Preliminary Half Year Report of Mincor Resources NL for the Half Year Ended 31 December 2015

(ABN 42 072 745 692)

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

Current Reporting Period: Half Year ending 31 December 2015

Previous Corresponding Period: Half Year ending 31 December 2014

The information set out in this Preliminary Half Year Report should be read in conjunction with the annual report for the year ended 30 June 2015

Results for announcement to the market

				$'000
Revenue from ordinary activities	Down	68%	to	16,657
(Loss) from ordinary activities after tax attributable to members	Up	1,733.4%*	to	(34,687)*
Net (loss) for the period attributable to members	Up	1,733.4%*	to	(34,687)*
*The 2015 half year loss of $34,687,00 represents an increase of $32,795,000 when compared to the 2014 half year loss of $1,892,000.				

Dividends	**Amount per security**	**Franked amount per security**
Half year ended 31 December 2015		
Final dividend	N/A	N/A
Interim dividend	N/A	N/A
Half year ended 31 December 2014		
Final dividend	N/A	N/A
Interim dividend	2 cents	2 cents

Dividend payments / Distributions

On 9 February 2016 the Directors elected not to pay a fully franked interim dividend for the year ended 30 June 2016.

Total dividend per security (interim)

	Current period	Previous corresponding period
Ordinary securities – Interim dividend	0 cents	2 cents

Total dividends paid or payable on all securities

	Current period $'000	Previous period $'000
Ordinary securities	0	3,764
Total	0	3,764

Net Tangible Assets

	Current period	Previous period
Net tangible assets per ordinary security	16.6¢	54.2¢

Details of Entities Over Which Control Has Been Gained or Lost

Control gained over entities

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

	2015 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities before tax during the period, from the date of gaining control.	N/A

	2014 $'000
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

Loss of control of entities

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

	2015 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, up to the date of losing control.	-

	2014 $'000
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	-

Details of Associates and Joint Venture Entities

Name of Entity	Ownership Interest		Contribution to net profit	
	2015 %	2014 %	2015 $'000	2014 $'000
Associates	-	-	-	-
Joint Venture Entities	-	-	-	-
Aggregate Share of Profits/(Losses)	-	-	-	-

Other Information

Except for the matters noted above, all the disclosure requirements pursuant to ASX Listing Rule 4.2A are contained within Mincor Resources NL's Half Year Financial Report for the period ended 31 December 2015 which accompanies this Preliminary Half Year Report.

Sign here:

(Director)

Print name: David Moore

Date: 9 February 2016

MINCOR RESOURCES NL

(ACN 072 745 692)

HALF-YEAR FINANCIAL REPORT

31 December 2015

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Mincor Resources NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

DIRECTORS

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

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

REVIEW OF OPERATIONS

Mining Operations

During the period, the Company produced 78,835 dry metric tonnes at an average nickel grade of 2.90% to produce 2,290 tonnes of nickel-in-ore and 1,997 tonnes of nickel-in-concentrate (2014: 162,216 dry metric tonnes at 3.07% for 4,986 tonnes of nickel-in-ore and 4,395 tonnes of nickel-in-concentrate).

Development Projects

Significant progress was achieved on the Definitive Feasibility Studies at Durkin North and Miitel/Burnett. The studies are being undertaken by highly-regarded consultancy group Entech, overseen on Mincor's behalf by Minero Consulting, and liaising closely with Mincor's own technical staff.

Corporate Matters

The consolidated entity incurred a loss after tax of $34.69 million (2014: loss after tax of $1.89 million) for the half-year.

This loss included an impairment of $13.92 million on the value of fixed and mobile assets. The Company also incurred redundancy costs of $2.05 million during the half-year.

Events Subsequent to 31 December 2015

Refer to Note 8 of the half-year Financial Statements.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

ROUNDING OF AMOUNTS

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

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

Moore.

DCA Moore
Director
PERTH
9 February 2016

Auditor's Independence Declaration

As lead auditor for the review of Mincor Resources NL for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
9 February 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

CONSOLIDATED INCOME STATEMENT
For the half-year ended 31 December 2015

	Note	CONSOLIDATED 31 December 2015 $'000	CONSOLIDATED 31 December 2014 $'000
Revenue		16,657	52,007
Foreign exchange gain		178	3,273
Mining contractor costs		(2,823)	(4,120)
Ore tolling costs		(3,494)	(6,949)
Utilities expense		(4,297)	(3,984)
Mining supplies and consumables	3	(3,528)	(4,261)
Royalty expense		(611)	(2,098)
Employee benefits expense		(8,499)	(10,177)
Finance costs		(228)	(242)
Exploration costs expensed		(1,107)	(3,798)
Depreciation and amortisation expense		(9,405)	(16,658)
Impairment of property, plant and equipment		(13,920)	-
Other expenses		(3,610)	(4,454)
Loss before income tax		(34,687)	(1,461)
Income tax expense	4	-	(431)
Loss attributable to the members of Mincor Resources NL		(34,687)	(1,892)
		Cents	Cents
Loss per share		(18.4)	(1.0)
Diluted loss per share		(18.4)	(1.0)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Note	CONSOLIDATED 31 December 2015 $'000	CONSOLIDATED 31 December 2014 $'000
Loss		(34,687)	(1,892)
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Changes in the fair value of other financial assets at fair value through other comprehensive income		(218)	(315)
Income tax relating these items		-	-
Other comprehensive loss for the half year, net of tax		(218)	(315)
Total comprehensive loss for the period attributable to the members of Mincor Resources NL		(34,905)	(2,207)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	CONSOLIDATED 31 December 2015 $'000	30 June 2015 $'000
Current Assets			
Cash at bank and in hand		25,493	32,961
Trade and other receivables		3,467	12,551
Inventory	3	498	2,237
Total Current Assets		29,458	47,749
Non-Current Assets			
Other financial assets at fair value through other comprehensive income		284	503
Property, plant and equipment		7,919	31,136
Exploration, evaluation and development expenditure		13,886	13,763
Total Non-Current Assets		22,089	45,402
TOTAL ASSETS		51,547	93,151
Current Liabilities			
Trade and other payables		3,612	7,566
Interest bearing liabilities		4,286	4,059
Provisions		2,523	3,003
Total Current Liabilities		10,421	14,628
Non-Current Liabilities			
Interest bearing liabilities		2,725	4,681
Provisions		7,167	7,574
Total Non-Current Liabilities		9,892	12,255
TOTAL LIABILITIES		20,313	26,883
NET ASSETS		31,234	66,268
Equity			
Contributed equity		23,663	23,663
Reserves		(1,410)	(1,063)
Retained earnings		8,981	43,668
TOTAL EQUITY		31,234	66,268

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Contributed equity $'000	Reserves $'000	Retained profits $'000	Total $'000
Balance at 1 July 2014	23,663	(1,359)	85,455	107,759
Loss for the half-year	-	-	(1,892)	(1,892)
Other comprehensive loss for the half-year	-	(315)	-	(315)
Total comprehensive loss for the half-year	-	(315)	(1,892)	(2,207)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(3,764)	(3,764)
Employee share options	-	14	-	14
Employee performance rights	-	175	-	175
	-	189	(3,764)	(3,575)
Balance at 31 December 2014	23,663	(1,485)	79,799	101,977
Balance at 1 July 2015	23,663	(1,063)	43,668	66,268
Loss for the half-year	-	-	(34,687)	(34,687)
Other comprehensive loss for the half-year	-	(218)	-	(218)
Total comprehensive loss for the half-year	-	(218)	(34,687)	(34,905)
Transactions with owners in their capacity as owners:				
Employee performance rights	-	(129)	-	(129)
Balance at 31 December 2015	23,663	(1,410)	8,981	31,234

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2015

	Note	CONSOLIDATED 31 December 2015 $'000	31 December 2014 $'000
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		26,733	68,514
Payments to suppliers and employees (inclusive of GST)		(31,569)	(41,752)
		(4,836)	26,762
Interest received		170	557
Other revenue		689	46
Interest paid		(131)	(115)
Net Cash (Outflow)/Inflow from Operating Activities		(4,108)	27,250
Cash Flows from Investing Activities			
Payments for acquisition of exploration properties		-	(721)
Payments for property, plant and equipment		(129)	(15,140)
Payments for exploration, evaluation and development expenditure		(1,230)	(3,698)
Proceeds from sale of property, plant and equipment		114	134
Net Cash Outflow from Investing Activities		(1,245)	(19,425)
Cash Flows from Financing Activities			
Dividends paid		-	(3,764)
Lease payments		(2,115)	(1,098)
Net Cash Outflow from Financing Activities		(2,115)	(4,862)
Net (Decrease)/Increase in Cash and Cash Equivalents		(7,468)	2,963
Cash and Cash Equivalents at the Beginning of the Half-Year		32,961	50,647
Cash and Cash Equivalents at the End of the Half-Year	9	25,493	53,610

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

NOTE 1
Summary of significant accounting policies

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Mincor Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

NOTE 2
Segment information

Description of segments

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

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

NOTE 3
Inventory Write-Down

During the six months ended 31 December 2015, the consolidated entity wrote down its inventories (store consumables) by $1.35 million (2014: Nil). This relates to obsolete items for decommissioned mobile equipment and the write-down of consumable items on hand to net realisable value at reporting date after the decision was made to cease mining by the end of January 2016.

The inventory write-downs were recognised as an expense during the six months ended December 2015 and were included in “Mining Supplies and Consumables” in the consolidated income statement.

NOTE 4
Income Tax Expense

The consolidated entity incurred a tax loss of $27.76 million for the six months ending 31 December 2015. Management has concluded that it is not probable that the deferred tax assets will be utilised against future taxable income and did not recognise the deferred tax asset on balance sheet beyond that required to offset temporary taxable timing differences.

NOTE 5
Impairment

As a result of continuous adverse movement in the nickel price since July 2014, Mincor implemented a new mining strategy in late July 2015 with both Miitel and Mariners unified into a single operation with one management team and one work crew. This brought about significant productivity benefits as well as substantial reductions in both fixed and variable costs.

Historically, the consolidated entity has considered each mine to be a separate Cash Generating Unit (CGU). However, due to the changes mentioned above, the unified Miitel/Mariners operation was considered to be a single CGU. The consolidated entity undertook a review of the recoverable amount of its assets to determine if any asset was impaired.

The recoverable amount of the CGU assets (except mobile plant) was established by applying the fair value less costs of disposal, approach with reference to discounted cash flow forecasts which applied valuation assumptions that a knowledgeable and willing buyer would be expected to use. This included the use of external market forecasts of key inputs to the valuation models, such as forecast nickel prices and exchange rates.

The fair value estimates are considered to be a level 3 fair value measurements (as defined by Accounting Standards), as they are derived from valuation techniques that include inputs that are not based on observable market data. The consolidated entity considers the inputs and the valuation approach to be consistent with the approach expected to be taken by market participants.

The fair value of the mobile plant was based on the market value of the equipment at reporting date obtained from two independent sources with a mid-range value from both valuations adopted as the recoverable amount, being $6.88 million.

The market value of the mobile plant is considered to be a level 2 fair value measurement (as defined by Accounting Standards), as quoted prices for similar assets or liabilities in active markets are available.

Following this assessment, the consolidated entity identified the recoverable amounts and recognised pre-tax impairment charges as shown below.

	Recoverable Amount $'000	Impairment Charge $'000
Cash Generating Unit		
Unified Operation	6,688	13,920
	6,688	13,920

The estimates of future cash flows for the unified operation against which the impairment charge is calculated, are based on significant assumptions including:

- estimates of the quantities of mineral reserves and ore resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and ore resources;
- future production levels;
- future selling prices based on the consolidated entity's assessment of commodity prices;

- future exchange rates for the Australian dollar compared to the US dollar;
- future cash costs of production, sustaining capital expenditure, rehabilitation and mine closure; and
- the asset specific discount rate applicable to the CGU.

The consolidated entity has used a post-tax real discount rate of 10% for the unified operation.

Given the nature of the consolidated entity's mining activities, future changes in assumptions upon which these estimates are based may lead to a reversal of part, or all, of the impairment charge recorded, or the recognition of additional impairment charges in the future.

Due to the nature of the assumptions and their significance to the assessment of the recoverable amount of the CGU, relatively modest changes in one or more assumptions could require a material adjustment (negative or positive) to the carrying value of the related non-current assets within the next reporting period.

The inter-relationships of the significant assumptions upon which estimated future cash flows are based, however, are such that it is considered impracticable to disclose the extent of the possible effects of a change in a key assumption in isolation.

NOTE 6
Dividends

	CONSOLIDATED	
	31 December 2015 $'000	31 December 2014 $'000
Dividends provided for or paid during the half-year	-	3,764

NOTE 7
Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date (2014: None).

NOTE 8
Events Subsequent to Reporting Date

a) Management Changes

Managing Director Mr David Moore will move to a non-executive role as Deputy Chairman and Mincor's Chief Operating Officer, Mr Peter Muccilli was appointed Chief Executive Officer effective 1 February 2016.

b) Outlook for the Remainder of Financial Year 2016

Given the continued falls in the nickel price, Mincor intends to implement the final phase of its flexible mining strategy and wind down operations completely by the end of March 2016. Mining ceased at the end of January and the mines will be placed on care and maintenance until the nickel price recovers. As a result, approximately 25 positions are expected to become redundant.

NOTE 9
Reconciliation of Cash at the end of the Half-Year

	31 December 2015 $'000	31 December 2014 $'000
Cash at bank and in hand	25,493	28,610
Term deposits	-	25,000
Balance per statement of cash flows	25,493	53,610

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 3 to 11 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Mincor Resources NL will be able to pay its debts as and when they become due and payable.

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

DCA Moore
Director

PERTH
9 February 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mincor Resources NL (the company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Mincor Resources Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mincor Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
9 February 2016