

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2004



HIGHLIGHTS

- ✓ Major new \$7 million nickel exploration programme commences – immediate success at South Miitel, with best intersections of **2.59 metres @ 5.03% nickel** and **2.79 metres @ 3.51% nickel** (down-hole), likely to extend the southern limits to the Miitel reserve by at least 60 metres.
- ✓ Exploration drilling now underway or commencing to north and south of Miitel, at Redross, Jeremy Dee and on the new East Widgie tenements.
- ✓ The Miitel ore body continues to over-deliver – 70 metres of additional mineralised strike encountered in the 260 level at the north end of Miitel.
- ✓ Mincor produces the millionth tonne of ore from its Miitel and Wannaway nickel mines, as development proceeds rapidly on new operations at Redross, North Miitel and Mariners.
- ✓ Strong quarterly cashflows, despite reduced production due to impact of manpower shortages at Miitel and Wannaway.
- ✓ With the termination of hedging at Miitel, the mine produces a greater operating surplus in the quarter under review than for the previous two quarters combined.

1. MINING OPERATIONS, KAMBALDA (Mincor 100%)

1.1 Production, Grade, Revenue and Costs

	Miitel	Wannaway	Total
Ore Tonnes Mined (DMT)	51,989 tonnes	19,513 tonnes	71,502 tonnes
Ore Tonnes Treated (DMT)	52,727 tonnes	19,553 tonnes	72,280 tonnes
Average Nickel Grade (%)	3.61	2.51	
Nickel-in-Concentrate Sold	1,697.6 tonnes	424.3 tonnes	2,121.9 tonnes
Copper-in-Concentrate Sold	161.9 tonnes	48.0 tonnes	209.9 tonnes
Cobalt-in-Concentrate Sold	32.3 tonnes	9.8 tonnes	42.1 tonnes
Sales Revenue* (A\$)	18,085,000	4,858,000	22,942,000
Direct Operating Costs** (A\$)	8,306,000	3,568,000	11,874,000
Indirect Costs*** (A\$)	1,260,000	306,000	1,566,000
Operating Surplus (A\$)****	8,519,000	984,000	9,502,000

* Sales Revenue – estimate, awaits the fixing of the three-month nickel reference price – reported as net of hedging, all of which is assigned to Miitel.

** 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

Mining operations continued satisfactorily from all stoping areas within the mine. However the rate of production was impacted by manpower shortages brought about by the high level of new mining activity in the Kambalda region. The Company is actively pursuing both short and long term solutions to this issue.

Crown pillar extraction was successfully completed on the 278 and 302 levels, and commenced on the 326 level. Airleg mining continued on the 180H, 206H and 278 stoping blocks, and was completed on the 350H block. Elsewhere, normal stoping continued throughout the mine.

Decline access into the N02S orebody was essentially completed, and strike driving of the ore zone commenced on the 254S drive, and is about to commence on the 278 level. Alimak-rising from the main decline was completed, providing ventilation and emergency egress. Installation of ladders was completed.

Development and stoping in the 260 level at the north end of the orebody has indicated a substantial extension to the ore zone, with strong mineralisation continuing at least 70m beyond the previously defined boundary.

1.3 Mining Progress - Wannaway

The extraction of higher grade ore from the stopes in the main part of the N02 ore zone was completed, in line with plan. Selective airleg mining of the higher grade ore pods in the Southern Lobe continued successfully.

Mining of the lower-grade sediment-associated ore continued on the 555 Stope, on the lower part of the N02 Surface.

On the lower levels of the N01 Surface, driving of the 835 level commenced, with lower grade sediment-hosted ore being encountered. The access decline into the 822 level was completed, and strike-driving of the ore commenced.

Wannaway will now move into a new phase of production, largely based on the mining of these lower-grade sediment-hosted ore zones, with an additional component of higher grade ore coming from the Southern Lobe, and other higher grade remnants.

1.4 Health, Safety and the Environment

Mincor's exceptional safety record continued, marred only by a thumb injury sustained by a drillers assistant, ending the Company's nearly two-year run free of lost time injuries.

2. DEVELOPMENT PROJECTS, KAMBALDA (Mincor 100%)

2.1 Redross Nickel Mine

Development of the Redross Nickel Mine continued during the quarter. The establishment of surface infrastructure is almost complete, with the mine offices, workshop and power line operational, and the water disposal pipeline to South Lake Eaton almost complete. Power has been established underground on the 4 level and construction of the ROM haulage road will start next month. The old workings have been accessed by the decline on the 4 and 5 levels and the 6 level is ready for breakthrough to the existing raise bore.

As of the date of this report, the decline had advanced 884 metres and total development including stockpiles and access to old workings was 1,060 metres. The project is on target to commence production in September 2004.

2.2 North Miitel Ore Body

Development of the twin declines required to access and mine the North Miitel ore body continued during the quarter. As of the date of this report, an advance of 494 metres had been achieved. A further 350 metres of decline and 50 metres of access development are required before mining of the first ore drive may commence.

2.3 Mariners Nickel Mine

Work on the re-development of the Mariners Nickel Mine commenced during the quarter, following Mincor's positive development decision in January. Rapid progress has been made, with the dewatering pipeline to Lake Lefroy and associated settling dams largely complete. Pumping will commence within weeks, and is expected to take approximately four months to dewater the mine. Once dewatering has been completed to a depth of 130 metres, the existing decline and mine will be progressively rehabilitated, made safe and re-equipped with all necessary mine services. This will provide access to the NO7 ore body, which is already strike driven and ready for immediate production.

2.4 Other Matters

The mining contract for the production and development of the Mariners Nickel Mine, as well as ongoing production and development at Miitel and Wannaway, has been awarded to Barmenco, as of 1 July 2004.

3. EXPLORATION – KAMBALDA NICKEL DISTRICT (Mincor 100%)

During the quarter Mincor announced a landmark \$7 million exploration budget to spearhead its new focus on growth through exploration. With some of the best nickel exploration ground in Australia, this is the logical next step for the Company following the completion of its highly successful Nickel Expansion Strategy. The Company has outlined three prime objectives:

- To double existing Ore Reserves (currently 1.99 million tonnes at 2.86% nickel for 56,977 tonnes of contained nickel metal) through 'extensional' exploration of existing ore bodies;
- To discover a new million tonne, high-grade nickel ore body through an expanded regional exploration programme around the Widgiemooltha Dome;
- To develop Mincor's regional exploration portfolio in the Kambalda-Norseman region. The Company currently has 100% ownership of 3,000 km² of tenements or tenement applications prospective for nickel and gold.

3.1 South Miitel

Mincor's renewed exploration focus has achieved early success at South Miitel, with exciting results obtained from both underground and surface drilling.

New underground drilling has confirmed earlier intersections, and appears likely to extend the ore reserve boundary by at least 60 metres, with the ore body still open in a southward direction. Ore grade intersections were achieved in a number of these holes.

In addition, the first of a series of planned step-out diamond holes drilled from surface encountered nickel sulphides along the basal contact. Although not of ore grade, the intersection further extends the Miitel ore channel in a southward direction.

The new mineralised intersections from underground drilling at South Miitel are as follows (using a 1.5% nickel cut-off):

<i>UMI-04-008</i>	<i>2.79 metres at 3.51% nickel (true width 1.1m) and; 0.46 metres at 6.61% nickel (true width 0.2m)</i>
<i>UMI-04-009</i>	<i>1.92 metres at 2.11% nickel (true width 1.05m)</i>
<i>UMI-04-021</i>	<i>0.55 metres at 1.51% nickel (true width 0.6m)</i>
<i>UMI-04-022</i>	<i>3.95 metres at 2.26% nickel (true width 2.8m)</i>

<i>UMI-04-023</i>	<i>5.4 metres at 1.71% nickel (true width 3.1m) and; 2.59 metres at 5.03% nickel (true width 2.4m)</i>
<i>UMI-04-033</i>	<i>0.78 metres at 2.51% nickel (true width 0.6m)</i>

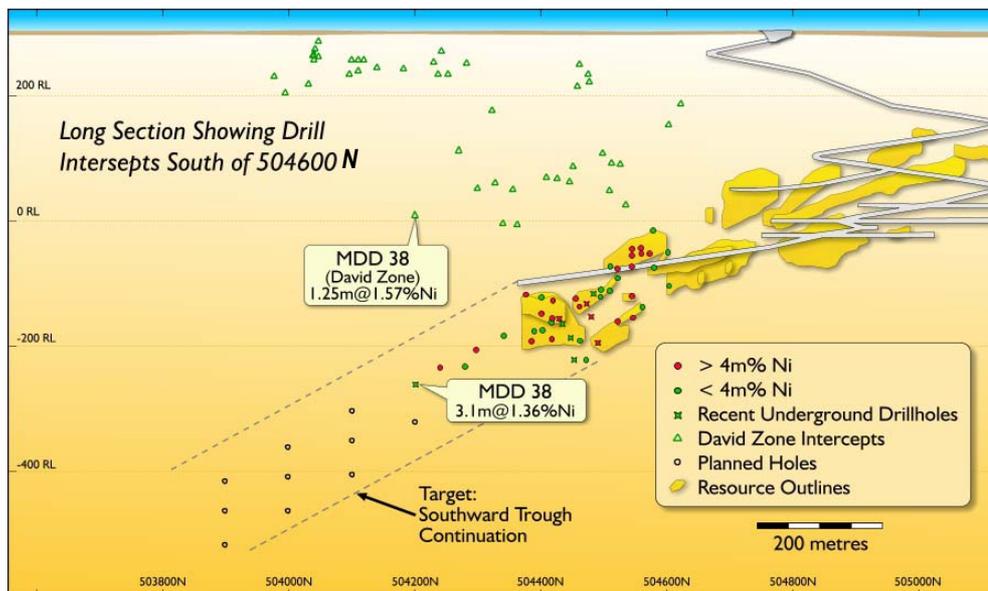
Structural modification of the ultramafic basal contact provides opportunities for ore repetitions. The second intersection in hole UMI-04-023 demonstrates the existence of another zone down dip from the first intersection. Further drilling to test the extent of this new zone will be a priority.

The first surface hole, MDD38, intersected an “open contact” position, and is considered to be highly encouraging:

MDD38 *3.1 metres at 1.36% nickel from 637.0 metres down-hole (true width approximately 2.5m, intersection calculated using a 1% Ni cut-off)*

A down-hole electromagnetic survey of this hole identified an anomaly beneath the intersection – a deeper hole is already underway to test this. Further surface holes will step out progressively, aimed at achieving a substantial southwards extension of the Miitel ore body (Figure 1).

Figure 1:



A subsidiary target also intersected in MDD38 was the “David Zone”, first discovered further to the north by previous explorers. MDD38 passed through low tenor nickel mineralisation in this zone, which is thought to be the Mariners contact (the “outer” Mariners and “inner” Miitel contacts appear to merge just south of Miitel). This upper intercept assayed as follows:

MDD38 (David Zone) *1.25m at 1.57% nickel from 320 metres down-hole (true width approximately 1m, intersection calculated using a 1% Ni cut-off)*

Further testing of this zone is warranted as the mineralisation is open in all directions.

3.2 Targets along the Northward Strike of Miitel

A high resolution ultra-detailed aeromagnetic survey was completed over the newly acquired East Widgie tenements during the quarter. These tenements will host any northward continuation of the North Miitel ore body (which remains open to the north), and are the location of the northward extensions of the Miitel, Mariners and

Redross Basal Contacts. As such, they are among the most prospective tenements in the Kambalda region.

The new aeromagnetic data is being incorporated into the existing compilation and new exploration models are being defined. A number of very strong targets have been identified, all of which will be drill-tested over the coming months.

A shallow zone of low-grade mineralisation overlying the North Miitel orebody was identified by previous explorers. It may represent a parallel ore trend, a concept that is being tested with a fence of three holes along strike to the north. Two of these holes were drilled during the quarter, neither of which intersected significant mineralisation. A third hole will be drilled during the coming quarter.

3.3 Redross and Jeremy Dee Prospects

Three diamond holes (MDD35-37) were completed at Jeremy Dee during the quarter, extending the mineralised channel 80 metres south of previously reported hole MDD34. Only MDD36 encountered the re-entrant channel position where it intersected 1.17 metres at 1.12% nickel (from 400.6 metres down-hole).

However, a down-hole electromagnetic survey has identified an anomaly directly below the point at which MDD37 intersected the Basal Contact, suggesting that the three holes may have intersected the contact above the main mineralisation. This will be tested with more drilling during the April-June quarter.

3.4 Regional Nickel Targets

An exploration program to test other basal contacts for Miitel-style nickel deposits is underway. Three reverse circulation holes were completed along the Dordie Contact, south of the North Dordie prospect, with negative results. However this contact zone, with a strike length, on Mincor's tenements, of over 13 kilometres, remains lightly tested and further work is planned.

A regional GIS and targeting exercise is underway, in conjunction with the updating of three-dimensional models of the Widgiemooltha Dome with a mass of new data. A major regional drilling programme will commence in July.

3.5 Gold Targets

Detailed compilation and modelling of gold targets in and around the Widgiemooltha Dome continued through the quarter. Aeromagnetic surveys were completed over the highly prospective Lake Zot Dolerite and the recently granted Killaloe tenement, 25 kilometres northeast of Norseman.

Mincor is targeting world-class gold deposits of the Kalgoorlie Golden Mile and St Ives type in these two regions.

3.6 Details of Surface Drill Holes Completed During the Quarter

Details of all surface holes completed during the quarter are tabulated below:

Hole Number	MGA Easting	MGA Northing	Collar Azimuth (degrees)	Collar Dip (degrees)	Total Depth (metres)
MDD35	372470	6494058	289	-58	393.8
MDD36	372490	6493961	285	-61	450.8
MDD37	372489	6493961	291	-58	425.6
MDD38	372455	6504252	270	-64	686.8
MRC09	370960	6500628	295	-60	214.0
MRC10	370940	6500480	285	-65	202.0
MRC11	370777	6500040	240	-65	304
MRC15	371473	6506728	250	-58	202

4. CORPORATE ACTIVITIES

4.1 Financing Arrangements

During the quarter Mincor finalised a Security Trust structure with three banks, providing the Company with competitive discretionary hedging facilities. The banks are Commonwealth Bank of Australia (CBA), Societe Generale (SG Australia Ltd) and Westpac Banking Corporation. In addition, Mincor obtained a A\$10 million revolving corporate debt facility from CBA. As of the date of this report, Mincor had not drawn down on this facility.

In line with its strategy of maintaining maximum exposure to the nickel price while securing a minimum level of protection against adverse price movements, Mincor has sold forward 2,088 tonnes of nickel to March 2006, at an average price of A\$16,459 per tonne, distributed as follows:

- July '04 to December '04: 120 tonnes of nickel per month at a price of A\$16,563/tonne;
- January '05 to June '05: 144 tonnes of nickel per month at a price of A\$16,469/tonne;
- July '05 to December '05: 72 tonnes of nickel per month at a price of A\$16,344/tonne;
- January '06 to March '06: 24 tonnes of nickel per month at a price of A\$16,000/tonne.

These discretionary forward sales represent less than 7% of Mincor's current reserve base. Mincor has no hedging in place for the period to end June 2004.

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 or supervised by Richard Hatfield, Robert Hartley, Jim Reeve or Dean Will, persons who are Members of the Australasian Institute of Mining and Metallurgy and who have more than five years experience in the field of the activity being reported on. This report accurately reflects the information compiled by those members.



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