

**QUARTERLY REPORT FOR THE
PERIOD ENDED 31 DECEMBER 2000**

HIGHLIGHTS

- ◆ *In November 2000 Mincor announced that it had won the bid for WMC's Miitel Nickel Mine at Kambalda, in a joint venture with Clough Mining and Donegal Resources.*
- ◆ *The Company will commence production in March as the newest Western Australian nickel sulphide producer and the only junior producer offering a direct investment opportunity in the Kambalda Nickel District - Australia's premier nickel province.*
- ◆ *Drilling at Reko Diq in Pakistan continued throughout the month. Results released to date show better than expected copper grades and widths of mineralisation. Initial financing arrangements have been completed and the Project is now fully self-funding via Mincor's subsidiary, the Tethyan Copper Company Limited.*

1. THE MIITEL SALE BLOCK

1.1 Acquisition of the Miitel Sale Block

During the quarter Mincor negotiated a joint venture with Clough Mining Pty Ltd (a wholly-owned subsidiary of Clough Limited) and Donegal Resources Pty Ltd (a company partly-owned by a former WMC production executive). Mincor holds 76% of the Miitel Joint Venture. The Joint Venture completed a detailed evaluation and feasibility study on the Miitel, Redross and Mariners Nickel Mines in the Kambalda District, all of which were part of the Miitel Sale Block, a package offered for sale by tender by WMC Resources Ltd.

The Miitel Joint Venture's bid for the Miitel sale block was successful, and agreement was reached with WMC Resources Ltd on 21 November 2000 for the Joint Venture to acquire the assets for a consideration of \$38 million, payable over one year. As part of the deal WMC has agreed to a long-term off-take agreement by which it will toll-treat the Joint Venture's ore and purchase the resulting concentrate.

1.2 Resources, Reserves, and Planned Production

The Miitel Mine is a high-grade underground nickel mine that was developed by WMC and then placed on care and maintenance during the 1998 Kambalda rationalisation, before production had commenced. As such the mine is capable of immediate start-up.

Resources at Miitel total 933,433 tonnes @ 4.14% nickel. Probable Reserves currently stand at 844,639 tonnes @ 3.96% nickel (ASX Release 21 November 2000).

Indicated Resources at the Redross Mine are 399,390 tonnes @ 3.38% nickel and at Mariners Mine a further 203,103 tonnes @ 3.84% nickel (ASX Release 21 November 2000).

There are additional unclassified resources at two other localities on the 16 tenements which make up the Miitel Sale Block. In addition the Miitel tenements cover 15 kilometres of the strike of the mafic/ultra-mafic contact zone, in the heart of one of the world's great nickel districts. As such Mincor believes there is a high probability of further exploration success and the discovery of additional high-grade nickel deposits.

The Joint Venture has scheduled six years of production from the Miitel and the Redross Mines, at an average of just over 200,000 tonnes ore per annum. Conversion of existing resources to reserves could add two years to this mine life, while any exploration discoveries could extend the mine life well beyond ten years.

1.3 Progress Towards Sale Completion and First Ore Production

All significant regulatory and other Conditions Precedent to the sale transaction with WMC have now been met.

The Miitel Joint Venture has received the approval of the Department of Minerals and Energy for its Project Management Plan. Environmental approvals for surface works have also been obtained (the Notice of Intent).

The Joint Venture has commenced surface site works with the agreement of WMC. Additional offices and change rooms have been acquired and are being installed. The mine vent fan has been installed and upgrading of communication facilities is underway. The mining contractor has commenced construction of a site workshop.

The mining contract has been awarded to Clough Engineering Ltd. Contract terms and schedules of rates have been agreed. Final points are being negotiated and the contract will be finalised shortly.

A management company, Miitel Operations Pty Ltd, jointly owned by Mincor and Clough Mining, has been created and is operational. Production level staffing of the company is complete and all procurement has been done.

Completion of the sale transaction with WMC is set for 28 February 2001. Ore production will commence in early March 2001.

1.4 Corporate Earnings Projections

Mincor has announced (22 December 2000) gross revenue projections of \$146 million for the three and a half financial years to June 2004, with earnings before interest, tax, depreciation and amortisation of \$85.9 million for the same period. Cash costs are projected to settle just above US\$1.00 per pound nickel. These projections are based on realised nickel price assumptions of A\$12,500 per tonne for calendar 2001 and A\$11,000 per tonne thereafter.

1.5 Financing

The Miitel Joint Venture received firm offers of project finance from two banks. It has selected BankWest as the lead financier.

The offered facility is for a total of \$28 million non-recourse project financing, of which Mincor's share is \$21.28 million.

Mincor's equity financing will be raised through a Rights Issue to shareholders (Prospectus dated 22 December 2000) to raise up to \$7.3 million. In addition, Mincor's major shareholder, Iscor International BV, has made standby loan facilities of \$6.85 million available to the Company.

2. THE REKO DIQ COPPER PROJECT, PAKISTAN

Reko Diq is a very large copper-gold porphyry complex in the geological belt known as the Tethyan Arc. It lies in the western part of the Balochistan Province of Pakistan.

The system hosts nineteen known copper-gold porphyry deposits with hypogene (un-weathered) mineralisation estimated to contain in excess of 15 million tonnes of copper metal and 32 million ounces of gold. The system was discovered and explored by BHP during the 1990's. Mincor has announced (ASX Release 15 May 2000) an Inferred Resource of 729 million tonnes at 0.64% copper and 0.39g/t gold (at a 0.5% copper cut-off) for a portion of this mineralisation. In addition there is a zone of supergene-enriched copper mineralisation known as the H4 Project, which is part of the Reko Diq system and the current focus of exploration.

Mincor's interest in the project is held through its 75.6% owned subsidiary the Tethyan Copper Company Limited (TCC). The TCC holds an Alliance with BHP for the development of the copper and gold resources at Reko Diq.

During the quarter Mincor successfully completed seed financing of the TCC. Subscriptions closed, over-subscribed, having raised A\$1.685 million. The TCC is now fully self-funding. Mincor's goal is to list the TCC on the Alternative Investment Market of the London Stock Exchange during the course of 2001, in order to raise finance for feasibility studies and development of the H4 Project.

Resource drilling at the H4 Project was underway for the entire quarter. By quarter-end TCC had completed 587 metres in 5 diamond drill holes and 1,460 metres in 18 reverse circulation percussion holes.

Results have been received and announced for 3 diamond holes, and reveal a trend towards greater widths and better than expected copper grades. Using a 0.7% cut-off the following intersections are recorded:

- *RDDD84* *10m @ 1.08% copper from 89m down hole*
15m @ 1.24% copper from 105m down hole
30m @ 1.39% copper from 45m down hole
- *RDDD91* *1m @ 1.26% copper from 15m down hole*
2m @ 1.03% copper from 20m down hole
85m @ 1.29% copper from 45m down hole
- *RDDD90* *2m @ 1.13% copper from 96m down hole*
34m @ 0.8% copper from 42m down hole

Further results will be announced as they become available.

3. OTHER PROJECTS

3.1 Exploration Licence Applications in Australia

Data compilation continued on applications submitted for exploration licences covering nickel and gold properties in the Yilgarn Craton of Western Australia and the Lachlan Fold Belt of New South Wales. The Company decided not to pursue applications previously submitted for licences in the Stuart Shelf of South Australia.

3.2 African Gold Projects

Farm-out negotiations continue for the Bankole gold property in Guinea, following an unsolicited offer from a major African gold producer.

Mincor announced that, following detailed field and desk studies and the Company's new focus on the Kambalda region, it had withdrawn from the Pangea and Roraima Joint Ventures. These joint ventures covered exploration licences in the Lake Victoria Goldfields of Tanzania and Uganda. The Company has also subsequently withdrawn from the Ormonde Joint Venture in the same region.

Mincor retains its interest in the Geita Project (the Imweru Licence) and the Ushirombo Project, both in the Lake Victoria Goldfields of Tanzania.

3.3 South Pacific Gold Projects

No field work was carried out during the quarter on the Company's gold properties in Fiji and Vanuatu. Mincor continues to monitor political developments in Fiji.

Yours sincerely

MINCOR RESOURCES NL

HOWARD RAE

Company Secretary

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.