

QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2002



HIGHLIGHTS

- ✓ *Project finance debt fully re-paid – final payment in late January extinguishes Mincor’s \$29 million debt financing from Bankwest – 12 months ahead of schedule. Mincor’s cash position, after the final debt repayment, is \$10.7 million.*
- ✓ *Successful exploration drilling throughout the quarter culminates in the announcement of the first resource estimate for North Miitel – confirming a significant new discovery containing nearly 10,000 tonnes of nickel metal.*
- ✓ *Mincor’s aggressive and tightly targeted exploration drilling programme will continue throughout the quarter, testing for extensions to the North Miitel resource and targeting new discoveries at other regional prospects.*
- ✓ *Mincor’s new Nickel Expansion Strategy is well-advanced, with intensive feasibility and optimisation studies underway on North Miitel, North Dordie, Mariners, Redross and the Wannaway ‘Southern Lobe’ – a total potential resource base in excess of 41,000 tonnes of contained nickel metal.*
- ✓ *Continued strong cash generation despite a temporary production slow-down at Miitel – brought about partly by unexpected ore reserve extensions encountered during mining.*
- ✓ *Mincor’s board strengthened through the appointment of Mr Ian Burston as a non-executive director.*

1. MINING OPERATIONS, KAMBALDA (Mincor 76%)

1.1 Production, Grade, Revenue and Costs

	Miitel	Wannaway	Attributable to Mincor
Ore Tonnes Mined (DMT)	40,998 tonnes	41,883 tonnes	62,990 tonnes
Ore Tonnes Treated (DMT)	42,459 tonnes	42,011 tonnes	64,197 tonnes
Average Nickel Grade (%)	3.90	3.62	-
Nickel-in-Concentrate Sold	1,487 tonnes	1,368 tonnes	2,170 tonnes
Copper-in-Concentrate Sold	136 tonnes	127 tonnes	200 tonnes
Cobalt-in-Concentrate Sold	29 tonnes	27 tonnes	42 tonnes
Sales Revenue* (A\$)	12,669,000	10,832,000	17,861,000
Direct Operating Costs** (A\$)	6,342,000	5,574,000	9,056,000
Indirect Costs*** (A\$)	746,000	697,000	1,097,000
Operating Surplus (A\$)****	5,581,000	4,561,000	7,708,000

* Sales Revenue – estimate, awaits the fixing of the three-month nickel reference price – reported as net of hedging.

** Direct Operating Costs – mining, milling, trucking, administration.

*** Indirect Costs – royalties, interest charges.

**** Operating Surplus – project only – provisional and unaudited, excludes Mincor’s corporate overheads and other Mincor costs, excludes exploration costs, excludes depreciation, amortisation and tax.

1.2 Mining Progress - Miitel

Unexpected extensions to the strike length of the NO1 orebody on the 254 south end and 278 north end caused the start of stoping operations to be delayed in these areas. This, together with unscheduled maintenance on the primary ventilation fan, resulted in reduced production for the quarter from Miitel. However the extended strike lengths indicate additional ore reserves in these areas. Production has returned to budgeted rates.

Stoping continued on the main NO1 ore zone on the 254, 278, 302, 326, 350 and 374m levels. Stoping also proceeded on the adjacent lower grade NO2 ore zone, on the 180 and 206 levels.

Development to access the northern end of the orebody progressed, with decline advance to the 260 and 235 levels. Driving at the 210 level is also in progress, to provide second access and return ventilation.

Advance continued in the 370 South Drill Drive. This development will provide access for exploration and extensional drilling at the southern end of the orebody, as well as access to allow development of the NO5 Ore Zone.

1.3 Mining Progress - Wannaway

Stoping continued satisfactorily on all levels in the NO2 orebody.

The flat back stoping was completed through to crown pillar height on the 410, 431 and 452 levels, and preparations for commencement of sequential crown pillar extraction are in progress once the 389 stoping is complete.

The decline access through to the new lower level at 570m was completed, and the orebody intersected. Strike-driving on medium grade ore is in progress.

After a detailed feasibility study, Mincor opened a new mining area in the lower part of the old NO1 orebody. A mining diluted resource of 95,000 tonnes at 2.3% nickel is present, some proportion of which will be extracted through small-scale airleg mining. This mining commenced during the Quarter on the 860 and 935 levels, and is expected to provide a profitable incremental contribution to mine production.

1.4 Health, Safety and the Environment

No Lost Time Injuries were recorded during the Quarter. Both Miitel and Wannaway have entered their third quarter free of Lost Time Injuries.

1.5 Project Finance

Mincor completed debt repayments of \$3.6 million during the quarter, with a final repayment of \$5.17 million in late January leaving Mincor free of the project finance debt of \$28.88 million that it used to acquire the Miitel and Wannaway Mines. Following the final debt repayment, Mincor's cash position at the end of January is \$10.7 million.

Mincor's project finance debt has been paid off some 12 months ahead of schedule and less than two years after the highly geared acquisition of the Miitel Mine – a fact which represents an outstanding tribute to the performance of the Miitel and Wannaway mines.

Mincor retains a small subordinated loan facility with Kumba International BV of some \$1.4 million. Apart from this Mincor is now debt-free.

2. NICKEL EXPANSION STRATEGY (Miitel/Wannaway Tenements, Mincor 76%)

Mincor's new Nickel Expansion Strategy compliments its Exploration Strategy and is aimed at achieving the rapid and profitable extraction of up to 1.3 million tonnes of known additional mineralisation, containing 41,000 tonnes of nickel metal in Probable Reserves

and Indicated and Inferred Resources. Working groups have been established and are currently undertaking detailed and intensive feasibility studies on five projects:

North Miitel – Newly added to resources following exploration success over the last six months – mine planning studies are underway, but will not be finalised until further diamond drilling has defined the full extent of the new resource. Total contained nickel metal in Indicated and Inferred Resources is 9,860 tonnes.

Mariners – An Indicated Resource of approximately 330,000 @ 3.4% nickel is present at the old Mariners Mine. The mine was abandoned due to flooding and low nickel prices in 1998. Engineering studies are underway at present, with pumping test work to be completed during this quarter. This is expected to define the current rate of water inflow as well as the possibility of re-injecting the surplus water into the surrounding Lake Zot in an environmentally sound manner. Total contained nickel metal in Indicated Resources is 11,200 tonnes.

Redross – A Probable Reserve of 483,000 @ 3.19% nickel has been announced for Redross. Optimisation studies are examining the details of the mining method and capital cost structure before a decision to proceed with development. Total contained nickel metal in Probable Reserves is 15,400 tonnes.

North Dordie – A potential nickel resource is present at North Dordie in an open pitable position. New resource estimates are underway in parallel with studies examining the feasibility of a small open pit mine. Total contained nickel metal is thought to be around 1,000 tonnes.

Wannaway ‘Southern Lobe’ – Mining of the current Reserve at Wannaway is expected to be completed before June this year. However an Indicated Resource, diluted for mining parameters, of 160,000 tonnes @ 2.2% nickel, will remain. Studies are underway on the feasibility of extracting this additional resource – totalling some 3,500 tonnes of nickel metal.

3. EXPLORATION – NICKEL (Miitel/Wannaway Tenements, Mincor 76%)

With continued success at North Miitel, this prospect remained the main focus of exploration drilling during the quarter. Significant northwards extensions to the ore zone were demonstrated by the success of a “step-out” hole (DRD1523W1) while two “infill” holes, (MDD010 and MDD011) confirmed the continuity of mineralisation within the ore zone. Details of these intersections are as follows:

DRD1523W1 **9.7 metres at 3.84% nickel** from 610.98 metres down hole.
(true width estimated at 5.6 metres)

MDD010 **6.65 metres at 3.39% nickel from 518 metres** down hole, including
1.91 metres at 6.30% nickel from 522.74 metres.
(true width of total intersection estimated at 3.5 metres)

MDD011 **11.25 metres at 3.36% nickel from 440.22 metres** down hole,
including 2.84 metres at 6.23% nickel from 448.63 metres.
(true width of total intersection estimated at 6 metres)

Two other holes, MDD006 (the parent of MDD6W1) and MDD012, were completed. MDD006 was wedged from its previous termination to test for a “pinch-out” position beneath the basal contact. The hole intersected a weakly mineralised flanking position (0.48 metres at 2.1% nickel from 495.33 metres down hole), tending to support the current interpretation with regard to the orientation of the main channel. MDD012 was the first of a series of holes targeting the “gap” between North Miitel and the Miitel Mine.

Initial resource estimates were completed and released in mid-January. These confirm the significance of the North Miitel discovery, with almost 10,000 tonnes of contained nickel in Indicated and Inferred Resources:

<u>Classification</u>	<u>Tonnes</u>		<u>Nickel %</u>
Indicated Mineral Resource	190,100	@	3.9
Inferred Mineral Resource	<u>62,700</u>	@	<u>3.8</u>
Total	252,800	@	3.9

(Estimated using a 2% nickel cut-off. No minimum width criteria applied, but average true width of mineralisation at this cut-off is 3 metres).

Mincor believes there remains considerable further upside to the North Miitel resource. It is open to the north, with every indication of continued strong mineralisation in that direction. In addition, the very prospective area between North Miitel and Miitel Mine is under-drilled and holds considerable promise.

Intensive drilling continues at the site, with two diamond rigs active. A project team is in place and preliminary feasibility and mine planning studies have commenced.

Exploration drilling was also carried out north of the Wannaway Mine, targeting a third magnetic anomaly similar to the anomalies that coincide with the Wannaway NO1 and NO2 orebodies. Drill hole WDD001 intersected 0.5 metres at 0.56% nickel at the basal contact (from 551 metres down hole) with no sediment present. The presence of a mineralised, sediment-free Basal Contact at this locality is considered very encouraging. Further geophysical modelling as well as a down-hole electromagnetic survey were completed, and follow-up drilling will take place shortly. A third diamond rig has been mobilised for this work, and will also complete exploration drilling down-plunge of the Redross ore body and on a number of regional targets.

3. EXPLORATION – OTHER EXPLORATION PROPERTIES

3.1 Western Australia (Nickel and Gold, Mincor 100%)

Mincor completed an ultra-detailed aeromagnetic survey of its Tramways exploration licences north-east of Norseman during the Quarter. Numerous high-priority target areas were identified for further study, which is planned for later in the current financial year. The project comprises Exploration Licence E63/754 and five adjoining Prospecting Licences (P63/1167 to P63/1171), and are considered by Mincor to be highly prospective due to their interpreted coincidence with the continuation of the Boulder-Lefroy Fault.

3.2 Imweru Licence, Tanzania (Gold, optioned to Barrick)

Mincor's transaction with Barrick was completed during the quarter. Barrick now holds an option to acquire the property from Mincor for US\$500,000 and a royalty of up to US\$3,000,000.

3.3 South Pacific Gold

Mincor's transaction with Alcaston Mining NL is nearing completion. The deal provides for the payment to Mincor of an initial 5,000,000 shares in Alcaston and expenditures by Alcaston of up to \$2 million on the properties. The deal covers Mincor's early stage gold exploration properties in Fiji and Vanuatu, and leaves Mincor with strong exposure to the potential of the properties but with no early stage exploration expenditure.

4. TETHYAN COPPER COMPANY LIMITED (Reko Diq Copper Project, Pakistan)

BHP Billiton, through its subsidiary BHP Minerals International Exploration Inc, has undertaken to subscribe an amount of US\$600,000 to a successful initial public offering of TCC shares on an overseas stock market, if such an offering takes place before 31 December 2003.

TCC completed a successful rights issue during the quarter, raising A\$586,100, to which Mincor contributed A\$500,000. Preparations are underway for a season of field work at Reko Diq, to be completed during February and March.

Yours sincerely

MINCOR RESOURCES NL



DAVID MOORE
Managing Director

The information in this report, insofar as it relates to resource estimation and exploration activities, is based on information compiled by a person who is a Member of the Australasian Institute of Mining and Metallurgy and who has more than five years experience in the field of the activity being reported on. This report accurately reflects the information compiled by that member.



M I N C O R

PO Box 1810, West Perth, WA 6872 AUSTRALIA
Level 1, 1 Havelock Street, West Perth, WA 6005 AUSTRALIA

Website: www.mincor.com.au

Tel: (+618) 9321 7125 Fax: (+618) 9321 8994