



# Quarterly Report

For the period ended 30 September 2010

**MINCOR**  
RESOURCES NL

Tel 08 9476 7200  
Fax 08 9321 8994  
Email [mincor@mincor.com.au](mailto:mincor@mincor.com.au)

Website [www.mincor.com.au](http://www.mincor.com.au)  
ASX Code MCR

#### Postal address

PO Box 1810  
West Perth WA 6872 Australia

#### Principal & registered office

Level 1, 56 Ord Street  
West Perth WA 6005 Australia

Mincor is a leading Australian nickel producer. The Company is listed on the Australian Securities Exchange and forms part of the benchmark S&P/ASX 200 Index.

Mincor operates two mining centres in the world class Kambalda Nickel District of Western Australia, and has been in successful production since 2001.

## HIGHLIGHTS

- One-off events impact production and cash costs for the quarter – however, these are expected to return to budgeted levels during the December quarter.
- Miitel's ramp-up underway throughout the quarter – full production levels expected to be achieved in the December quarter.
- Rapid capital development underway at Mariners and McMahon, targeting access to high-grade ore bodies for production commencing in the 2011/12 financial year.
- Intensive exploration underway throughout the Kambalda District, with two surface diamond drill rigs and three underground rigs active through the quarter.
- Two of Mincor's highest quality regional targets scheduled for drilling in the December quarter – the Lake Cowan gold prospect and the Tottenham copper prospect – both 100% owned by Mincor.
- Mincor's full-year profit released – robust \$28.1 million net profit after tax, EBITDA up 72% to \$77.6 million, and final fully-franked dividend of 6 cents per share.
- Strong increase in Mineral Resources and Ore Reserves announced – Mincor replaced 140% of all nickel mined during the 2009/10 financial year.
- Quarter-end working capital (cash and receivables minus creditors and accruals) at **\$102 million** (end-June 2010: \$119.6 million) after payment of \$12 million dividend and capital and exploration expenditures of \$11.9 million.

**Continued Kambalda Exploration Success:** After another year of successful exploration, Mincor has now multiplied its starting Ore Reserve by nearly seven times. From an initial Reserve of 25,400 tonnes of nickel, Mincor had mined 122,800 tonnes of nickel to end June 2010, and had a further 50,200 tonnes in Reserve.

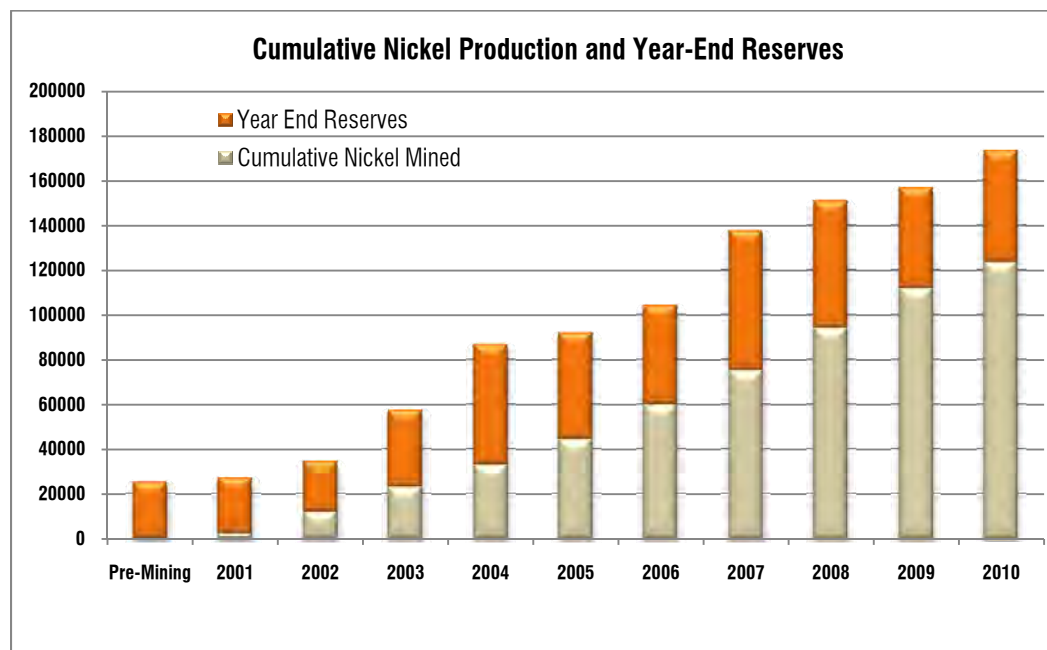


TABLE 1: Production, Grade, Revenue and Costs – Quarter ending 30 September 2010

	SOUTH KAMBALDA OPERATIONS <sup>(1)</sup>	NORTH KAMBALDA OPERATIONS <sup>(2)</sup>	TOTAL FOR SEPT 2010 QUARTER	PRECEDING QUARTER (Jun 2010) TOTAL
Ore Tonnes Treated (DMT)	57,368	41,949	99,317	89,080
Average Nickel Grade (%)	2.23	3.22	2.65	3.28
Nickel-in-Concentrate Sold (tonnes)	1,076.4	1,237.6	2,314.0	2,652.9
Copper-in-Concentrate Sold (tonnes)	102.1	75.9	178.0	188.7
Cobalt-in-Concentrate Sold (tonnes)	21.1	16.5	37.6	35.0
Sales Revenue* (A\$)	17.00m	19.62m	36.62m	46.43m
Direct Operating Costs** (A\$)	13.03m	11.94m	24.97m	21.71m
Royalty Costs (A\$)	0.83m	0.55m	1.38m	1.59m
<b>Operating Surplus*** (A\$)</b>	<b>3.14m</b>	<b>7.13m</b>	<b>10.27m</b>	<b>23.13m</b>
Capital Costs****	8.33m	2.10m	10.43m	7.97m
Payable Nickel Produced (lbs)	1,542,516	1,742,740	3,285,256	3,685,487
Mining Costs (A\$/lb)	5.13	4.50	4.79	3.77
Milling Costs (A\$/lb)	1.45	0.89	1.15	0.96
Ore Haulage Costs (A\$/lb)	0.38	0.09	0.23	0.15
Other Mining/Administration (A\$/lb)	1.32	1.37	1.35	1.10
Royalty Cost (A\$/lb)	0.54	0.32	0.42	0.43
By-product Credits (A\$/lb)	(0.38)	(0.25)	(0.30)	(0.28)
Cash Costs (A\$/lb nickel)	8.44	6.92	7.64	6.13
Cash Costs (US\$/lb nickel @ 0.90c)	7.60	6.23	6.88	5.52

(1) Production from Mariners and Miitel.

(2) Production from Otter Juan, Coronet and McMahon and Mincor's 70% interest in the Carnilya Hill mine.

\* Sales Revenue – estimate, awaits the fixing of the three-month nickel reference price – see 'Note on Provisional Pricing and Sales Revenue Adjustments' below.

\*\* Direct Operating Costs – mining, milling, ore haulage, administration.

\*\*\* Operating Surplus – provisional and unaudited, excludes corporate overheads and other corporate costs, excludes regional exploration costs, excludes depreciation, amortisation and tax.

\*\*\*\* Capital Costs – includes mine capital and development costs and extensional exploration costs. Excludes regional exploration costs.

## Operating Surplus – Note on Provisional Pricing and Sales Revenue Adjustments

The nickel price received by Mincor for any month of production is the average LME spot price during the third month following the month of delivery. For period-end reporting the Company determines provisional prices based on the 3 month forward nickel price at the end of each month of delivery. This estimate is subject to an adjustment (up or down) when the final nickel price is known. During the September quarter, Mincor established the final nickel prices for the production months of April, May and June. As a result Mincor has recognised a negative sales revenue adjustment of **\$1.4 million** attributable to those production months. This adjustment **has not** been included in the sales revenue figures disclosed in Table 1 above.

## MINING – KAMBALDA NICKEL OPERATIONS

### Quarterly Overview

Production for the quarter was below budget due to reduced production from Mariners following the seismic event in July (as previously advised), and lower production from Carnilya Hill due to temporary scheduling constraints.

The lower production, combined with the ramp-up costs at Miitel, led to sharply higher cash costs for the quarter. Cash costs are expected to improve over the coming quarter as production returns to budgeted levels and Miitel completes its ramp-up.

At this stage Mincor's targeted production for the financial year remains as previously announced – between 13,500 and 14,500 tonnes of nickel-in-ore – but risks to this forecast have grown.

Quarterly cash generation was impacted by a sharp reduction in the quarter-on-quarter nickel price, with the average recognised provisional nickel price for the September quarter being some A\$3,000 per tonne lower than the price realised for the June quarter.

TABLE 2: Production by mine site, September 2010 quarter

Mine	Tonnes	Grade	Nickel-in-ore	Nickel-in-concentrate
Miitel	29,386	2.13	627	527
Mariners	27,982	2.34	654	549
Otter Juan	25,629	3.75	962	891
Coronet	1,415	1.25	18	16
Carnilya Hill: Mincor's 70%	14,905	2.50	372	330
<b>Totals</b>	<b>99,317</b>	<b>2.65</b>	<b>2,633</b>	<b>2,314</b>

## Northern Operations

Otter Juan experienced another steady quarter of production, although hampered by continued porphyry interference on the lower levels. A drill position was established in the footwall and drilling has now commenced to probe beyond the 50 Level Fault in order to locate any possible extensions to the ore body.

Development of the McMahon decline commenced and proceeded rapidly, with some 220 metres of advance completed for the quarter. The decline is designed to provide access to the high-grade MMN3 ore body, with first production scheduled for the 2011/12 financial year. Operating activity at McMahon/Coronet was limited to minor air-leg development and stoping of the 'Flame Structures'.

Production from Carnilya Hill was down on the previous quarter and below budget due to short-term scheduling constraints. Ore development continued on three levels while elsewhere production was won through increased air-leg stoping and jumbo flat-back mining.

## Southern Operations

Production from Mariners for the quarter was substantially below budget due to the seismic event experienced in July. As previously advised, this curtailed production for nearly a month, and necessitated ground rehabilitation in numerous areas of the mine. The total direct cost to Mincor, excluding loss of production, is estimated at approximately \$800,000.

Production at Mariners recommenced in August and continued through August and September at good production levels, exceeding plan and clawing back some of the July deficit. Production was won from development drives, flat-back stoping and long-hole stoping.

The decline continued to advance towards the high-grade N10 ore body, with first production expected in the 2011/12 financial year.

Production at Miitel recommenced after an 18-month pause. The ramp-up phase progressed throughout the quarter, with strike driving on ore at South Miitel and access development at North Miitel. Development of the main South Miitel decline also recommenced. Miitel's ramp-up phase should be completed during the December quarter, and production, grade and cash costs are expected to progressively improve.

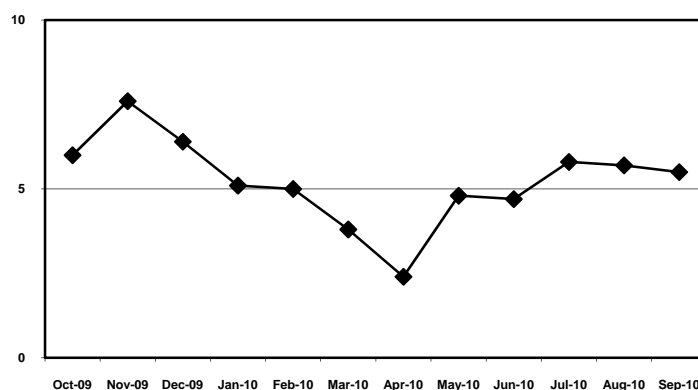
## HEALTH AND SAFETY

One Lost Time Injury was reported for the quarter. A Fitter received an injury to his thumb while lowering a jack. The 12 month moving average Lost Time Injury Frequency Rate for all Mincor Operations is 5.5. This is above the LTIFR of 2.6 for Metalliferous Underground Nickel Mining in Western Australia.

Mincor's primary safety objective is 'Zero Harm' and the Company will continue to develop and implement safety strategies focused on eliminating injuries and promoting accountability and responsibility. The following improvement strategies were undertaken through the quarter:

- A 7-day Emergency Response Block Training Session completed at Southern Operations.
- A review and internal audit of Mincor's Safety Management System was completed at Southern Operations.
- 93 Mincor and contractor employees attended the Accountability and Responsibility for Safety Awareness Program at Southern Operations.
- 24 Task Observations were performed on Jumbo, Loader, Truck, Services, Mine Geology and Mine Survey activities.
- Two new Emergency Response Training Courses were developed (Lead Rescue Team and Underground Search).
- Presentation by Helen Fitzroy to Northern Operations personnel on impact of workplace accidents on families.
- Four new Major Hazard Standards were developed and implemented at Northern Operations.
- 31 Task Observations completed for the quarter at Northern Operations.
- The development of a Safe Work at Heights Training Package for Northern Operations was completed.
- Continued implementation of High Impact Audit findings at the Otter-Juan McMahon/Coronet Operations.
- The Northern Operations Safety Management Plan was reviewed and updated.

12 Month Moving Average Lost Time Injury Frequency Rate



- Work continued on the whole of mine risk assessment for Northern Operations.
- Trials were carried out in the underground refuges at Otter-Juan to confirm duration and environmental conditions during extended time in the refuge using only air from medical cylinders.
- Two new 4-man standalone refuge chambers purchased and installed at Otter Juan to provide safe refuge in single entry headings.
- Two mock emergency exercises were carried out at Carnilya Hill to test response time to stench gas.

## MINERAL RESOURCES AND ORE RESERVES

During the quarter, Mincor released its updated resource and reserve inventory, unveiling another year of strong results. Ore Reserves at 30 June 2010 reflect a 37% increase over the position at the end of June 2009 (before production). This means that Mincor replaced 140% of all the nickel it mined during the financial year ended June 2010.

The stand-out result was at Mariners, where the Mineral Resource in the newly discovered N10 ore body increased by 49% to 15,800 tonnes of contained nickel. Of this, Mincor converted 10,600 tonnes to Ore Reserves, for 299,000 tonnes of ore at a grade of 3.5% nickel. In January 2010 Mincor announced the potential discovery of another new ore body at Mariners, the N11, and the drill-out of this target will commence later in the current financial year.

Success was also achieved at Miitel, where some 12,000 tonnes of new nickel were added to Mineral Resources, and the new N29 ore body was placed into Ore Reserves. Drilling is continuing at both North and South Miitel.

The results continue Mincor's outstanding track record of replacing and/or adding to Resources and Reserves.

Mincor's total Mineral Resources and Ore Reserve at 30 June 2010 were:

**Mineral Resources: 4,048,000 tonnes @ 3.7% nickel for 150,700 tonnes of nickel metal**  
**Ore Reserves: 1,746,000 tonnes @ 2.9% nickel for 50,200 tonnes of contained nickel**

The full tabulation of Resources and Reserves, as well as Competent Person's statements, are at the back of this report.

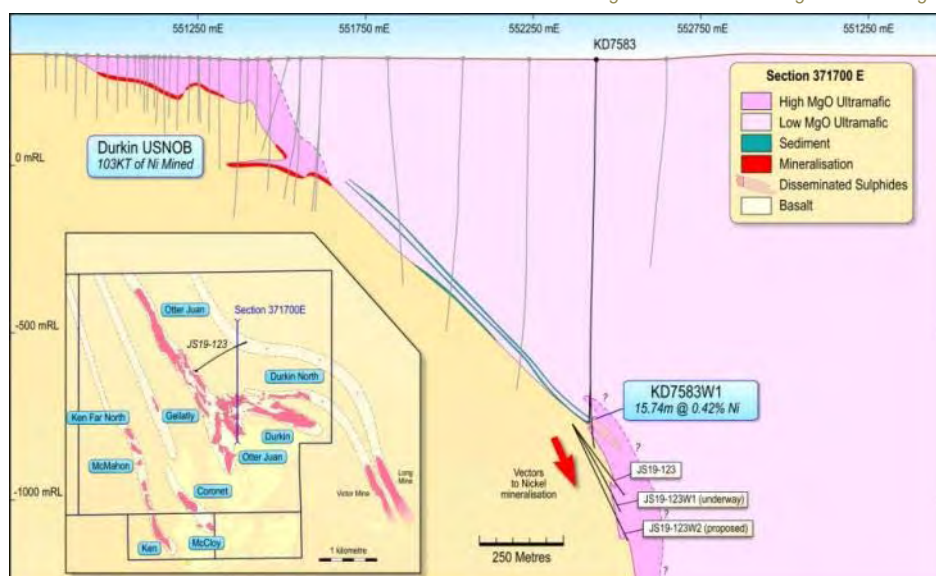
## KAMBALDA NICKEL EXPLORATION

### Ultra-Sized Nickel Ore Body (US-NOB) Program

Mincor's wedge hole, JS19-123W1, is on target to test the basal contact some 150 metres down dip of the parent hole JS19-123. This hole (reported last quarter) reached the basal contact 140 metres down-dip of the historic surface drill hole KD7583, and intersected a thin porphyry intrusion on the basal contact overlain by fertile high-MgO ultramafic rock in the all-important basal flow. This is a very positive indication, showing that the vector towards possible mineralisation remains in place, and that this intersection is 'closer' to potential mineralisation than the previous intersection in KD7583.

At quarter's end the downward wedge was at 1,098 metres. It is expected to intersect the target early in the next quarter.

FIGURE 1: Section 371700E Geological section showing US-NOB target



### Miitel Ore System

#### South Miitel

Surface drilling continued throughout the quarter, testing for extensions to mineralisation in the two parallel sub-channels previously defined. The upper sub-channel is postulated to be the southern extension of the channel hosting the N29 ore body, and the lower sub-channel, now named the N30, is interpreted to be the continuation of the channel that hosts the N18 ore body.

Both infill and step-out drilling will continue through the December quarter with two surface diamond rigs.



## N29 Extended Mineralisation

During the June quarter two drill-holes (SMD010W6 and SMD010W) intersected strong mineralisation in the interpreted extension of the N29 ore body some 215 metres to the south.

During the September quarter a further nine pierce points were achieved in and around this upper channel position.

New intersections include the following:

**SMD011W8:** 6.71 metres @ 2.36% nickel (estimated true width 4.7 metres) from 715.62 metres on the basal contact, including, 2.08 metres @ 4.39% nickel (estimated true width 1.46 metres) from 715.62 metres.

**SMD011W7:** 2.20 metres @ 1.40% nickel (estimated true width 1.76 metres) from 694 metres in the hanging-wall ultramafics; and 1.01 metres @ 7.11% nickel (estimated true width 0.81 metres) from 701.74 metres on the basal contact; and 1.09 metres @ 1.43% nickel (estimated true width 0.85 metres) from 718.7 metres well below basal contact.

**SMD011W5:** 0.65 metres @ 1.60% nickel (estimated true width 0.55 metres) from 677.1 metres on the basal contact; and 0.10 metres @ 8.14% nickel (estimated true width 0.08 metres) from 680 metres within the footwall basalt.

**SMD015W7:** 0.80 metres @ 1.33% nickel (estimated true width 0.60 metres) from 668.2 metres in the hanging-wall ultramafics.

The open contact intersections in SMD011W8 and in SMD011W7 are approximately 80 metres north of SMD010W6 and SMD010W7. The high grade intersection in SMD011W5 is hosted within the basalt and probably defines the upper pinch-out position of the upper sub-channel. An infill section line is planned between this section and the N29 ore body.

Weak mineralisation was returned on the section some 100 metres south of SMD010W6 and SMD010W7. Two pierce points, although intersecting disseminated nickel sulphides on contact, assayed less than 1% nickel. However, a Down Hole Electromagnetic Survey (DHEM) in SMD014W6 does indicate a strong conductor located just off-hole and extending north to SMD10W6. This is a strong target and further drilling is planned.

Four holes, SMD010W8, SMD11W6, SMD014W6 and SMD015W6, intersected sediment at or near the basal contact and are interpreted to define the upper limits of the overall channel structure.

A downward wedge, SMD015W7, drilled 30 metres down-dip of SMD015W6, intersected minor disseminated sulphides in what is believed to be the southward continuation of the upper sub-channel, and comprises the most southerly upper channel intersection to this date.

## N30 Surface

The N30 surface appears to be a continuation of the channel structure that hosts the main N18 ore body – although the mineralisation is unlikely to be continuous as it is closed off by a single barren hole some 110 metres beyond the end of the N18 ore reserve.

A number of strong intersections from the N30 surface drilling program were reported previously. Three new pierce points were achieved during the September quarter, testing the lower limits of the N30 surface:

**SMD015W5:** 2.77 metres @ 1.17% nickel from 833 metres (estimated true width 2.0 metres) in the hanging-wall ultramafic; and 0.86 metres @ 3.49% nickel from 839.84 metres (estimated true width 0.62 metres) in the hanging-wall ultramafic.

**SMD014W4:** 1.36 metres @ 1.31% nickel (estimated true width of 0.90 metres) from 826.04 metres on the basal contact

**SMD014W5:** NSA on lower flank and below the channel.

The drill section immediately south of the strong intersections around SMD10 has proved to be only weakly mineralised. However, mineralisation appears to re-strengthen in the next section further to the south.

FIGURE 2: South Miitel – Cross Section

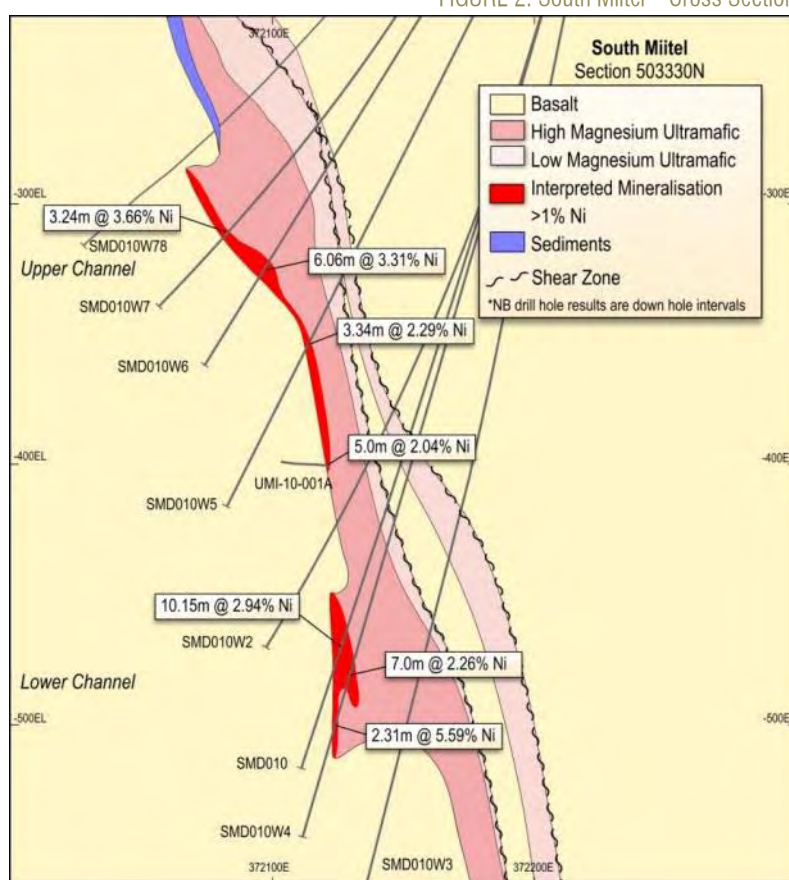
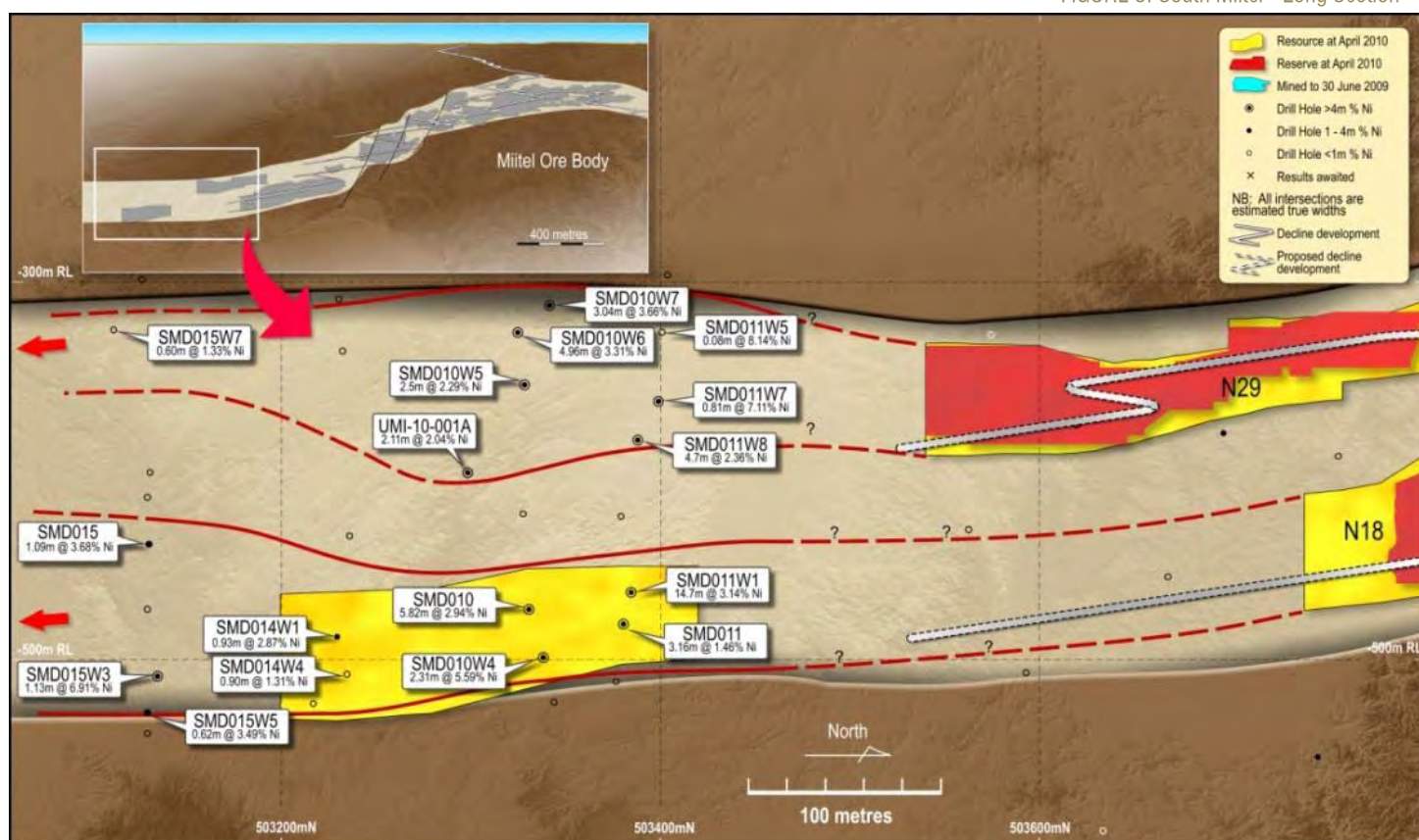


FIGURE 3: South Miitel - Long Section



## Miitel Extended Concept

The Miitel ore system comprises a mineralised channel structure that has now been shown to persist over a strike length of 4.8 kilometres. It remains open to both the north and the south.

The Miitel ore system is hosted in the 'inner' of two ultramafic rock units which wrap around the Widgiemooltha Dome. The outer unit hosts the Mariners nickel mine some 5 kilometres south of Miitel. The continuity of the two ultramafic units has been confirmed in previous drilling completed by Mincor.

Mincor's latest drilling at South Miitel has shown that the plunge of the Miitel ore system may be shallower than previously thought. If this is so, and, if the channel persists for a further 4 kilometres, then it could be discoverable (and accessible) from the Mariners Mine.

While this is purely a conceptual target, it is one that would produce very significant upside for both nickel inventory and production rates if proved correct.

An underground drilling campaign has commenced to systematically test the inner 'Miitel' ultramafic contact at Mariners mine. Seven holes were completed during the quarter, testing the contact systematically down to the 1200 RL.

All holes intersected the Miitel contact as predicted. However, the results demonstrate that the Miitel ore system is not present down to the depth tested. This depth is approximately the mid-point of the range of potential locations, which means that about half the potential locations have now been tested and eliminated. The remaining target locations will be drill-tested during the September quarter, as new drill platforms become available in the Mariners decline.

The drilling in the upper portion of the Miitel contact did confirm the previously recognised potential for a new channelised ore system to exist in this area. Additional drilling is now planned to further test this target.

## North Miitel – Burnett

One wedge, MDD174W2, was completed at Burnett encountering nickeliferous sediment on contact, with porphyry in the immediate footwall.

**MDD174W2:** 0.45 metres @ 1.68% nickel (estimated true thickness of 0.25 metres) from 625.25 metres.

This hole restricts the up-dip extent of the Burnett mineralisation at the northern end of the prospect, but does not necessarily close the mineralisation off to the north. Further drilling is planned.

## Otter Juan Ore System

Extensional drilling carried out during the September quarter focused on elucidating the structural complexity at the bottom of the mine, testing numerous targets in the area and discovering the location of the Otter Juan ore body north of the 50 Level Fault.

### The S62 Ore Surface

The S62 is the down-plunge equivalent of the main F62 ore body where it splits and steepens. It is currently accessed in the 50F1 and 50F2 drives. A number of operational holes infilling the resource but outside reserve were drilled to confirm mineralisation. The best result from this drilling was:

**JS49-018:** 7.05 metres @ 4.04% nickel (estimated true width 5.78 metres).

This strong intersection is in the northernmost hole in the interpreted S62 surface and is open down-plunge. Follow-up drilling during the December quarter will test the down-plunge potential.

### The N64 Ore Surface

The N64 is a newly discovered channel that lies between the S62 ore body and the Serp Trough. It is deeply incised and open down-plunge and may represent the top of a significant new ore zone. To date three holes have intersected the channel, with the following results: (intervals measured as estimated true width):

<b>JS48-027:</b>	1.6 metres @ 4.70% nickel	<b>JS49-008:</b>	0.6 metres @ 4.08% nickel
<b>JS48-027:</b>	2.4 metres @ 8.23% nickel	<b>JS49-009:</b>	0.5 metres @ 8.40% nickel
<b>JS48-027:</b>	3.2 metres @ 4.49% nickel	<b>JS49-025:</b>	0.9 metres @ 4.06% nickel

The six intercepts define an ore position 60 metres long and approximately 25 metres wide and open down-plunge to the north. Follow-up drilling is planned for the December quarter.

### The 63 and 66 Contacts

The 63 contact is the faulted offset of the F62 surface. It projects up to 100 metres above and sub-parallel to the F62 contact and essentially faults out the main F62 ore body. The fault is curved but generally trends north-south. The outer surface is a prospective position and has at least two contacts, each of which is known to contain sub-economic mineralisation. The eastern extent of this surface is also considered prospective. Two holes were completed during the quarter both of which encountered sub-grade mineralisation, confirming the prospectivity of the position. Further drilling is planned for the December quarter.

The 66 Surface lies east of the mineralised structural embayment known as the Serp Trough, and is known to host economic mineralisation higher in the mine. A section of drill holes tested this position, but with negative results.

### Coronet Mine

An extensive in-mine geophysical program was completed through 2,930 metres of underground workings. A number of strong, high-quality conductors were identified. Drill testing is planned for the December quarter.

## REGIONAL BASE METAL EXPLORATION

### Kambalda West – Woolgangie EM Anomalies (Mincor 51%, earning 70%)

A ground electro-magnetic (EM) survey was completed in order to provide better definition of the EM anomalies that were discovered by the airborne VTEM survey. The EM anomalies are located within a large magnetic anomaly at Woolgangie on EL15/883.

The EM anomalies were drill-tested with a total of 5 reverse circulation (RC) percussion drill-holes, for 968 metres. Significantly, every hole intersected massive to semi-massive sulphides. The sulphides comprise pyrrhotite, pyrite and magnetite within a granitoid host, but with no economic concentration of any metals. However, anomalous levels of copper and silver are present in minor chalcopyrite and tellurides.

Results are as follows:

Hole ID	Metres	Ag (g/t)	Cu %	Au (ppm)	From (metres)
WRC 001	10	3.73	0.1	NSA	144
WRC002	NSA				
WRC 003	46	2.20	0.22	NSA	80
WRC004	NSA				
WRC 005	10	1.43	0.02	NSA	146



The anomalous levels of copper and silver in WRC001 and WRC003 are intriguing. Petrological studies show generations of leucogranodiorite to monzogranite rocks undergoing Potassic metasomatism and localised metasomatic hydrothermal alteration.

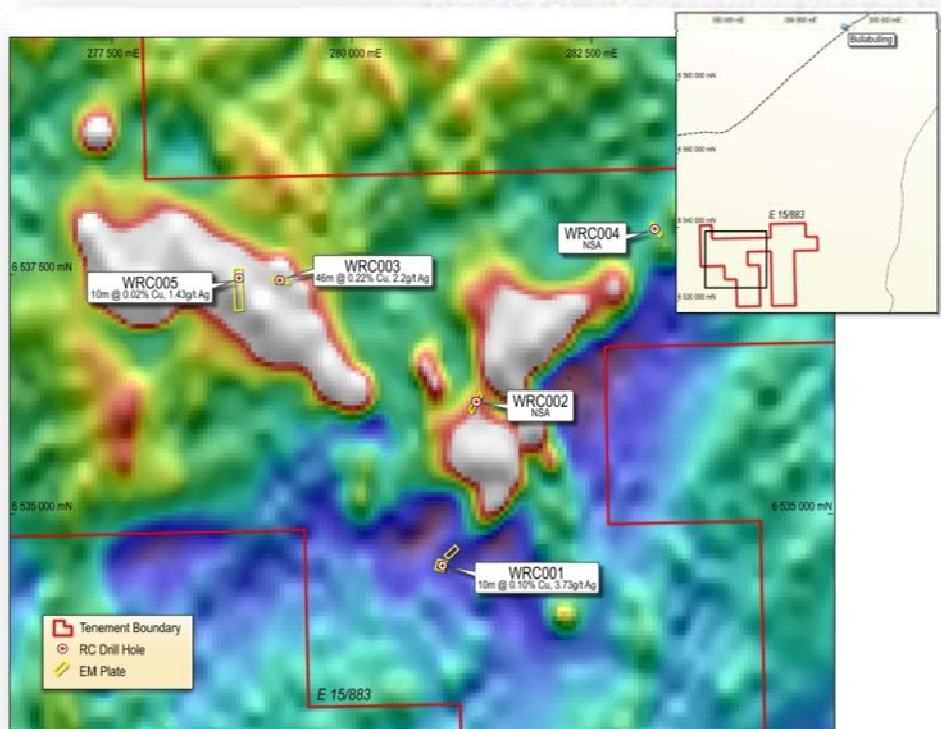
The massive sulphides are believed to be magmatic related but the geological context is not fully understood. The intersections are within open-ended EM plates which have not yet been fully tested. Follow-up ground EM is planned to fully define the limits of the EM anomalies, and this will be followed by further drilling.

## Tottenham Copper Project (Mincor 100%)

Ground EM follow-up of selected VTEM targets recommenced following extensive delays due to rainfall. Drill testing is planned for November, targeting potential copper sulphide mineralisation beneath the copper oxide zones identified to date. Targeting is based on numerous high-quality EM anomalies.

Copper mineralisation at Tottenham occurs within Ordovician sediments of the Girrilambone Group. During Ordovician times a west Pacific-type arc system formed – the Macquarie Arc – with copper mineralisation such as that seen at Tritton, Girrilambone and Tottenham possibly representing Besshi-type VMS deposits that formed west of the arc in what may have been a small back-arc ocean basin.

FIGURE 4: Woolgange Aeromagnetic Image with Locations of Reverse Circulation Drill Holes and Electromagnetic Plates from Recent Ground Surveys

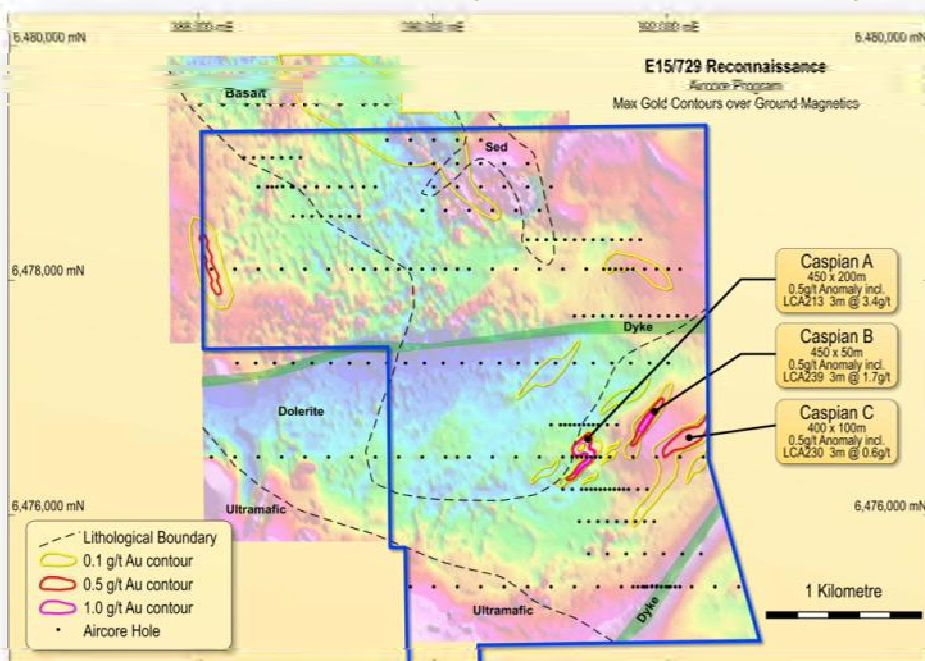


## Lake Cowan Gold Prospect (Mincor 100%)

Mincor's Lake Cowan gold prospect is located in the heart of the Eastern Goldfields of Western Australia, between the Zuleika and Lefroy shear structures. Earlier air-core drilling completed by Mincor tested beneath the lake sediments which cover the tenement, and identified a number of gold anomalies in the Caspian area. These are coincident with copper and arsenic anomalies and with gossanous quartz vein material, and, significantly, occur within a differentiated dolerite host rock.

Follow-up drilling to this earlier program is now planned, and is due to commence during October. An initial round of air-core drilling will be followed by diamond drilling to test the geochemical targets.

FIGURE 5: E15729 Aircore Program Max Gold Contours over Ground Magnetics





## Bonaparte Zinc, Lead and Copper Project (Mincor 100%; JOGMEC sole-funding to earn up to 40%)

A program of regional mapping, soil sampling and the drilling of 6 diamond drill holes was carried out during the quarter.

The soil sample results highlighted the Martin's gossan area where 5 of the 6 holes were subsequently drilled. Further extensions to the soil sampling program may be considered in the next field season.

Five diamond holes were drilled at Martin's gossan to test coincident soil and VTEM anomalies. Only sporadic and sub-economic occurrences of sphalerite and galena were intersected. A sixth hole was drilled at Emu Springs, with no significant results.

Mincor is the first company in the area to have negotiated an access agreement with local Traditional Owners and together with joint venture partner JOGMEC, is exploring for sedimentary-hosted zinc, lead and copper deposits within the onshore Bonaparte basin. Little work has been carried out in the past, with the most recent drilling dating back to 1992. This remains an early stage project in a prospective setting that has only been partially tested.

## CORPORATE MATTERS

### Hedging Arrangements

In line with its strategy of maintaining exposure to the nickel price while securing a minimum level of protection against adverse price movements, Mincor has sold forward a total of 2,370 tonnes of payable nickel metal to March 2012, at an average price of A\$25,440 per tonne.

This represents approximately 18% of Mincor's expected production over that period. This hedging is distributed as shown below:

<b>Oct 2010 to Dec 2010</b>	150 tonnes of nickel per month at a price of \$24,249/tonne
<b>Jan 2011 to Jun 2011</b>	160 tonnes of nickel per month at a price of \$24,208/tonne
<b>Jul 2011 to Dec 2011</b>	130 tonnes of nickel per month at a price of \$26,933/tonne
<b>Jan 2012 to Mar 2012</b>	60 tonnes of nickel per month at a price of \$28,515/tonne

### Cash and Debt

As at 30 September 2010, Mincor had cash of **\$105.02 million** (end June 2010: \$126.8 million); and receivables net of creditors and accruals of -\$2.96 million, giving a working capital position of **\$102.06 million** (end June 2010: \$119.50 million).

During the quarter Mincor incurred a **\$1.4 million** decrease in revenue received (compared to revenue booked as receivables in the previous quarter) due to provisional pricing adjustments.

On 24 September 2010 Mincor paid a fully franked final dividend of 6 cents per share totalling \$12.04 million.

Apart from minor leasing and bond commitments, Mincor has no debt.

The information in this Public Report that relates to Exploration Results is based on information compiled by Peter Muccilli and Richard Hatfield, both of whom are Members of The Australasian Institute of Mining and Metallurgy. Messrs Muccilli and Hatfield are full-time employees of Mincor Resources NL. Messrs Muccilli and Hatfield have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Messrs Muccilli and Hatfield consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

## MINERAL RESOURCES AND ORE RESERVES

### Mineral Resources as at 30 June 2010

RESOURCE	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni Tonnes
Mariners	100,000	3.5	542,000	4.2	62,000	3.3	704,000	4.0	28,500
Redross	31,000	5.1	138,000	2.9	67,000	2.9	236,000	3.2	7,500
Burnett	-	-	-	-	250,000	3.7	250,000	3.7	9,400
Miitel	51,000	4.0	550,000	3.9	98,000	3.6	699,000	3.8	26,800
Wannaway	-	-	123,000	2.6	16,000	6.6	139,000	3.0	4,200
Carnilya Hill*	48,000	5.0	99,000	3.5	-	-	147,000	4.0	5,900
Otter Juan**	113,000	4.3	289,000	3.0	83,000	2.4	485,000	3.2	15,500
McMahon/Ken	-	-	249,000	2.9	79,000	6.2	328,000	3.7	12,200
Durkin	-	-	251,000	5.2	127,000	5.0	378,000	5.1	19,400
Gellatly	-	-	29,000	3.4	-	-	29,000	3.4	1,000
Stockwell	-	-	557,000	3.1	-	-	557,000	3.1	17,100
Cameron	-	-	96,000	3.3	-	-	96,000	3.3	3,200
<b>Grand Total</b>	<b>343,000</b>	<b>4.2</b>	<b>2,923,000</b>	<b>3.6</b>	<b>782,000</b>	<b>4.0</b>	<b>4,048,000</b>	<b>3.7</b>	<b>150,700</b>

- Figures have been rounded and hence may not add up exactly to the given totals.
- Note that Resources are inclusive of Reserves.
- \* Resources shown for Carnilya Hill are those attributable to Mincor – that is, 70% of the total Carnilya Hill Resource.
- \*\* Otter Juan includes Coronet and McCloy.

Resources are estimated to a 1% nickel cut-off. No minimum mining width criteria are used. The Resource estimation is done using inverse distance or kriging methods, depending on the data density. Volume models are constructed using all available data including underground drive and stope mapping. Grade interpolation using assay results from diamond drill core and, in places, underground face samples.

The information in this Public Report that relates to Mineral Resources is based on information compiled by Mr Robert Hartley, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hartley is a permanent employee of Mincor Resources NL. Mr Hartley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hartley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Ore Reserves as at 30 June 2010

RESERVE	PROVED		PROBABLE		TOTAL		
	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni Tonnes
Mariners	77,000	2.4	447,000	3.2	524,000	3.1	16,300
Redross	33,000	3.5	-	-	33,000	3.5	1,200
Miitel	28,000	2.6	585,000	2.7	613,000	2.7	16,400
Wannaway	-	-	39,000	2.9	39,000	2.9	1,100
Carnilya Hill*	52,000	3.5	30,000	3.1	83,000	3.3	2,800
Otter Juan**	109,000	3.6	104,000	2.9	212,000	3.2	6,900
McMahon	-	-	242,000	2.3	242,000	2.3	5,600
<b>Grand Total</b>	<b>299,000</b>	<b>3.2</b>	<b>1,447,000</b>	<b>2.8</b>	<b>1,746,000</b>	<b>2.9</b>	<b>50,200</b>

- Figures have been rounded and hence may not add up exactly to the given totals.
- \* Reserves for Carnilya Hill are those attributable to Mincor – that is, 70% of the total Carnilya Hill Reserve.
- \*\* Otter Juan includes Coronet and McCloy.

Appropriate dilution for the various mining methods was applied to the Indicated and Measured Resources. Using a 1.5% nickel cut-off and minimum mining width criteria, areas were selected as being mineable. Additional modifying factors to account for ore loss, recovery, further dilution, etc were then applied to achieve an estimated Reserve.

The information in this Public Report that relates to Ore Reserves is based on information compiled by Mr Steve Cowle, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Cowle is a permanent employee of Mincor Resources NL. Mr Cowle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cowle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

- REPORT ENDS -