjusted by deferred tax expense which reflects the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in consolidated statement of 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.

i) Current income tax

The current income tax expense is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

ii) Deferred tax

Deferred 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 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

iii) Tax Consolidation

Mincor and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The head entity, Mincor and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts, as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Mincor 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 for any current tax payable assumed and are compensated by Mincor for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mincor. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

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.

e) Key estimates and judgements

Management has assessed the probability that sufficient future taxable income (including the reversal of taxable temporary differences) will be generated to utilise the carried forward tax losses. Management has concluded that recognition of deferred tax assets is not appropriate, given the exploration stage of the operations and has not recognised deferred tax assets of \$31,954,000 (2019: \$27,978,000).

Note 8. EARNINGS/(LOSS) PER SHARE

	2020	2019
Loss for the year (\$'000)	(14,283)	(13,749)
Loss attributable to the ordinary equity holders of the Company (\$'000)	(14,283)	(13,749)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	320,998,714	225,736,778
Loss per share (cents)	(4.4)	(6.1)
Diluted loss per share (cents)	(4.4)	(6.1)

The Performance Rights and Options with the potential to be converted to ordinary shares are not included in the calculation of diluted loss per share as they are antidilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

Note 9. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

	2020 \$'000	2019 \$'000
Cash and cash equivalents	46,724	29,013
Restricted cash	231	176
	46,955	29,189

a) Reconciliation of net cash outflow from operating activities to loss before income tax

	2020 \$'000	2019 \$'000
Loss for the year	(14,283)	(13,749)
Add/(less): non-cash items		
Depreciation and amortisation	2,731	9,833
Loss/(gain) on disposal of property, plant and equipment	47	(395)
Impairment of property, plant and equipment	-	2,187
Write down of stockpile	-	759
Share-based payments	429	105
Gain from financial instrument at fair value through profit or loss	(601)	-
Adjustments to rehabilitation provision	(719)	-
Impairment of receivable	169	158
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	296	(35)
Decrease/(increase) in inventories	4,473	(3,345)
(Decrease)/increase in creditors and accruals	(5,644)	4,245
(Decrease)/increase in employee entitlement provisions	(221)	188
Net cash outflow from operating activities	(13,323)	(49)

b) Recognition and measurement

For the purpose of presentation in the consolidated 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.

Restricted cash represents cash deposits held as security against the Group's bond and credit card facility.

Note 10. TRADE AND OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
Current		
Other receivables	58	649
	58	649

Accounting policy on classification and measurement of trade and other receivables are detailed in Note 19.

At 30 June 2020, the balance of impaired receivables totalled \$319,000 (2019: 194,000), which were considered past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

Note 11. INVENTORIES

Current

Ore stockpiles
Gold-in-circuit
Consumables

2020 \$'000	2019 \$'000
-	3,126
-	1,358
11	-
11	4,484

Ore stockpiles on hand are valued at the lower of weighted average cost and net realisable value.

a) Recognition and measurement

Inventories including ore stockpiles, work-in-progress, gold-in-circuit and finished goods are measured or estimated and valued at the lower of cost and net realisable value. Cost comprises direct costs and an appropriate portion of fixed overhead costs. A portion of the related depreciation and amortisation is included in the cost of inventory. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Note 12. OTHER CURRENT ASSETS

Current

Prepayments and other assets

2020 \$'000	2019 \$'000
1,167	370
1,167	370

Note 13. EXPLORATION AND EVALUATION

Exploration and evaluation expenditure

Exploration and Evaluation Assets

Opening balance at the beginning of year
Current year expenditure capitalised
Adjustment to rehabilitation provision (refer to Note 17)
Long acquisition (refer to Note 21)

Total Exploration and Evaluation Asset

2020 \$'000	2019 \$'000
13,749	9,014
19,027	12,175
927	-
(88)	-
-	6,852
19,866	19,027

a) Recognition and measurement

Exploration and evaluation activities involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource in an individual geological area ("area of interest").

Exploration and evaluation activities include:

- Researching and analysing historical exploration data;
- Gathering exploration data through geophysical studies;
- Exploratory drilling and sampling;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements, and
- Conducting mining and evaluation studies.

All exploration and evaluation expenditure incurred up to completion of a DFS is expensed as incurred. These costs include directly attributable employee remuneration, materials used, surveying costs, drilling costs and payments made to contractors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

On completion of a positive DFS, when the Group has determined with a high degree of confidence that it is probable that future economic benefits will flow to the Group, exploration and evaluation expenditure is capitalised and carried forward in the consolidated financial statements, in respect of areas of interest for which the rights of tenure are current.

Identifiable exploration assets acquired, including mineral rights, are capitalised at their cost of acquisition.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and an investment decision has been made by the Board, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then transferred to mine properties and development.

b) Impairment

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest, as well as to determine if events or changes in circumstances indicate that the carrying value may not be recoverable.

In the event that an area of interest is abandoned or, if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is impaired, then the accumulated costs carried forward are written off in the year in which the assessment is made.

c) Key estimates and judgements

Judgement is required to determine whether future economic benefits are likely to flow to the Group, from either the exploitation or sale of the area of interest.

Following the release of DFS for the Company's KNO in March 2020, exploration and evaluation costs directly related to the areas of interest included in the DFS for KNO, totalling \$927,000, were capitalised to exploration and evaluation assets for the 2020 financial year.

Where an area of interest is determined to not be commercially viable or should be abandoned, all costs that have been capitalised in respect of that area of interest are impaired and written off. In determining this, the right to tenure as well as budgeted and planned expenditure in the area of interest, are considered.

At 30 June 2020, there are no impairment triggers as proceeds from the capital raising will be utilised to either develop the areas of interest included in the DFS, should a Final Investment Decision ultimately be made, or conduct further exploration programmes.

Note 14. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Mine properties & development \$'000	Property, plant & equipment \$'000	Right-of- use assets \$'000	Capital work- in-progress \$'000	Total \$'000
At 30 June 2018					
Cost or valuation	457,109	56,098	-	-	513,207
Accumulated depreciation	(449,832)	(55,606)	-	-	(505,438)
Net book amount	7,277	492	-	-	7,769
Year ended 30 June 2019					
Opening net book amount	7,277	492	-	-	7,769
Additions	6,802	49	-	-	6,851
Long acquisition (refer to Note 21)	156	3,605	-	-	3,761
Impairment	(2,187)	-	-	-	(2,187)
Depreciation/amortisation charge	(9,772)	(61)	-	-	(9,833)
Closing net book amount	2,276	4,085	-	-	6,361

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

CONSOLIDATED	Mine properties & development \$'000	Property, plant & equipment \$'000	Right-of- use assets \$'000	Capital work- in-progress \$'000	Total \$'000
At 30 June 2019					
Cost or valuation	459,969	59,752	-	-	519,721
Accumulated depreciation	(457,693)	(55,667)	-	-	(513,360)
Net book amount	2,276	4,085	-	-	6,361
Year ended 30 June 2020					
Opening net book amount	2,276	4,085	-	-	6,361
Additions	169	374	275	1,392	2,210
Adjustment to rehabilitation provision (refer to Note 17)	-	-	-	529	529
Disposals	-	(55)	-	-	(55)
Depreciation/amortisation charge	(2,279)	(381)	(71)	-	(2,731)
Closing net book amount	166	4,023	204	1,921	6,314
At 30 June 2020					
Cost or valuation	460,138	59,986	275	1,921	522,320
Accumulated depreciation	(459,972)	(55,963)	(71)	-	(516,006)
Net book amount	166	4,023	204	1,921	6,314

a) Leased asset

i) Amount recognised in profit and loss

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

2020 \$'000	2019 \$'000
71	-
5	-

The accounting policy on leased assets is detailed in Note 16.

b) Recognition and measurement

i) Costs

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the acquisition of the items. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

Subsequent costs incurred on an item of property, plant and equipment are capitalised, 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 costs are expensed as incurred.

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

ii) Mine properties and development

Pre-production activities

Mine properties represent acquired mining land and the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced. Once technical feasibility and commercial viability of an area of interest are demonstrable, and a development decision has been made by the Board, any exploration and evaluation expenditure capitalised is transferred to mine properties.

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

Post-production activities

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

Stripping costs incurred during the production phase of a mine are assessed to determine whether the benefit accruing from that activity provides access to ore that can be used to produce inventory or whether it improves access to ore that will be mined in future periods.

iii) Mine rehabilitation assets

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. Refer to Note 17 for the accounting policy on rehabilitation and mine closure costs provision.

c) Depreciation

Depreciation of property, plant and equipment commences when the assets are ready for their intended use. The depreciation of mine properties and development commences when the mine is commissioned or deemed ready for use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period and adjusted prospectively, if appropriate. Where depreciation rates have changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate, with the change accounted for prospectively.

Depreciation methods and useful lives adopted are as follows:

Category	Depreciation method and useful life
<i>Mine properties and development</i>	
Freehold land	Not depreciated
Mine properties and development	Units of production over the relevant economically recoverable mineral reserve
Mine buildings	Unit of production or straight line over the shorter of the applicable mine life and five years, depending on the nature of asset
<i>Property, plant and equipment</i>	
Machinery and equipment	Unit of production or straight line over the shorter of the applicable mine life and two to ten years, depending on the nature of asset
Office plant and equipment	Reducing balance or straight line over two to five years, depending on the nature of asset
Office furniture and fittings	Reducing balance or straight line over three to ten years, depending on the nature of asset
<i>Other assets</i>	
Right-of-use of assets	Unit of production or straight line over the shorter of the applicable mine life and lease contract, depending on the nature of assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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d) Impairment

A review is undertaken at each reporting date to determine if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit ('CGU') exceeds the recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or CGUs.

The impairment losses are recognised in the consolidated statement of profit or loss.

Previously impaired assets are reviewed for possible reversal of the impairment at the end of each reporting period.

e) Key estimates and judgements

At 30 June 2020, the Group determined that, with the announcement of the positive DFS for the KNO, there are no indicators of impairment in relation to the carrying values of the property, plant and equipment. The DFS demonstrates the potential to develop a 5-year operation producing 63,000 tonnes of recovered nickel-in-concentrate. The DFS is based on Mineral Resource and Ore Reserve prepared in accordance with the Australian code for reporting Exploration Results, Mineral Resources and Ore Reserves 2012 ("JORC Code"). The JORC code requires the use of reasonable mining, metallurgical and cost assumptions, which may change from period to period.

Changes in reported Mineral Resource and Ore Reserve Estimates can impact the carrying value of property, plant and equipment.

In the 2019 financial year, with the winding-down of WGP, the Group completed an assessment of the recoverable amount of the WGP assets as a CGU. An impairment of \$2,187,000 was recognised which was based on the value in use utilising the budgeted cash flows at a gold price of A\$1,900/oz and remaining ore tonnes to be mined for the selected pits.

Note 15. TRADE AND OTHER PAYABLES

Current

Trade payables
Other creditors and accruals

2020 \$'000	2019 \$'000
374	3,139
2,398	4,909
2,772	8,048

a) Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group 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. Refer to Note 19 for accounting policy on the classification and measurement of trade and other payables.

Note 16. LEASE LIABILITY

Current
Non-current

2020 \$'000	2019 \$'000
99	-
163	-
262	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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In October 2019, the Group entered into a lease for its corporate office, which expires on 30 August 2022 and has no extension option. A right-of-use asset and lease liability have been recognised as a result of this lease. Refer to Note 14 for the recognition of the right-of-use asset.

a) Maturity analysis

	2020 \$'000	2019 \$'000
Maturity analysis		
Within one year	104	-
Later than one year and not later than three years	165	-
	269	-
Less unearned finance cost	(7)	-
	262	-

b) Recognition and measurement

The Group, as a lessee will assess whether a contract is, or contains, a lease under AASB 16. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If the contract is assessed to be, or contains a lease, the Group will recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if this rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability, offset by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Recognition exemption - Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases lease term of 12 months or less and leases for low-value assets. The Group will recognise the payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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KEY NUMBERS

Note 17. PROVISIONS

	2020 \$'000	2019 \$'000
Current		
Employee benefits	504	360
Rehabilitation and Mine Closure Costs	-	140
	504	500
Non-Current		
Employee benefits	43	11
Rehabilitation and Mine Closure Costs	11,114	11,650
	11,157	11,661
Rehabilitation and Mine Closure Costs		
Balance at beginning of year	11,790	7,198
Long rehabilitation provision (refer to Note 21)	-	4,497
Adjustments to provision estimates	(279)	164
Rehabilitation expenditure	(397)	(69)
Balance at end of year	11,114	11,790

a) Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

i) Rehabilitation and Mine Closure Costs

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and areas of disturbance during mining operations and exploration activities. The provision is based on estimated costs to rehabilitate areas disturbed up to the reporting date but not yet rehabilitated and discounted to their present value based on expected future cash flows.

When the provision is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining or exploration and evaluation assets and is amortised on a unit-of-production basis. The unwinding effect of discounting the provision is recorded as a finance cost in the consolidated statement of profit or loss.

Changes in rehabilitation costs, including changes in discount rates and timing or amounts of cash flows, will be recognised as changes to the corresponding asset and rehabilitation liability.

Changes to estimates that relate to an existing condition caused by past operations, but do not have future economic benefits, are recognised in the consolidated statement of profit or loss.

ii) Employee Benefits – Short Term

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

iii) Employee Benefits – Long Term

This comprises the liability for long service leave and annual leave that are not expected to be settled within 12 months after the end of the reporting 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. Consideration is given to expected future wage and salary levels, estimates of employee departures and periods of service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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The obligations are presented as current liabilities in the consolidated statement of financial position if the Group 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.

b) Key estimates and judgements

The value of the rehabilitation provision is based on a number of assumptions including the nature of rehabilitation activities required, estimates of the cost of performing the work, the timing of future cash flows and the appropriate risk-free discount rate. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the provision.

Note 18. CONTRIBUTED EQUITY

a) Issued and paid-up capital

346,007,212 (2019: 286,740,678) fully paid ordinary shares

2020 \$'000	2019 \$'000
95,340	59,141

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.

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

2019

	No. of shares	Issue price	\$'000
Opening balance	220,168,200	-	33,242
Capital raising placement, for cash	45,000,000	\$0.40	18,000
Share purchase plan (SPP)	13,297,500	\$0.40	5,319
Share payments for asset acquisition (refer to Note 21)	7,777,778	\$0.45	3,500
Share based payments	375,000	\$0.40	150
Share issue costs	-	-	(1,070)
Shares issued pursuant to the vesting of Performance Rights over fully paid ordinary shares	122,200	-	-
Closing balance	286,740,678		59,141

2020

	No. of shares	Issue price	\$'000
Opening balance	286,740,678	-	59,141
Capital raising placement, for cash	50,000,000	\$0.60	30,000
Share purchase plan (SPP)	9,266,534	\$0.60	5,560
Share issue costs	-	-	(1,300)
Transfer between reserves arising from issued and expired Options and Performance Rights (refer to Note 22)	-	-	1,939
Closing balance	346,007,212		95,340

c) Options and performance rights

Information relating to Options and Performance Rights, including details of instruments issued, exercised and lapsed during the financial year and outstanding at the end of the reporting period, is set out in Note 22.

d) Recognition and measurement

Ordinary shares are classified as equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

KEY NUMBERS

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.

e) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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RISK MANAGEMENT

Note 19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

This note focuses on the financial instruments held by the Group and the Group's Financial Risk Management policy.

FINANCIAL INSTRUMENTS

The Group holds the following financial assets and liabilities:

Financial assets

Cash and cash equivalents
Restricted cash
Trade and other receivables

Financial liabilities

Trade and other payables
Financial liability

2020 \$'000	2019 \$'000
46,724	29,013
231	176
58	649
47,013	29,838
2,772	8,048
1,730	2,331
4,502	10,379

a) Recognition and measurement

At initial recognition, the Group assesses the classification of its financial assets, which determines the subsequent measurement of the financial asset. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed immediately.

b) Subsequent measurement

Subsequent to initial recognition, all financial instruments are measured at:

- amortised cost, such as trade receivables and payables, or
- fair value through profit or loss (FVTPL).

Trade and other receivables are subsequently carried at amortised cost using the effective interest method. The Group does not have financial assets classified at fair value at 30 June 2020.

Any contingent consideration arising from an asset acquisition is classified as a financial liability measured at fair value, with changes in fair value recognised in the consolidated statement of profit or loss.

c) Impairment

Financial assets are accounted for impairment using the forward-looking expected credit loss ("ECL") approach. ECLs are based on the difference between the contractual cash due in accordance with the contract and all the cash flows that the Group expects to receive. For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. As the Group does not have significant trade and other receivables, the impact of the ECL is not material.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

RISK MANAGEMENT

d) Fair value measurement

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

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

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

e) Fair value estimation

The carrying amounts of cash and cash equivalents, trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The fair value of the financial liability is based on discounted cash flows and is classified as level 3 value in the fair value hierarchy due to unobservable inputs, including probabilities associated with achieving production targets, refer to Note 21 for further details.

RISK MANAGEMENT

a) Financial risk management

The Group'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 Group'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 Group.

Financial risk management is carried out by senior management and is the responsibility of the Board of Directors. Senior management continuously monitor forecast and actual cash flows, and seek Board approval for expenditure greater than \$1,000,000.

b) Market risk

i) Foreign exchange risk

The Group is not currently exposed to foreign exchange risk as all transactions and balances are denominated in Australian Dollars.

ii) Price risk

The Group is not currently exposed to equity security price risk.

iii) Cash flow interest rate risk

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

- interest rates;
- level of cash, liquid investments and borrowings and the term; and
- maturity dates of investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

RISK MANAGEMENT

At the end of the reporting period, the Group'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 2020		30 June 2019	
	Weighted average interest rate	Balance \$'000	Weighted average interest rate	Balance \$'000
Cash, cash equivalents and restricted cash	1.26%	46,955	1.81%	29,189

The risk is managed by maintaining an appropriate mix between short-term fixed and floating rate cash and cash equivalents. All receivables in the current and prior financial years are non-interest bearing and therefore have no exposure to interest rate risk.

iv) Group sensitivity

Based on the financial instruments at 30 June 2020, if interest rates had changed by ± 50 basis points from the year-end rates, with all other variables held constant, post-tax loss and equity for the year would have been \$203,000 lower/\$203,000 higher (2019: post-tax loss and equity \$55,000 lower/\$55,000 higher).

c) Credit risk

Credit risk arises from cash and cash equivalents and other financial assets and is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group controls credit risk by setting minimum creditworthiness requirements of counterparties and transacting with high credit quality financial institutions. During the year, the Group maintained all cash, cash equivalents and restricted cash balances with banks and financial institutions holding an AA- rating based on S&P Global ratings.

The carrying amount of financial assets recorded in the consolidated statement of financial position represents the Group's exposure to credit risk, which also represents the maximum exposure to credit risk. The Group does not hold collateral as security.

d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

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 Group manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, matching the maturity profile of financial assets and liabilities and identifying when further capital raising initiatives are required.

i) Financing arrangements

Entities in the Group have access to bond and credit card facility at balance date:

	2020 \$'000	2019 \$'000
Bond and Credit Card Facility – secured	231	176
Less: Drawdown portion	(231)	(176)
	-	-

The Bond and Credit Card Facility is denominated in Australian dollars and is secured by cash. An annual performance bond fee is charged at market rates. The bond facility drawn down at 30 June 2020 was \$231,000 (2019: \$176,000). No amounts are payable under this facility, other than the annual fee, unless the Group does not adhere to the terms of the agreements guaranteed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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RISK MANAGEMENT

ii) Contractual maturities of financial liabilities

The following table details the Group's remaining contractual maturity for its financial liabilities. The amounts presented represent the future undiscounted principal and interest cash flows.

CONSOLIDATED	Less than one year \$'000	Between one and five years \$'000	After five years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
At 30 June 2020					
Financial liabilities					
Trade payables	374	-	-	374	374
Financial liability	-	2,000	-	2,000	1,730
Non-interest-bearing liabilities	2,398	-	-	2,398	2,398
Total financial liabilities	2,772	2,000	-	4,772	4,502
At 30 June 2019					
Financial liabilities					
Trade payables	3,139	-	-	3,139	3,139
Financial liability	-	2,000	4,000	6,000	2,331
Non-interest-bearing liabilities	4,909	-	-	4,909	4,909
Total financial liabilities	8,048	2,000	4,000	14,048	10,379

e) Capital risk management

The Group manages its capital to ensure entities in the Group will be able to continue as going concern whilst maximising the return to stakeholders through the optimisation of its capital structure comprising equity, debt and cash. The Group reviews the capital structure on an ongoing basis.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued capital, reserves and accumulated losses as disclosed in statement of changes in equity.

As at 30 June 2020, the Group had no net debt (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

GROUP STRUCTURE

Note 20. GROUP STRUCTURE

a) Parent entity

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

b) Subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2020 (%)	2019 (%)
Mincor Operations Pty Ltd	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 ¹	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 Long Pty Ltd ²	Australia	Ordinary	100	100

¹ This subsidiary has been granted relief from the requirement to prepare financial reports and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information, refer to Note 24.

² Acquisition of Mincor Long Pty Ltd (formerly Independence Long Pty Ltd) completed on 31 May 2019. Refer to Note 21 for details of the acquisition.

c) Other arrangements

The Group has the following arrangements with other entities:

Name	Principal activity	Percentage interest	
		2020	2019
Carnilya Hill Joint Venture	Nickel exploration	70	70
Tottenham Farm-Out ¹	Copper-gold exploration	70.51	80.12

¹ During the 2020 financial year, the Company's joint venture partner at the Tottenham Copper Project, "Bacchus", met its Second Option Earn-In Obligations under the Tottenham Earn-In and Joint Venture Agreement and increased its interest in the project to 29.49%.

The above arrangements are contractual in nature and the parties do not share joint control. The Group accounts for these interests by recognising its share of assets, liabilities, income and expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

GROUP STRUCTURE

Note 21. ASSET ACQUISITIONS

In the 2019 financial year, the Company executed a Share Sale Agreement with IGO Limited (formerly, Independence Group NL) to purchase 100% of the issued share capital of Mincor Long Pty Ltd (formerly, Independence Long Pty Ltd), owner of the Long Nickel mine.

Total consideration for the acquisition of Mincor Long Pty Ltd consisted of:

- Upfront consideration of \$3,500,000, through the issue of 7,777,778 fully paid shares in Mincor at \$0.45 per share on 3 June 2019;
- \$2,000,000 payable on production of 2,500 tonnes of contained nickel in ore from the Long Nickel Operations, payable in either cash or Mincor shares, at the Company's discretion; and
- \$4,000,000 payable on production of 7,500 tonnes of contained nickel in ore from the Long Nickel Operations, payable in either cash or Mincor shares, at the Company's discretion.

The transaction was not a business combination as the assets acquired did not meet the definition of a business as per AASB 3 at the date of acquisition. The fair value of the purchase consideration was allocated to the assets acquired and liabilities assumed at the date of acquisition as per the table below:

	2019 \$'000
Assets/Liabilities	
Property, plant and equipment	3,761
Exploration and evaluation assets	6,852
Provision for rehabilitation	(4,497)
Net assets acquired and liabilities assumed	6,116
Consideration	
Consideration settled in equity	3,500
Fair value of contingent consideration	2,331
Transaction costs	285
Fair value of purchase consideration	6,116

a) Financial liability

The fair value of contingent consideration payable for this acquisition has been recognised as a financial liability through profit or loss:

	2020 \$'000	2019 \$'000
Financial liability	1,730	2,331

b) Recognition and measurement

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values. No deferred tax is recognised in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition of the net assets and transaction costs relating to the asset acquisition will be included in the capitalised cost of the asset.

Any contingent consideration arising from the acquisition is recognised as a financial liability at fair value at the acquisition date. Refer to Note 19 for the recognition and measurement of a financial liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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GROUP STRUCTURE

c) Key estimates and judgements

The fair value of the contingent consideration at acquisition of \$2,331,000 was estimated by discounting the future expected cash flows, which were based on the probability and timing of achieving production of 2,500 tonnes and 7,500 tonnes of contained nickel from the Long mine.

As 30 June 2020, the contingent consideration has been revalued based on the updated Ore Reserve and Mineral Inventory following the release of the DFS for KNO. As a result, a reduction of \$600,000 has been recognised in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

OTHER INFORMATION

Note 22. SHARE-BASED PAYMENTS

Share-based payments recognised during the financial year within the consolidated statement of profit or loss were as follows:

	2020 \$'000	2019 \$'000
Options issued	158	42
Performance Rights	271	63
	429	105

The movements in Share-based payments reserves were as follows:

	2020 \$'000	2019 \$'000
Share-based payments reserve		
Balance at beginning of year	5,867	5,762
Option expense	158	42
Performance Rights expense	271	63
Transfer between reserves arising from issued and expired Options and Performance Rights	(5,099)	-
Balance at end of year	1,197	5,867

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.

a) Options

Details of the Options granted are set out below.

Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Opening balance	Options			Closing balance
						Granted	Exercised	Lapsed	
18 May 2016	18 May 2018	18 May 2021	\$0.50	\$0.1254	5,400,000	-	-	-	5,400,000
13 Mar 2019	1 Feb 2022	13 Mar 2024	\$0.40	\$0.1535	1,500,000	-	-	-	1,500,000
13 Mar 2019	1 Feb 2022	13 Mar 2024	\$0.50	\$0.1304	1,500,000	-	-	-	1,500,000

The weighted average contractual life of Options outstanding at the end of the period was 1.89 years (2019: 2.89). Further details of the Options including terms of grants and conditions are provided in the remuneration report.

The fair value at grant date stated in the table above is determined using the Binomial option valuation methodology for Options granted in 2016 and the Black-Scholes valuation methodology for Options granted in 2019, and takes into account the following inputs:

Metric	Options expiring 13 March 2024	Options expiring 18 May 2021
Exercise price	\$0.40 and \$0.50	\$0.50
Grant date	13 March 2019	18 May 2016
Expiry date	13 March 2024	18 May 2021
Share price at grant date	\$0.365	\$0.340
Expected price volatility of the Company's shares	49%	75%
Expected dividend yield	0%	0%
Risk-free interest rate	1.601%	1.550%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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OTHER INFORMATION

b) Performance Rights

Set out below are summaries of Performance Rights granted under the Employee Equity Incentive Plan:

Grant date	Vesting date	Expiry date	Opening balance (number)	Granted during the year (number)	Vested and converted to shares during the year (number)	Lapsed during the year (number)	Closing balance (number)
15 Nov 2019	30 Jun 2022	30 Jun 2024	-	1,425,204	-	-	1,425,204
13 Mar 2019	30 Jun 2022	30 Jun 2024	1,404,889	-	-	-	1,404,889
19 Mar 2019	30 Jun 2021	30 Jun 2023	799,342	-	-	(14,474)	784,868
Total			2,204,231	1,425,204	-	(14,474)	3,614,961
Weighted average fair value			\$0.24				\$0.33

The weighted average contractual life of Performance Rights outstanding at the end of the period was 3.79 years (2019: 4.64). Performance Rights over ordinary shares are granted under the Incentive Plan for nil cash consideration. Further details of the Incentive Plan including terms of grants and performance hurdles are provided in the remuneration report.

c) Recognition and measurement

Share-based compensation benefits are provided to employees via the Mincor Employee Equity Incentive Plan and the Mincor Employee Share Option Plan.

The fair value of Options and Performance Rights granted under these Plans 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 the Options and Performance Rights at grant date is determined using various option valuation model appropriate to the instrument. Assumptions into the model excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets) and are instead included in assumptions about the number of Options and Performance Rights that are expected to vest.

At reporting date, the Group revises the 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 statement of profit or loss with a corresponding adjustment to equity.

d) Key estimates and judgements

The valuation models used to fair value the Options and Performance Rights take into account the exercise price, the term of the options and performance rights, the vesting period, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and assumptions on the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option and performance rights.

Additionally, assumptions are made about the number of Options and Performance Rights that are expected to vest, which could change from period to period. A change in any, or a combination, of these assumptions used in the valuation model could have a material impact on the total valuation of the Options and Performance Rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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Note 23. RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and at conditions no more favourable than those available to other parties unless otherwise stated.

a) Key management personnel ("KMP") compensation

	2020 \$	2019 \$
Short-term employee benefits	1,864,116	1,461,619
Post-employment benefits	102,076	83,406
Long-term employment benefits	26,817	3,883
Share-based payments	339,801	88,543
	2,332,810	1,637,451

Disclosures relating to KMP remuneration are set out in the Remuneration Report.

b) Transaction with other related parties

There were no transactions with KMP of the Group during the 2020 and 2019 financial year.

Note 24. 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 directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission ("ASIC").

These companies executed a revocation deed on 16 April 2020 to revoke the existing deed of cross guarantee. The revocation deed was lodged with ASIC on 21 April 2020 and advertised as required by the *Corporations Act 2001* (Cth). The revocation deed becomes effective and the existing deed of cross guarantee will be revoked, if these companies are not liquidated within 6 months after the revocation deed was lodged with ASIC.

a) Consolidated statement of profit or loss and other comprehensive income, and a summary of movements in consolidated retained earnings

Mincor and Goldfields Mine Management Pty Ltd 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, they also represent the extended closed group. Set out below is a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2020 of the closed group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2020 \$'000	2019 \$'000
Revenue from contracts with customers	21,437	40,676
Cost of sales	(19,261)	(40,382)
Gross profit	2,176	294
General and administrative expenses	(4,155)	(3,313)
Exploration and evaluation expenditure	(8,830)	(8,790)
Depreciation and amortisation	(240)	(51)
(Loss)/ Gain on sale of property, plant and equipment	(40)	395
Impairment of property, plant and equipment	-	(2,187)
Adjustments to rehabilitation provision	719	-
Share based payments	(429)	(105)
Foreign exchange gain	-	30
Gain from financial instrument at fair value through profit or loss	831	-
Impairment of intercompany loans	(4,984)	-
Other income and expense	829	204
Operating loss	(14,123)	(13,523)
Finance costs	(5)	-
Loss before income tax	(14,128)	(13,523)
Income tax benefit	-	-
Loss after income tax	(14,128)	(13,523)
Other comprehensive income		
Other comprehensive loss for the year, net of tax	-	-
Total comprehensive loss for the year	(14,128)	(13,523)
Summary of movements in consolidated retained earnings		
Accumulated losses at the beginning of the financial year	(89,222)	(75,699)
Transfer from Reserve	3,160	-
Loss for the year	(14,128)	(13,523)
Accumulated losses at the end	(100,190)	(89,222)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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b) Statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2020 of the closed group consisting of Mincor and Goldfields Mine Management Pty Ltd.

	2020 \$'000	2019 \$'000
Current Assets		
Cash and cash equivalents	46,674	28,968
Restricted cash	231	176
Trade and other receivables	1,133	524
Inventory	11	4,484
Total Current Assets	48,049	34,152
Non-Current Assets		
Exploration and evaluation Assets	13,014	12,175
Property, plant and equipment	2,779	2,607
Investment	6,116	6,116
Total Non-Current Assets	21,909	20,898
TOTAL ASSETS	69,958	55,050
Current Liabilities		
Trade and other payables	2,480	7,296
Lease liability	99	-
Provisions	504	589
Total Current Liabilities	3,083	7,885
Non-Current Liabilities		
Lease liability	163	-
Provisions	6,659	7,073
Financial liabilities	1,730	2,331
Total Non-Current Liabilities	8,552	9,404
TOTAL LIABILITIES	11,635	17,289
NET ASSETS	58,323	37,761
Equity		
Contributed equity	95,340	59,141
Reserves	63,173	67,842
Accumulated losses	(100,190)	(89,222)
TOTAL EQUITY	58,323	37,761

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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Note 25. PARENT ENTITY FINANCIAL INFORMATION

a) Summary financial information

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

	2020 \$'000	2019 \$'000
Statement of Financial Position		
Current assets	47,933	34,125
Total assets	50,048	30,173
Current liabilities	816	3,206
Total liabilities	8,641	13,917
Shareholders' equity		
Issued capital	95,340	59,141
Reserves		
- Share-based payments	1,197	5,867
- Dividend distribution reserve	61,976	61,976
Accumulated losses	(117,106)	(110,728)
Total Shareholders' equity	41,407	16,256
Loss for the year	(9,538)	(13,662)
Total comprehensive loss	(9,538)	(13,662)

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 24. No deficiencies of assets exist in any of these entities.

c) Contingent assets and liabilities of the Parent entity

There are no known contingent assets or liabilities in the parent entity as at 30 June 2020 (2019: nil).

d) Contractual commitments for the acquisition of property, plant and equipment

As at 30 June 2020, the parent entity had no contractual commitments (2019: nil).

e) Dividend distribution reserve

Mincor Resources NL (the parent entity) established a separate reserve for the purpose of separately identifying profits from prior income years from which the parent entity may pay future dividends. This reserve is referred to as the "Dividend Distribution Reserve". On the date of establishment, an amount of \$61,976,000 was transferred from retained earnings to this reserve. Transferring amounts into this reserve creates no obligation on the parent entity to make dividend payments in the future. The parent entity will, at its sole discretion, assess on a period-by-period basis whether to transfer any further profits into such reserves and also whether to subsequently declare and pay dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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f) Recognition and measurement

The financial information for the parent entity, Mincor Resources NL, 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.

ii) 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.

Note 26. AUDITOR'S REMUNERATION

PricewaterhouseCoopers audited the Group up until their resignation on 7 November 2019. The Board of Directors resolved to appoint Deloitte Touche Tohmatsu as the auditor for the Group which was approved by shareholders at the Annual General Meeting on 7 November 2019. The following fees were paid or payable for services provided by each auditor, and its related practices and non-related audit firms.

	2020 \$	2019 \$
Deloitte Touche Tohmatsu Australian firm		
Audit and review of financial statements under the <i>Corporations Act 2001 (Cth)</i>	65,000	-
Total remuneration to Deloitte Touche Tohmatsu	65,000	-
PricewaterhouseCoopers Australian firm		
Audit and review of financial statements and other audit work under the <i>Corporations Act 2001 (Cth)</i>	59,059	73,060
Other services		
- Tax compliance services	21,300	34,170
- Accounting services	-	35,190
Total remuneration to PricewaterhouseCoopers	80,359	142,420
Other Auditors		
Audit of Form 5 Operations Report – Expenditure on Mining Tenement in accordance with the <i>Mining Act 1978</i>	1,500	-

Note 27. COMMITMENTS

a) Exploration expenditure commitments

Minimum exploration expenditure commitments relating to existing mineral tenements are as follows:

- Within one year

2020 \$'000	2019 \$'000
2,676	2,922

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 not provided for in the financial report and are payable within one year.

b) Capital commitments

There is no significant capital expenditure contracted for at the end of the reporting period (2019: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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Note 28. EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the year ended 30 June 2020, the Company completed the following:

- on 1 July 2020, Tranche 1 of the Placement shares were settled, and on 2 July 2020 the Company issued 24,001,803 new fully paid ordinary shares at \$0.72 per share and received \$16,757,000 (after costs);
- on 22 July 2020, the Company announced the early close of the SPP. A total of 14,380,578 new fully paid ordinary shares at the same price as the June Placement was issued and the Company received \$10,354,000 on 30 July 2020;
- on 5 August 2020, the Company held a general meeting and shareholders ratified Tranche 1 and approved the issue of Tranche 2 the June Placement shares; and
- on 11 August 2020, Tranche 2 of the June Placement Shares were settled, and the Company issued 45,442,642 new fully-paid ordinary shares at \$0.72 per share, following shareholders' approval and received \$31,790,000 (after costs), and
- on 17 August 2020, the Company announced:
 - a 16.5% increase in the Cassini Ore Reserve to 1.2Mt @3.3% Ni for 40,100 tonnes of contained nickel and further increased the company-wide Nickel Ore Reserves to 71,100 tonnes of contained nickel;
 - an exploration update of a new high-grade massive sulphide intercept of 3.5m @7.6% Ni in the CS4 channel at Cassini Main; and
 - early works package awarded to Pit N Portal Pty Ltd for the Northern Operations, comprising re-establishment of services and minor rehabilitation works in the Otter Juan decline.

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the financial statements and notes set out on pages 21 to 58 are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - i) complying with Accounting Standards, the *Corporations Regulations 2001 (Cth)* and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the Group's financial position as at 30 June 2020 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 24 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 24.

Note 2 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 Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001 (Cth)*.

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

Dated at Perth this 26th day of August 2020.



D Southam
Managing Director

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mincor Resources NL (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Rehabilitation provision</p> <p>As at 30 June 2020 a rehabilitation provision of \$11.1 million has been recognised as disclosed in Note 17.</p> <p>Judgement is required in the determination of the rehabilitation provision, including:</p> <ul style="list-style-type: none"> assumptions relating to the manner in which rehabilitation will be undertaken; scope and quantum of costs; and timing of the rehabilitation activities. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> obtaining an understanding of the relevant controls management has in place to estimate the rehabilitation provision; agreeing rehabilitation cost estimates to underlying support, including reports from external experts; assessing the independence, competence and objectivity of experts used by management; assessing the timing of rehabilitation activities, and associated accounting treatment; evaluating the impact of inflation and discount rates on the present value of the rehabilitation cost estimates based on available market information; and testing the mathematical accuracy of the rehabilitation provision. <p>We also assessed the appropriateness of the disclosures included in Note 17 to the financial statements</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 16 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Mincor Resources NL, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

A handwritten signature in blue ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink, appearing to read "David Newman".

David Newman

Partner

Chartered Accountants

Perth, 26 August 2020