

<b>QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2001</b>
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## HIGHLIGHTS

- ✓ *Successful bid, financing and acquisition of the Wannaway Nickel Mine – production to commence during October.*
- ✓ *Underground exploration drilling at Wannaway intersects high-grade massive sulphides below base of known reserve – provides early indication of additional ore reserve potential.*
- ✓ *Steady production at Miitel Nickel Mine – continued strong cash generation despite low nickel prices – project operating surplus \$5 million for the quarter.*
- ✓ *Geotechnical drilling commences at Redross Nickel Project – bankable feasibility study underway.*
- ✓ *Intensive exploration underway on Miitel tenements – aeromagnetic and ground EM surveys identify new nickel targets – drilling planned for December quarter.*
- ✓ *Wannaway acquisition adds 14km of prospective geological strike to Mincor's Kambalda nickel holdings – data compilation underway.*
- ✓ *Reko Diq scoping study converts the Indicated Resource at the H4 Copper Project into a Probable Reserve.*
- ✓ *Bankole Gold Project (Guinea) farmed out – terms will ensure early drilling with no financial contribution from Mincor until decision to mine.*

## 1. MINING OPERATIONS, KAMBALDA (Mincor 76%)

### 1.1 Production, Grade, Revenue and Costs

	Quarterly Actuals	Quarterly Budget	Attributable to Mincor
Ore Tonnes Mined (DMT)	50,197 tonnes	52,849 tonnes	38,149 tonnes
Ore Tonnes Treated (DMT)	50,197 tonnes	52,849 tonnes	38,149 tonnes
Average Nickel Grade	4.11%	4.11%	
Nickel in Concentrate Sold	1,858 tonnes	1,954 tonnes	1,412 tonnes
Copper in Concentrate Sold	177 tonnes	161 tonnes	135 tonnes
Cobalt in Concentrate Sold	33 tonnes	28 tonnes	25 tonnes
<i>Sales Revenue* (A\$)</i>	<i>13,008,000</i>		<i>9,886,000</i>
<i>Direct Operating Costs** (A\$)</i>	<i>6,673,000</i>		<i>5,071,000</i>
<i>Indirect Costs*** (A\$)</i>	<i>1,227,000</i>		<i>932,000</i>
<i>Operating Surplus (A\$)****</i>	<i>5,108,000</i>		<i>3,882,000</i>

\* *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 excludes depreciation, amortisation and taxation.*

### 1.2 Mining Progress - Miitel

Ore development continued on the 254m and 278m levels. Progress was made in advancing the main decline and in the access drive to the ore zone at the 302m level. A ventilation rise was excavated from the 278m to the 254m level.

Stoping continued on the 230m, 254m and 278m levels, with ore exposures generally in line with expectations.

Production tonnage for the quarter was marginally below budget as a result of equipment issues during August. This bottleneck has been addressed with the addition of a new purpose-built bogger for tele-remote tramming of ore from stopes.

On a life-to-date basis the project continues to meet expectations, and remains some 83 nickel tonnes ahead of budget.

### **1.3 Mining Progress - Wannaway**

Mincor Operations took possession of the Wannaway Mine on 21 September and site establishment has proceeded since then. Check-scaling of mine openings and electrical reticulation has been completed and work is proceeding towards commencement of production in late October.

Once in full production Wannaway is scheduled to produce 15,000 tonnes ore per month at a grade of 3.5% nickel. This rate of production will be maintained for 18 months, after which it will be scaled back to accommodate the narrower portions of the ore body. At full production Wannaway is expected to add some 350 tonnes nickel-in-concentrate per month to Mincor's attributable production.

### **1.4 Health, Safety and the Environment**

Miitel continued its excellent safety performance.

We regret to report that one lost time injury was recorded at Wannaway, when one of our contract mine personnel was injured during check-scaling of the main decline. A full investigation has been carried out and its recommendations implemented.

## **2. EXPLORATION – NICKEL**

Nickel exploration on Mincor's Kambalda tenements is pursued along three parallel paths – near-mine extensional exploration, evaluation of known resources, and early stage (grassroots) exploration.

### **2.1 Near-Mine Extensional Exploration**

Underground exploration drilling started at Wannaway Mine shortly after completion of the acquisition, in order to test for down-plunge extensions to the NO2 ore body before mining operations commenced. Five drill holes were completed, testing a level 20 metres below the current ore reserve boundary. Assay results have been received for two of the holes:

- 3.2 metres @ 7.3% nickel
- 6.8 metres @ 1.9% nickel

The widths reported are as measured down-the-hole, and do not reflect true widths, which are likely to be half the reported widths. The results appear to provide an early confirmation of additional reserve potential at Wannaway. Further information will be released as it is obtained.

### **2.2 Evaluation of Known Resources**

Geotechnical data is required for the completion of the bankable feasibility study at the Redross Nickel Project. Redross was mined previously as both an open pit and underground operation. The remaining Indicated Resource is 399,390 tonnes @ 3.38% nickel.

Three diamond drill holes are being drilled to collect the geotechnical data required to validate the proposed mining method. At the time of writing all three pre-collars had been percussion-drilled, and one of the three diamond holes completed, with a satisfactory down-the-hole intersection of 4.77% nickel over 1.64m (true width approximately 1.5m) at the expected location in the ore body.

### **2.3 Early Stage Exploration**

Compilation and review of the data covering the Miitel tenements was completed during the quarter. Compilation of the data covering the Wannaway tenements commenced.

An ultra-detailed aeromagnetic survey is underway covering both the Miitel and Wannaway groups of tenements. This low-altitude survey is being conducted on lines 15 metres apart and represents a quantum leap in quality over the existing data.

A trial survey employing both moving loop and fixed loop ground electro-magnetics (EM) was carried out over known mineralisation at Miitel, Anomaly A and Redross. This indicated that for mineralisation at depths greater than 100m, the EM response of massive sulphide mineralisation is masked by the Widgiemooltha Chert, a much larger conductive body located stratigraphically above the target basal contact. At Anomaly A however, where known mineralisation exists at a depth of less than 100m, a good EM response was delineated.

The evident value of the method for defining targets in areas inadequately tested by shallow drilling was tested in the 2.5km strike zone between Anomaly A and Redross Mine. This identified two EM anomalies, both of which were confirmed through follow-up fixed loop surveying.

Exploration drilling will commence during the December quarter.

### **3. EXPLORATION – OTHER EXPLORATION PROPERTIES**

#### **Bankole Gold Project, Guinea**

In line with its commitment to focus on its core nickel business, Mincor completed farm-out negotiations with Compagnie Miniere Atlantique SA (CMA). CMA is a private European company interested in developing world-class gold assets in West Africa.

Under the terms of the deal, Mincor swapped its right to earn an 80% interest in the Bankole Project for a 20% fully vested interest. This interest is free-carried until the completion of a bankable feasibility study and the taking of a decision to mine by CMA. Under the terms of the farm-out agreement, CMA must complete a substantial programme of drilling by March 2002 – this will ensure the adequate testing of the high-quality Bankole gold-in-soils anomaly.

### **4. BUSINESS DEVELOPMENT - NICKEL**

Following a detailed evaluation, Mincor bid for and acquired the Wannaway Nickel Mine from WMC Resources Ltd. The acquisition was carried out through Mincor's existing joint venture with Clough Mining Pty Ltd and Donegal Resources Pty Ltd (Mincor 76%). The JV structure will enable the operational synergies represented by Wannaway's proximity to Miitel to be fully realised. The joint venture bid also made possible an extension of the existing Miitel Project Financing to cover Wannaway. Hence Mincor was able to acquire the mine on a fully debt-funded basis, without recourse to new equity capital.

Settlement of the Wannaway transaction occurred on 21 September. Underground work commenced immediately with first production scheduled during October.

In terms of its financing arrangements with the Bank of Western Australia, Mincor has completed a certain amount of nickel and currency hedging, in order to protect its ability to cover operating costs and debt service requirements for Wannaway.

Mincor has sold forward 3,116 tonnes of nickel metal. Sales run at approximately 173 tonnes per month for the next 18 months. The forward nickel sales are precisely matched with forward sales of US dollars, giving an average Australian Dollar price of approximately A\$10,300 per tonne nickel. This covers approximately 70% of Mincor's metal production from the Wannaway mine over the next 18 months, once grossed up to take account of payment terms for nickel concentrate.

### **5. TETHYAN COPPER COMPANY LTD (Reko Diq Copper Project, Pakistan)**

As announced during the quarter, consulting group SRK completed the scoping study on the H4 Copper Project. The study shows the project to be economically viable based on the assumptions used. The study has an accuracy of +/-30%.

The study indicates that a bacterial leach, solvent extraction and electro-winning operation, producing 40,000 tonnes copper metal per annum, would have an after tax net present value (at a 10% discount rate) of US\$73 million, and generate an internal rate of return of 21%, over a mine life of 12 years.

Based on the Scoping Study conducted by SRK the Ore Reserve is estimated to be:

**78 million tonnes @ 0.7% copper, using a 0.3% copper cut-off**

*(in accordance with the 1999 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' the reserve is classified as Probable)*

The most important assumptions used in the Scoping Study are given below:

DESCRIPTION	ASSUMPTION/COST
Revenue	US\$0.90 per pound, life of mine
Tax	"Presumptive" Tax (1.25% of gross revenue)
Metallurgical Recovery	82% of Total Copper
<b>Capital Expenditures</b>	
Site and Mining Infrastructure	US\$10.5 million
Processing Capex	US\$122.5 million
Total Capital Expenditures	US\$133 million
<b>Operating Costs</b>	
Rock Mining Costs	US\$1.05 per tonne mined
Additional Ore Costs	US\$1.03 per tonne ore processed
Process Costs	US\$3.05 per tonne ore processed
Selling Costs (includes 2% royalty and product transport from site)	\$0.037 per pound copper

The H4 Copper Project is viewed as an important "starter project" to TCC's larger plans to develop a major porphyry copper-gold mine at Reko Diq. The Reko Diq Geological System comprises an unusually dense concentration of at least 19 mineralised intrusive porphyry bodies, containing up to an estimated 3 billion tonnes of mineralised material.

*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.*



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