

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2002



HIGHLIGHTS

- ✓ Production on budget at Mincor's Miitel and Wannaway Nickel mines – 104,425 tonnes ore treated, for quarterly production of 3,648 tonnes nickel metal in concentrate and estimated operating surplus attributable to Mincor of \$8.6 million.
- ✓ Exploration drilling underway throughout the quarter – success achieved at North Miitel with numerous ore tenor intersections at this exciting new prospect.
- ✓ Continued rapid debt reduction, with \$10.6 million in senior and subordinated debt repayments announced during the Quarter.
- ✓ Updated reserve estimates released for Miitel, confirming the integrity of the original ore reserve. Updated reserve estimates at Wannaway show a 12% upgrade over the original reserve.
- ✓ Significant option/farm-out deal struck with Alcaston Mining NL for the exploration and development of Mincor's South Pacific gold properties.
- ✓ Continued strong exploration focus, with drilling during the December Quarter planned for North Miitel, conceptual targets near Wannaway, and down-dip of the Redross ore body.

1. MINING OPERATIONS, KAMBALDA (Mincor 76%)

1.1 Production, Grade, Revenue and Costs

| | Miitel | Wannaway | Attributable to Mincor |
|--------------------------------|---------------|---------------|------------------------|
| Ore Tonnes Mined (DMT) | 52,695 tonnes | 49,837 tonnes | 77,924 tonnes |
| Ore Tonnes Treated (DMT) | 55,335 tonnes | 49,090 tonnes | 79,363 tonnes |
| Average Nickel Grade (%) | 4.07 | 3.68 | - |
| Nickel-in-Concentrate Sold | 2,023 tonnes | 1,625 tonnes | 2,772.5 tonnes |
| Copper-in-Concentrate Sold | 186 tonnes | 145 tonnes | 251 tonnes |
| Cobalt-in-Concentrate Sold | 40 tonnes | 31 tonnes | 54 tonnes |
| Sales Revenue* (A\$) | 14,775,000 | 11,122,000 | 19,682,000 |
| Direct Operating Costs** (A\$) | 6,745,000 | 5,973,000 | 9,666,000 |
| Indirect Costs*** (A\$) | 1,020,000 | 821,000 | 1,399,000 |
| Operating Surplus (A\$)**** | 7,010,000 | 4,328,000 | 8,617,000 |

* 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

Production for the Quarter was in line with Budget.

Access development reached the 374m level, which is the lowermost level of the NO1 ore zone. Good grades were encountered in the strike driving of this level, with the ore zone consisting of substantial thicknesses of massive sulphides.

Stoping of the 350 level also commenced, and strong mineralisation was also exposed there. Stopping continued on the 326, 302, 274 and 254m levels. Crown pillar extraction commenced successfully on the 254m level.

Access development of the lower grade NO2 flanking ore zone was carried out as a lower priority heading on the 180H and 206H levels. Ore exposed to date in the 180H is of medium to lower grade.

Major access development to the northern part of the NO1 ore zone commenced at the 254 level (main access), and at the 210 level (return ventilation). An internal incline/decline is now in progress from the northern end of the 254 Access.

The 370 South Drill Drive is in progress, in order to allow drill access to test the highly prospective southern projection of the NO1 trend.

1.3 Mining Progress - Wannaway

Production for the Quarter was slightly lower than target, as a result of extra requirement for ramp-stripping in the access levels and the placement of an extra-thick cemented rock-fill pillar on the 515 level. Production grades were in line with expectation.

Strike-driving was completed on the 473 level, and flat-back stoping was advanced on all seven production levels of the mine. Ore thicknesses and grades encountered were in line with expectations from the ore reserve model.

Declining commenced from the lower access of the NO2 ore body, to gain entry to the ore zone at the 563m level. This will provide an additional stoping block on this ore zone. This block was defined by underground drilling undertaken in recent months.

Rehabilitation and other preparatory work is well advanced to provide access into the remnant ore blocks on the NO1 ore zone. This block contains a mining-diluted Resource of 95,000 tonnes at 2.3% nickel. Trial mining will commence during October.

1.4 Health, Safety and the Environment

No Lost Time Injuries were recorded during the Quarter. Two medically-treated injuries occurred. Investigations and appropriate corrective actions were taken.

1.5 Updated Reserve Estimate - Miitel

The evolution of the Miitel ore reserve is presented in the table below:

Table 1: Ore Reserve - depleted for mining to the dates indicated

| | PROBABLE | | PROVEN | | TOTAL | |
|---------------|----------|--------|---------|--------|---------|--------|
| | Tonnes | Ni (%) | Tonnes | Ni (%) | Tonnes | Ni (%) |
| February 2001 | 844,639 | 3.96 | | | 844,639 | 3.96 |
| June 2001 | 679,040 | 3.92 | 118,418 | 5.36 | 797,458 | 4.13 |
| June 2002 | 445,000 | 3.37 | 139,000 | 5.16 | 584,000 | 3.79 |

In essence the total ore reserve at Miitel has evolved from 844,000 tonnes at 3.96% nickel containing 33,422 tonnes nickel (the reserve on which the project was evaluated, financed and acquired) to the current mining depleted reserve of 584,000 tonnes at 3.79% nickel which, when added to the ore tonnes already mined, gives a total reserve (mined and not yet mined) of 848,000 tonnes at 4.01% nickel containing 34,012 tonnes nickel. This is marginally better than original reserve figure, but does include some new reserves discovered outside of the original ore reserve boundary, which compensate for unmineralised areas encountered within the original reserve outline.

However the Miitel ore body remains open to both the north and the south. A drill drive is currently underway to the south. Once completed it will be used to drill out possible southern extensions to the reserve. Work is already underway to the north, as reported under the exploration section below.

1.5 Updated Reserve Estimate – Wannaway

The ore reserve for the Wannaway Central High Grade Zone, being the reserve on which Mincor evaluated and financed the Wannaway Mine, is shown below, depleted for mining to the dates indicated:

| | PROBABLE | | PROVEN | | TOTAL | |
|----------------|----------|--------|---------|--------|---------|--------|
| | Tonnes | Ni (%) | Tonnes | Ni (%) | Tonnes | Ni (%) |
| September 2001 | 290,000 | 3.58 | - | - | 290,000 | 3.58 |
| June 2002 | 37,000 | 2.44 | 175,000 | 3.90 | 212,000 | 3.65 |

The total ore reserve at the start of mining (290,000 tonnes at 3.58% nickel, containing 10,382 nickel tonnes) may be compared to the June 2002 reserve with mining depletion added back, for a total reserve figure of 327,000 tonnes at 3.60% nickel containing 11,770 nickel tonnes. This represents an increase of 12% over the pre-mining reserve estimates, in terms of contained metal.

The current mining operation is scheduled to end in May 2003, with the final depletion of the NO2 Central Higher Grade Zone ore reserve. At that point the operation is on target to have achieved or exceeded the total financial return expected from the original purchase. However there is a substantial remaining resource in the NO2 Southern Lobe which may support a reduced mining operation for some years. The feasibility of such an operation is being investigated at present.

(The Miitel Resource and Reserve were compiled by D Mapleson. The Wannaway Resource and Reserve were compiled by D Mapleson and A Paterson, both of whom are full time employees of Mincor Operations Pty Ltd and satisfy the requirements of a Competent Person as defined in the JORC Code.)

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

Diamond drilling during the quarter focused on the North Miitel prospect. Initially this prospect was identified by a number of widely-spaced nickel sulphide intersections drilled by a previous explorer. Mincor’s drilling has now demonstrated the existence of what could be a significant discovery. All four of Mincor’s holes in the target zone intersected “ore tenor” mineralisation, indicating likely continuity of mineralisation over a strike length of 300 metres. The mineralisation is open to the north and, to a lesser extent, the south. The mineralised zone commences some 700 metres north of the Miitel ore body. Details of these intersections are as follows:

MDD005: **1.37 metres at 5.45% nickel** from 364.75 metres down-hole (true width estimated at 1 metre)

MDD006W1: **15.9 metres at 2.66% nickel** from 470.7 metres down-hole, including:
3.3 metres at 3.39% nickel from 470.7 metres down-hole; and
3.97 metres at 3.31% nickel from 479.85 metres down-hole.
(true width of the total intersection estimated at 10 metres)

MDD007W1: **4 metres @ 4.19% nickel** in a 6-metre intersection averaging 3.23% nickel from 542 metres down-hole (true width estimated at 4.8 metres); and
3.45 metres @ 2.47% nickel from 533 metres down-hole (true width estimated at 2.8 metres).

MDD009A: **3.74 metres @ 5.99% nickel** from 469.75 metres down-hole (true width estimated at 1.9 metres); and
1.05 metres @ 6.04% nickel from 476.18 metres down-hole (true width estimated at 0.55 metres)

Drilling, down-hole electromagnetic surveys, and other studies at North Miitel are continuing.

Other drilling in the area during the Quarter was directed at filling in the “gap” between the Miitel ore body and the North Miitel mineralisation. To date three holes (MDD003, MDD004 and MDD008) have been completed, with narrow massive sulphide zones intersected in two of them as follows:

MDD004: 0.13 metres at 1.48% nickel from 255.72 metres down hole and;

MDD008: 1.19 metres at 3.15% nickel from 239 metres down hole (hanging wall ultramafic position approximately 12 metres above the basal contact).

These results confirm the presence of nickel sulphide mineralisation with the evident structural complexity adding to the possibility of a discovery in this area. Further drilling is planned for the coming Quarter.

Drilling of conceptual targets north of the Wannaway NO1 ore body and adjacent to the Redross ore body is planned for the December Quarter, in addition to further drilling at North Miitel. Drilling of regional targets on the Miitel and Wannaway blocks is planned for early in the new calendar year.

3. EXPLORATION – OTHER EXPLORATION PROPERTIES

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

Preparations are complete for an ultra-detailed aeromagnetic survey of Mincor’s Tramways Exploration Licence and five adjoining Prospecting Licences (P63/1167 to P63/1171). The survey will be carried out during the December quarter. The Licence areas cover portions of the Yilgarn Craton considered by Mincor to be highly prospective for nickel sulphide and gold mineralisation.

3.2 Imweru Licence, Tanzania (Gold, Mincor earning up to 100%)

Mincor’s transaction with Barrick for the optioning, to Barrick, of this property, has been delayed due to the pre-emptive rights held by Mincor’s existing joint venture partner.

3.3 South Pacific Gold

Mincor controls a number of highly prospective gold exploration tenements in Fiji and Vanuatu. These include the flagship Sabeto prospect in Fiji and the exciting Webe Creek prospect in Vanuatu. Mincor has signed a Letter Agreement with Alcaston Mining NL for the development of these assets. The Letter Agreement provides for the following:

- Payment to Mincor of five million shares in Alcaston;
- Committed expenditure by Alcaston of \$500,000 on the properties;
- No interest in the properties earned by Alcaston until a total of \$2 million has been spent by Alcaston on them;
- On completion of \$2 million expenditure, Alcaston will have earned a 75% interest in the properties, and a 2% net smelter return royalty will be payable to Mincor from Alcaston’s 75% interest;
- For a 45-day period following completion of the \$2 million expenditure, Alcaston will have the option to buy Mincor’s remaining interest through the issue of a further 15 million shares in Alcaston, and a 2% net smelter return royalty.
- If Alcaston does not exercise this option, then Mincor’s interest will be carried through to completion of a positive bankable feasibility study and the decision to mine. Mincor will repay this carried interest from 75% of its share of production revenues.

The transaction is conditional on the acquisition of all relevant consents and approvals.

With this transaction Mincor completes its strategy of directing its focus towards its profitable Kambalda nickel operations by passing the early expenditure required on its offshore gold assets to selected third parties, while retaining strong exposure to the upside of the assets.

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

Preparations for the ongoing financing and development of TCC continued.

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.



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