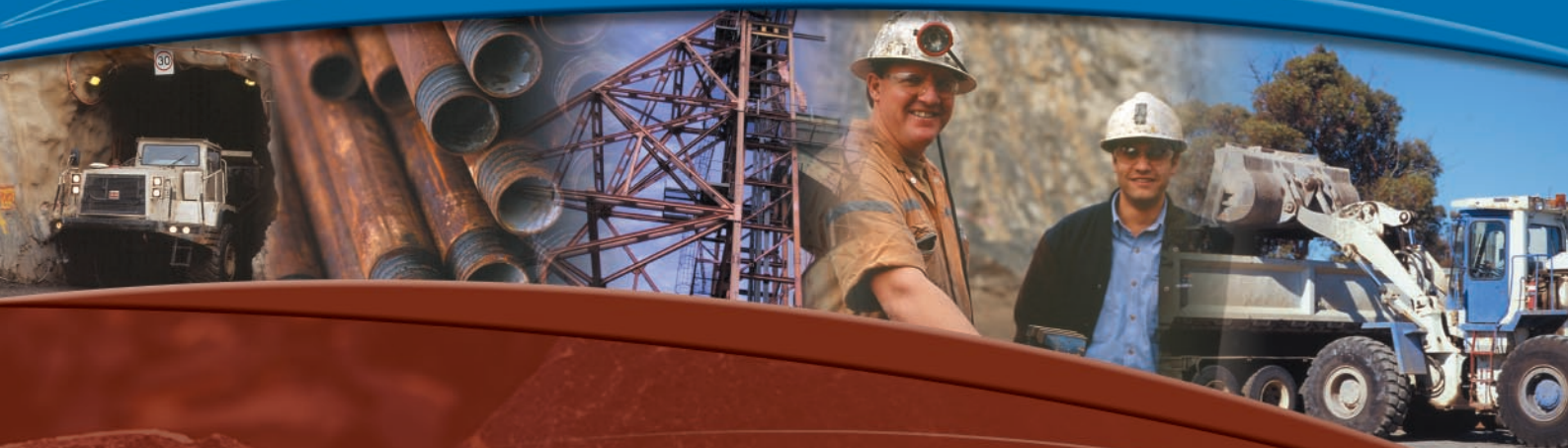


A N N U A L  
R E P O R T  
2 0 0 2 / 0 3



# CORPORATE DIRECTORY

## Directors

David Humann (Chairman)  
David Moore (Managing Director)  
Ian Burston  
Jack Gardner

## Company Secretary

Brian Lynn

## Registered Office

Level 1  
1 Havelock Street  
West Perth, Western Australia 6005  
AUSTRALIA

## Postal Address

PO Box 1810  
West Perth, Western Australia 6872  
AUSTRALIA

## Contact Details

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Website: [www.mincor.com.au](http://www.mincor.com.au)  
Email: [mincor@mincor.com.au](mailto:mincor@mincor.com.au)

## Stock Exchange Listing

Mincor Resources NL shares are listed  
on the Australian Stock Exchange  
(Home Branch – Perth)  
ASX Code: MCR

## ACN & ABN Numbers

ACN: 072 745 692  
ABN: 42 072 745 692

## Auditors

PricewaterhouseCoopers  
QV1 Building  
250 St Georges Terrace  
Perth, Western Australia 6000

## Bankers

Bank of Western Australia  
ANZ Banking Group

## Solicitors

Blakiston & Crabb  
1202 Hay Street  
West Perth, Western Australia 6005

## Share Registry

Computershare Investor Services Pty Ltd  
Level 2  
Reserve Bank Building  
42 St Georges Terrace  
Perth, Western Australia 6000

## Date and Location of Annual General Meeting

Friday, 7 November 2003 at 11.00am  
Venue: Celtic Club, 48 Ord Street, West Perth

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*Wannaway Minesite ore stockpile area*

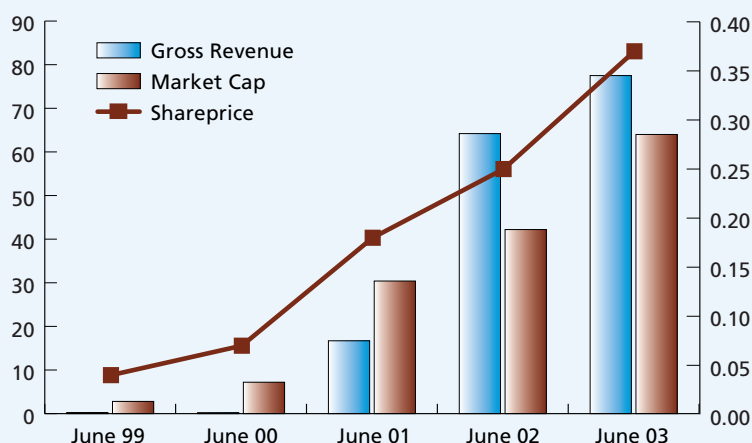
## "PROFITS AND GROWTH"

Mincor is a profitable, dividend-paying and debt-free Kambalda Nickel Mining Company.

Mincor offers unrivaled exposure to the nickel market through its existing operations, through the expanded production opportunities provided by its untapped nickel resources, and through the outstanding exploration potential of its land-holdings in one of the world's great nickel districts.

Mincor's quality is reflected in its operational and financial performance, the quality of its people and assets, its focus on the health and safety of employees, and its recognition of its wider responsibilities to the environment and society.

Mincor's goal is to produce superior returns to shareholders as a profitable and growth-orientated mining company operating in the well-proven Australian resources sector.



## "THE KAMBALDA NICKEL MINING COMPANY"



*Directors and Company Secretary – Mincor Resources NL*



## Excellent Safety Performance

- Mincor completed the entire Financial Year free of lost time injury.

## Strong Operational Performance

- Attributable equity production of 298,647 tonnes @ 3.71% nickel for 9,947 tonnes nickel metal in concentrate from Mincor's Miitel and Wannaway Nickel Mines.

## Outstanding Financial Results

- Gross revenues of \$79 million for Operating cashflows of \$32.2 million and Profit before tax of \$15.1 million;
- Net profit after tax of \$9.1 million – third consecutive year of strong profits;
- Project Finance debt extinguished – Mincor ends the Financial Year debt-free;
- Year-end cash balance \$19 million.

## Maiden Dividend Declared

- Shareholders rewarded with a fully franked maiden dividend of 1.5 cents per share – less than 2.5 years after Mincor's highly geared acquisition of the Miitel ore body.

## Fourth Consecutive Year of Growth in Shareholder Wealth

- Share price up 48% June '02 to June '03;
- Since Mincor's re-constitution in 1999, the share price has appreciated by 800%, the company's market capitalisation has grown by twenty times, and shareholders equity has risen 670%.

## Nickel Expansion Strategy to Lift Production

- Mincor's Nickel Expansion Strategy will put in place the investment required to expand nickel production over the next five years;
- The strategy is directed towards the rapid development of over 1.6 million tonnes of additional known nickel resources;

## Continued Exploration Success

- North Miitel discovered, drilled out and now moving rapidly through feasibility and mine design studies;
- Exploration success down-plunge at Redross – suggesting a larger mineralised system than previously envisaged;
- Extensional drilling success at Miitel;
- Recent exploration success north of the Redross Project.

## Leverage to Copper

- Unbundling of Mincor's interests in Tethyan Copper Company Limited will provide shareholders with direct exposure to the recovering copper price – matching the unrivaled leverage to nickel already provided by Mincor.

## Leverage to Gold

- Exposure to the gold price through Mincor's off-shore gold exploration assets – with all exploration funded by joint venture partners.



## CHAIRMAN'S REPORT



*David Humann*  
*Chairman*

To our Shareholders

Mincor continues to produce excellent results for shareholders.

Revenues increased from \$64.2 million to \$78.9 million (+ 23.0%) and net profit after tax remained strong at \$9.1 million.

The Managing Directors' Report and Review of Operations which follows provides details of our production, reserves and resources for the 2003 year as well as our safety record and financial performance.

Our attributable full year production of nickel in concentrate was just under 10,000 tonnes compared to 8,600 tonnes produced in 2002.

The highlight of the financial statements is our strong net cashflow from operating activities of \$32.2 million compared to \$25.5 million in 2002. This cash has been used to repay all our borrowings and has allowed us to retain significant cash reserves.

Our strong financial position supports our ongoing mine development and mining property acquisition programme which is designed to ensure sustainable long term growth for your company.

We will complete all deliveries under our current hedging programme in January 2004. After that we will be able to take much greater advantage of the high spot price for nickel, which will further enhance our cash flows and profitability. This assumes a continuing strong nickel price.

Mining contractor costs are under continual review and we continue to strive for greater efficiencies in this major area of cost.

In accord with our stated desire to commence dividend payments as soon as possible, your directors have declared a fully franked maiden dividend of 1.5 cents per share. This reflects our confidence in our future cash flows, despite the significant capital expenditures we expect to incur on new projects during the coming financial year.

Mincor continues with the rapid progression of its 81.5% owned Tethyan Copper Company Limited towards a public listing on the Australian Stock Exchange. It is hoped this project will be completed during calendar year 2003. As part of this process, the majority of the shares in Tethyan Copper Company Limited owned by Mincor will be distributed in specie on a pro-rata basis to all shareholders of Mincor Resources NL. This distribution is of considerable value to each Mincor shareholder. All shareholders have received a separate general explanatory letter, information memorandum and notice of the meeting required to request shareholder approval of these transactions.

I wish to record the board's strong praise to our management and staff who have worked unceasingly, and with great skill to bring Mincor to its current leadership status in the nickel mining industry.

A handwritten signature in blue ink, appearing to read 'D Humann', with a stylized, flowing script.

**David Humann**  
Chairman

## MANAGING DIRECTOR'S REPORT

To our Shareholders

We are delighted to report another year of achievement by your Company. For the third straight year we have delivered strong profits, and now fulfill our promise to turn these into dividends. For the fourth straight year our share price has appreciated. Our mines have again produced excellent operational results and our exploration team has discovered another ore body. Our development team has five feasibility studies underway, and most importantly, our focus on safety has paid off, with no lost time incidents recorded since April last year.

Other matters of long-term benefit to the Company are the additional consolidation of our landholdings in the Kambalda District, the complete repayment of our project finance debt, the recent changes in our share register which have greatly strengthened us, and our imminent plans for the full realisation of the value of our Tethyan Copper Company.

Our vision for the Company remains unchanged. We wish to provide profits and growth over the long term as we build on Mincor's acknowledged position as one of Australia's outstanding smaller resource companies. We seek to build Mincor into the premier Australian mid-cap mining company, universally acknowledged for its quality, integrity and returns to shareholders.

To do this we will maintain our strong focus on operational performance, as this gives the Company the financial strength upon which everything else depends. In the short term we will pursue our Nickel Expansion Strategy, and make the investments required to grow our nickel production over the next five years. We will continue to pour resources into exploration, as nothing adds value like a new discovery, and our valuable and mutually beneficial offtake arrangements with WMC Resources Ltd apply to anything we find on our Kambalda tenements. This puts us in the enviable position of being able to turn exploration success into cashflow and profits very rapidly and at a comparatively low capital cost. Added to the fact that we own some of the most valuable nickel ground in Australia, exploration is clearly a key element to our future growth.

The other key element is acquisitions, and we remain actively involved in the search for good project and mine-level acquisitions. However we are in the fortunate position of not having to make an acquisition at any cost, and so can afford to avoid a sometimes over-heated market.

I commend to shareholders our plans for the Tethyan Copper Company Limited. This long-planned spin-off will deliver value directly to shareholders, providing them with exposure to a copper market at the start of its recovery cycle, and perfectly complementing the unsurpassed leverage to nickel already provided by Mincor.

I would like to thank our staff at the mine sites, at head office and the exploration teams in the field for the tremendous efforts they have put in during the year. The Company would be nothing without them, and it is an honour for me to head up an organisation staffed with such dedicated and professional people. I thank our contractors and their staff for all their efforts, and the good people of Kambalda and the Eastern Goldfields for the enthusiasm with which they have welcomed our efforts.

Finally I thank our shareholders, for your ongoing support of the Company and for your involvement and interest in what we do on your behalf. We look forward to your long term support as we strive to make Mincor the most valuable holding in your portfolio.



*David Moore*  
*Managing Director*

A stylized, handwritten signature in blue ink, appearing to read 'D Moore'.

**David Moore**  
Managing Director

# REVIEW OF MINING OPERATIONS

## OVERVIEW

Mincor's Miitel and Wannaway Mines are located in the Widgiemooltha district, immediately south of Kambalda, Western Australia. Both mines operated at full production for the entire year, and achieved excellent operating performances.

The Miitel mine extended stoping operations towards both the northern and southern ends of the orebody. Deliveries of ore were in line for tonnage, but slightly ahead of expectation in comparison to budgeted grade for the year. However, the average mined grade was lower than that of the previous year, as mining operations expanded to include some of the peripheral areas of the orebody.

The Wannaway Mine operated at full production for the year, and has now exceeded the original ore reserve on which the project was evaluated and purchased. Production is currently planned to continue through to December this year, at which time the higher grade ore reserve will be depleted. Mining may continue beyond December, on low grade ore.



The Miitel and Wannaway Mines are owned by the Miitel Joint Venture ("MJV"), in which Mincor has a 76% controlling interest. The mines are operated by Mincor's operating arm, Mincor Operations Pty Ltd ("MOPL"). Through MOPL, Mincor provides mine management services to the Miitel Joint Venture, including mining engineering, mine planning, production control, survey, geological and exploration services, emergency services, as well as daily site management. MOPL also carries out feasibility studies on further expansion and additional developments within the MJV Widgiemooltha lease blocks.

Mining is carried out under contract by Clough Engineering Ltd, who are responsible for mining in accordance with MOPL's production and development plan.

## SAFETY

The safety of all employees and contractors is of paramount importance to Mincor, and continues to be an area of focus for further improvement.

A major safety milestone was achieved in mid-April, when both the Miitel and Wannaway mines achieved one year of operation without a Lost-Time Injury ("LTI"). Both mines have continued through to end of August without LTI. We congratulate our workforce for this excellent performance.

Nevertheless, throughout the year there have been a number of Medically-Treated Injuries (MTI's) and also a number of potentially serious incidents which did not cause injury. These serve to emphasise that we cannot be complacent about safety, and must be constantly driving towards greater hazard awareness, and improvement in our safety systems.

All incidents are investigated by site-based teams, and changes to work practices are made where appropriate.

## SALES

The off-take agreement with WMC continues to work satisfactorily. Under this long-term agreement, ore produced at the Miitel and Wannaway nickel mines is transported (55 kilometres and 75 kilometres respectively) to WMC Resources Ltd's ("WMC") mill at Kambalda, where it is toll-treated by WMC. Ore trucks arriving at the mill are weighed before the ore is dumped on the ore pad. A random selection procedure is used to divert an average of 1 in 5 truckloads to a sample stockpile, and



*Top: The Senior Mine Geology Team*

*Bottom: Ore haulage truck emerging from the Miitel Mine Portal*



the accumulated ore is sampled according to an agreed procedure. This allows average grades for nickel, copper, and cobalt to be determined, and assigned to the entire delivery. The moisture content is also determined, and a correction applied to arrive at a total dry tonnage.

The ore is milled through the Kambalda Mill, and the concentrates sold to WMC under a long-term off-take agreement. Payment is made by WMC in US dollars, based on the prevailing spot metal prices. Approximately 97% of revenue comes from payment for nickel, with copper and cobalt making up the balance.

During the past year, the Miitel and Wannaway Mines collectively produced in excess of 1% of total world nickel production.



*View south towards Mariners Minesite on Lake Zot*

## MIITEL NICKEL MINE (MINCOR 76%)

### Production

The Miitel Mine continued to perform well throughout the year, essentially achieving its budgeted tonnage at a slightly higher grade, resulting in nickel-in-ore being higher than budget.

**Table 1: Production for 2002/2003 – Miitel Nickel Mine**

	Total Ore Tonnage Mined (dry)	Total Ore Tonnage Delivered (dry)	Ni (%) Grade	Cu (%) Grade	Co (%) Grade	MINCOR'S ATTRIBUTABLE INTEREST	
						Ore tonnes	Nickel-in-Concentrate
2002/2003	206,786	210,699	3.96	0.37	0.09	160,131	5,694

*(Note: Some of these figures may differ slightly from provisional results previously reported. This is due to delays inherent in the finalisation of tonnages and grades at the Kambalda Mill. The above figures are final)*

Mining progressed in the central area of the orebody, with crown-pillar extraction being completed on the 206 metre, 230 metre and 254 metre levels, as the final stage of mining on these levels. The extraction of the crown pillar (which sits immediately below the cemented aggregate pillar on the level above) is the last portion of the level to be mined. This process of final-stage mining of these levels has followed a top-down sequence of crown-pillar removal which, for geotechnical reasons, provides for maximum safety, and also allows greatest opportunity for orderly extraction of all ore.

Stoping continued on the 278 metre, 302 metre, 306 metre, 350 metre and 374 metre levels, with crown-pillar extraction also commencing on the 278 metre level.

On the narrow upper N02 ore zone, access development and strike-driving was completed on the 180 metre and 206 metre levels, with limited stoping. Further stoping is planned, using traditional selective non-mechanised methods.

At the south end of the orebody, development and stoping proceeded on the 345 metre and 372 metre levels, providing high grade ore.

At the north end of the mine, the major decline access was essentially completed, and strike-driving had commenced on the 210 metre, 235 metre and 260 metre levels. Completion of the lower part of the decline will provide access to the planned 285 metre level.

In general, the further detailed re-interpretation of the Miitel orebody has resulted in a more complex picture, with about 15 separate subsurfaces now being recognised. In particular, the upper southern N02 area is emerging as an area of greater potential, where this ore zone appears to increase in size and thickness. Work is also continuing to evaluate the southern plunge of the main N01 Surface, which is still regarded as the most prospective area for additional discovery.

## REVIEW OF MINING OPERATIONS

Figure 1 illustrates the current interpretation of the orebody in long-section.

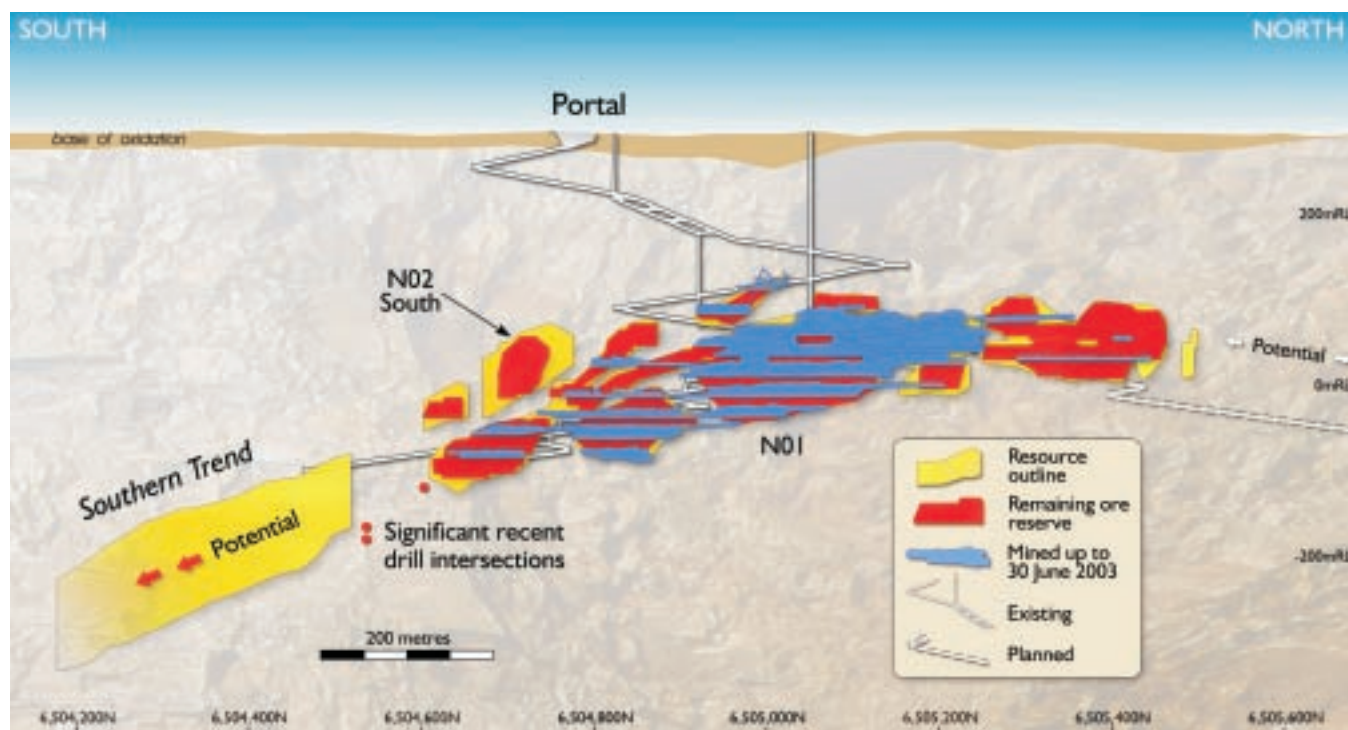


Figure 1: Miitel Long Section

### Costs

The direct cash cost (mining, milling, haulage and royalties) per pound of payable nickel (after by-product credits) was A\$2.78. This cost is higher than for previous years, as a result of the overall lower grade mined. The average realised price for nickel was A\$5.35 per pound. Revenue was also generated by the copper and cobalt content of the concentrate sold to WMC.

### Drilling

An ongoing program of underground drilling continued throughout the year. Much of this work was aimed at resolving the detailed structure of the orebody, prior to stoping plans being finalised.

However, further drilling has also allowed the near southern extension of the ore trend to be evaluated. This area is quite complex, and drilling is continuing. However, recent drilling has encountered ore grade intersections in this area. A further extension of the drill drive is planned, and this will allow evaluation of the Inferred Resource currently attributed to the S01 Surface.

### Resources and Reserves

Resources and Reserves were recalculated for Miitel as at 30 June 2003, and the current figures are shown in Tables 3 and 5.

The original ore reserve at Miitel, on which the project was evaluated, acquired, and financed, was 844,000t @ 3.96% Ni, containing 33,422 tonnes of nickel. At the end of June 2003, a total of 471,500t @ 4.24% Ni had been mined, containing 19,990t of nickel.

The end-of-June 2003 remaining ore reserve of 432,000t @ 3.45%Ni, when added to the ore that has already been mined, gives a notional pre-mined ore reserve figure of 903,500t @ 3.86%Ni, containing 34,900 tonnes of nickel. This represents an increase of around 1,500t of contained nickel. This is a reconciliation against the original reserve and does not take into account the new reserve at North Miitel or any future extension to the south (indicated by recent drilling).

## Future Developments

As drilling at the south end of the orebody provides a more complete picture of the ore potential along the main trend, it is expected that the Decline will be extended to provide access into these areas. A major new access is also in progress to allow stoping of the N02 South ore zone.

At the north end, strike driving of the orebody on the 210 metres and 235 metre levels will continue, and access to the 285 metres level will also allow strike driving. A new ventilation rise and ladder escapeway is being installed to service this part of the orebody. This will be completed early in the new year, and stoping will then proceed on all four levels (210 metres, 235 metres, 260 metres, and 285 metres).

The proposed access decline into North Miitel will extend north from the 285 metres level, and will allow access for underground drill exploration of the immediate north extension of the Miitel ore trend.



*A bogger emerging from the Wannaway portal.*

## WANNAWAY NICKEL MINE (MINCOR – 76%)

### Overview

The Wannaway Nickel Mine operated satisfactorily throughout the period, producing at an average rate in excess of 15,000t per month. Over the last six months of the year, flat-back stoping was completed progressively on the upper levels, and crown pillar extraction commenced sequentially from the top of the mine downwards, as the final part of the mining program on each level. At year-end, final-stage mining is continuing to extract the remaining tonnages on the lower levels of the N02 central higher grade core.

At year-end, the total tonnage mined since commencement had exceeded the original ore reserve of 290,000 tonnes on which the project was brought into production. A further 58,000t remained to be mined on the N02 central core. About 40,000t of this increase comes from the additional extension to the orebody below the 542 metre level. During the year, the decline was extended to the 570 metre level in order to access this additional ore, and stoping of this block is now in progress. Strike-driving of the N02 Southern Lobe was also progressing. Although of lower grade, this area is a potential source of additional mineable tonnages. A small tonnage was also mined from the remaining resource on the lower levels of the N01 ore zone.

As mining progresses, opportunity for extending the mine life of Wannaway beyond its current planned closure in December 2003 will be evaluated, as part of Mincor's Nickel Expansion Strategy.

### Production

Production continued throughout the year at an average rate of in excess of 15,000t per month. A small amount of ore was won from the remnant reserve on the lower part of the N01 Ore Zone, and from strike-driving of the Southern Lobe.

As the year progressed, operations became increasingly restricted as pillar-recovery in the N02 orebody retreated progressively from the upper part of the orebody, through to the lower levels.

Generally, the orebody has performed in line with expectation, and stoping operations have proceeded satisfactorily on all levels. Ground support, in the form of rockbolts, mesh and cablebolts, continues to be a key aspect of the mining operation, which aims at maximum extraction of the orebody. However, in some areas where ground conditions dictate, minimum-size pillars have been retained on an as-required basis, to allow maximum safe removal of higher-grade ore.



## REVIEW OF MINING OPERATIONS

**Table 2: Production for 2002/2003 – Wannaway Nickel Mine**

	Total Ore Tonnage Mined (dry)	Total Ore Tonnage Delivered (dry)	Ni (%) Grade	Cu (%) Grade	Co (%) Grade	MINCOR'S ATTRIBUTABLE INTEREST	
						Ore tonnes	Nickel-in-Concentrate
2002/2003	183,102	182,259	3.43	0.32	0.07	138,517	4,253

(Note: Some of these figures may differ slightly from provisional results previously reported. This is due to delays inherent in the ore sampling and assaying procedures at the Kambalda Mill. The above figures are finalised.)

To the end of June 2003, extraction of all ore and the removal of crown pillars had been achieved on the 389 metre, 410 metre and 431 metre levels, and was in progress on the 452 metre and 494 metre levels. Mining had also been completed on the 473 metre level, where a regional pillar of lower grade ore was left in situ, to improve ground stability. Flatback stoping is continuing on the 515 metre, 542 metre, 555 metre, and 570 metre levels, with extra work being carried out on the 542 metre level to ensure that the high grade crown pillar is extracted successfully.

Figure 2 shows the outline of mining operations as at the end of June 2003.

### Costs

Direct cash cost (mining, milling, haulage and royalties) per pound of payable nickel (after byproduct credits) was A\$3.00. The average realised price for nickel was A\$5.17 per pound.

### Drilling

Underground drilling was carried out to test for additional high grade ore in the area to the south of the N02 (down-dip of the southern extension of the Southern Lobe). However, only subgrade mineralisation was encountered. Surface drilling was also undertaken, to explore the area within access of the existing mine infrastructure. Encouraging indications of mineralisation were found in some of these drillholes, but no additional mineable ore has yet been located. Some further details are provided in the Exploration report given below.

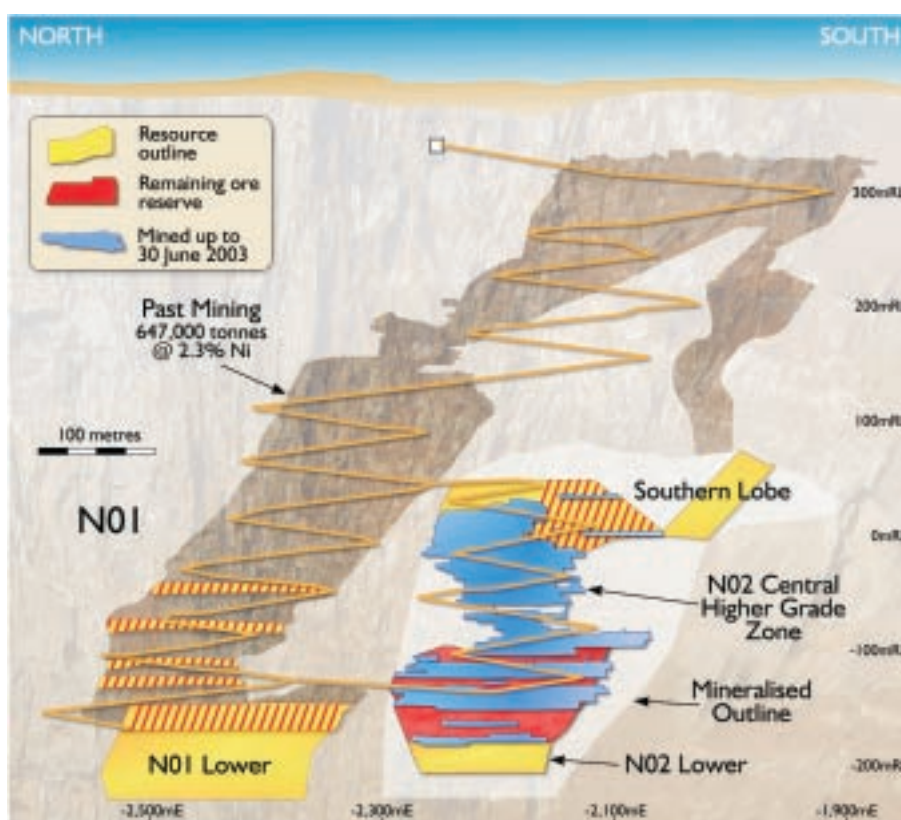


Figure 2: Wannaway Long Section

## Resources and Reserves

The Resources and Reserves are shown in Tables 3 and 5 respectively. Mining through to December will focus on extracting the remaining tonnage on the NO2 surface, with some additional tonnage from the Southern Lobe and the NO1.

The Wannaway ore environment contains a considerable amount of lower grade mineralisation. This tonnage is shown as in Mining-Diluted Resource in Table 4. The tonnages in the NO1 Lower Levels and the Southern Lobe will be the subject of possible mining operations beyond December 2003.

## Future Developments

The current budget provides for continuation of the Wannaway mine at a rate of about 10-12,000t per month, through to December 2003. At this time, all higher grade NO2 ore will be exhausted, and the mine is planned for closure. During this time, strike-driving of the Southern Lobe will continue, and some additional tonnage will also be won from the remnant resource on the NO1. Evaluation of a possible extension to the mining operation beyond December 2003 is ongoing. Any such extension will be based on the selective stoping of the Southern Lobe, and the NO1 remnant ore. Given the current high price for nickel, we expect that the mining operation will continue beyond December.

## RESOURCES AND RESERVES TABULATION - as at June 2003

- All figures are total for project, as at June 2003. Mincor's proportion is 76% in each case
- Resources are undiluted, and inclusive of the mineralisation in Ore Reserves, and in Mining-Diluted Resources
- Mining-Diluted Resources include calculated mining dilution by the expected mining method
- Mining-Diluted Resources are exclusive of (or additional to) Ore Reserves, and have a 1.5% Ni cut-off grade, unless stated otherwise
- June 2003 figures are shown in bold black type. For Comparison, June 2002 figures are shown in blue italic type

**Table 3 – Resources**

Resource		INFERRED		INDICATED		MEASURED		TOTAL	
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)
Mariners 07	2003	-	-	-	-	214,690	3.66	214,690	3.66
Mariners 08	2003	-	-	186,950	4.45	-	-	186,950	4.45
Redross	2003	32,360	3.29	312,900	5.19	-	-	345,260	5.01
	2002	32,359	3.29	312,895	5.19	-	-	345,255	5.01
North Dordie	2003	67,750	1.58	73,220	1.50	-	-	140,970	1.54
North Miitel	2003			373,470	3.67	-	-	373,470	3.67
Miitel	2003	366,850	2.45	172,860	3.70	135,260	4.90	674,970	3.26
	2002	443,000	2.43	350,000	4.25	107,000	7.50	900,000	3.29
Wannaway 01	2003	105,420	1.83	101,060	1.75	102,220	2.66	308,700	2.08
Wannaway 02	2003	77,740	1.86	8,900	2.08	49,030	3.65	135,670	2.52
	2002	202,000	3.04	38,000	3.07	176,000	4.33	416,000	3.59
Wannaway Southern Lobe	2003	-	-	85,360	2.86	5,450	4.95	90,810	2.99
<b>GRAND TOTAL</b>									
June 2003		650,120	2.23	1,314,720	3.81	506,650	3.08	2,471,490	3.40



## REVIEW OF MINING OPERATIONS

**Table 4 – Mining-Diluted Resources**

Mining-Diluted Resource		INFERRED		INDICATED		MEASURED		TOTAL	
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)
North Dordie Open Pit (0.5% COG)	2003	102,940	1.08	111,260	1.04			214,200	1.06
Wannaway 01 Lower Levels	2003	102,040	1.74	93,870	1.72	87,250	2.22	283,160	1.88
	2002	-	-			95,000	2.30	95,000	2.30
Wannaway 02 Lower Levels	2003	-	-	12,580	1.82	-	-	12,580	1.82
	2002	-	-						
Wannaway Southern Lobe	2003	-	-	45,360	2.20	-	-	45,360	2.20
	2002	-	-	160,000	2.20			160,000	2.20

**Table 5 – Ore Reserves**

Reserve		PROBABLE		PROVED		TOTAL		
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni Tonnes
Redross	2003	526,320	2.95	-	-	526,320	2.95	15,526
	2002	483,654	3.19	-	-	483,654	3.19	15,429
North Miitel	2003	463,450	2.65			463,450	2.65	12,281
Miitel	2003	216,120	3.34	215,930	3.57	432,050	3.46	14,930
	2002	445,000	3.37	139,000	5.16	584,000	3.79	22,134
Wannaway 01	2003			25,000	2.22	25,000	2.22	555
	2002	-	-	-	-	-	-	-
Wannaway 02	2003	-	-	57,540	2.79	57,540	2.79	1,605
	2002	37,000	2.44	175,000	3.90	212,000	3.65	7,738
Wannaway Southern Lobe	2003	16,670	2.22	8,330	2.52	25,000	2.32	580
GRAND TOTAL	2003	1,222,560	2.90	306,800	3.29	1,529,360	2.97	45,475
	2002	965,654	3.24	314,000	4.46	1,279,654	3.54	45,300

The calculation of the Miitel Resource and Reserve figures was supervised by D Mapleson. The Redross, Mariners 08, North Miitel and North Dordie figures were calculated by R Hartley, with assistance of Cube Consulting Pty Ltd. The Wannaway figures were calculated by D Mapleson and R Hine. All the above-named individuals are full-time employees of Mincor Operations Pty Ltd, or Mincor Resources NL, and satisfy the requirements of a Competent Person as defined in the JORC Code.

## NICKEL EXPANSION STRATEGY

Mincor's Nickel Expansion Strategy is aimed at realising the full potential of its Kambalda Tenements, which amount to almost an entire nickel district. The strategy focuses on the known resources at five separate projects, already discovered and drilled out.

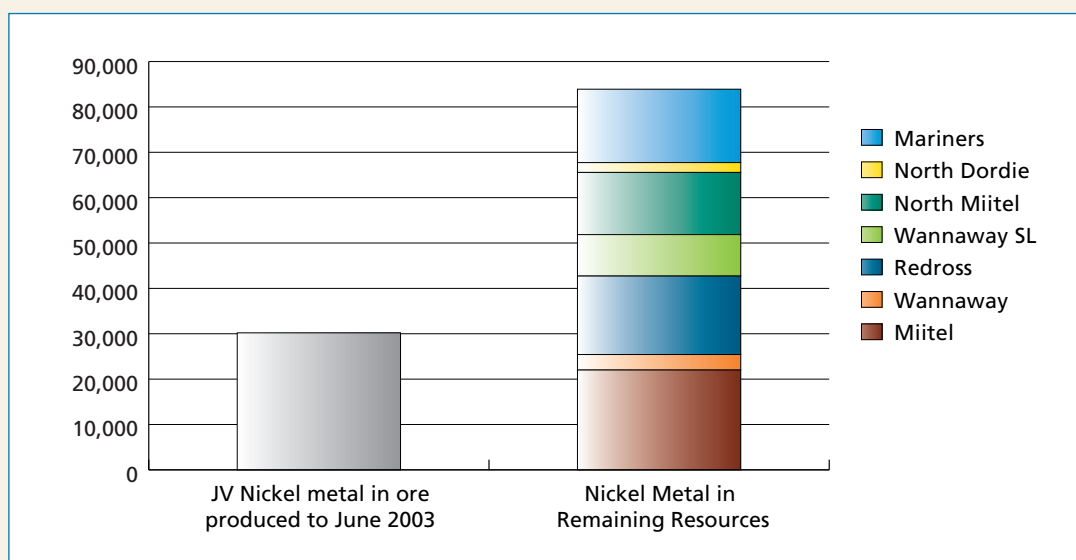
After total production to end of June 2003 of 770,000 tonnes for 27,244 tonnes nickel metal in concentrate, the *remaining Ore Reserves* at the original Miitel and Wannaway ore bodies total some 490,000 tonnes at 3.4% nickel, for 16,500 tonnes contained nickel metal, as reported above.

However *additional* Mineral Resources – at the new discovery at North Miitel, the Redross Project, the North Dordie Project, the Mariners Project and the Wannaway Southern Lobe Project – total some 1.66 million tonnes at 3.5% nickel for 58,500 tonnes of contained nickel metal. It is this material that is the backbone of the Nickel Expansion Strategy.



*Salmon Gums and Gimlets along the road to the west of Kambalda, Western Australia*

## Past Nickel Production and Remaining Resources



Feasibility studies are underway on these projects, and are discussed in detail below. These additional nickel resources make Mincor perhaps the most resource-rich of Australia's junior nickel producers, and provide the opportunity for Mincor to expand production in the short term, and to maintain strong production out to 2008. This is *before* any further exploration success.

## REVIEW OF DEVELOPMENT PROJECTS

### REDROSS NICKEL PROJECT

The Redross Project is situated 11km south of and along strike from the Miitel Nickel Mine. Anaconda Australia Inc worked it as an underground operation between 1970 and 1978. WMC excavated a shallow open pit and treated ore from surface stockpiles between 1989 and 1993.

The two main economic ore lenses at Redross are the N01 (formerly the Redross Vein) and the N10 (formerly the Eastern Vein). The N01 is the main ore body with 78% of the contained metal in Reserve. The mineralisation occurs in three stratigraphic positions: ultramafic-hosted in the up-dip direction; as open contact mineralisation on the basalt-ultramafic contact; and as basalt-basalt mineralisation on the down plunge extremities. The N10 mineralisation occurs only as open contact ore in a flanking position to the main mineralised channel.

During the year Mincor completed extensive additional studies on the mining method to be used at Redross. Subsequent to June 30th air-leg leading stoping was chosen as the preferred extraction method. Thus the Reserve parameters have changed and a revised Reserve is presented in the section on Resources and Reserves.

The development of Redross will require the excavation of a decline from the base of the open pit. This will take approximately ten months before ore production can commence. The existing shaft will be used for ventilation and emergency egress.

Production will proceed via a hybrid of half uppering and air-leg leading stoping. Production is planned at a rate of 13,300 tonnes per month or 160,000 tonnes per annum. The N01 and N10 ore bodies will be extracted in sixteen and eleven stoping blocks respectively.

Mincor's existing Ore Tolling and Concentrate Purchase Agreement with WMC Resources Ltd will apply to the Redross Mine in the same way as it now applies to the Miitel Mine. This provides Mincor with an assured processing facility, guaranteed metallurgical recoveries, and guaranteed off-take of nickel concentrate.

There is considerable exploration potential in and around the Redross Mine, as has been amply demonstrated by the results from MDD20 and more recently by MDD28 (see exploration section).

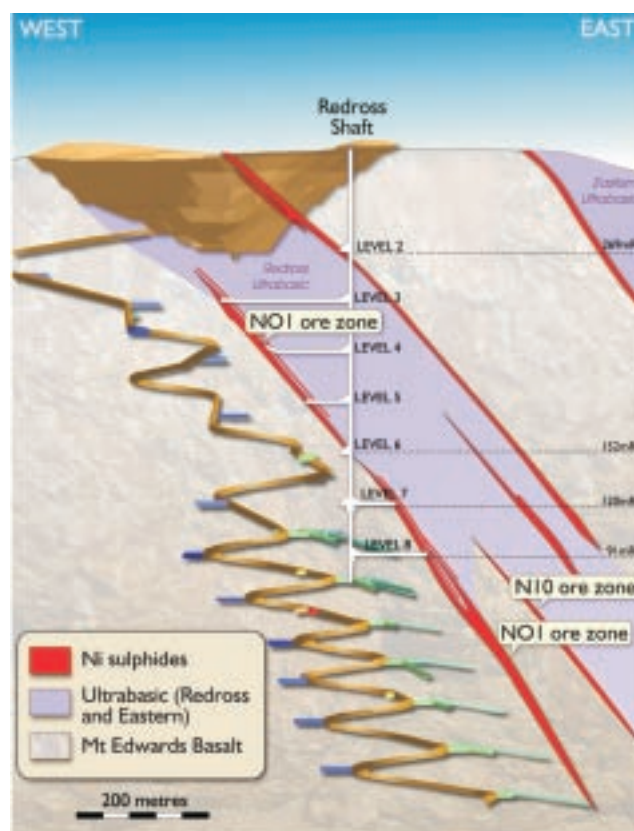


Figure 3: Redross Cross Section

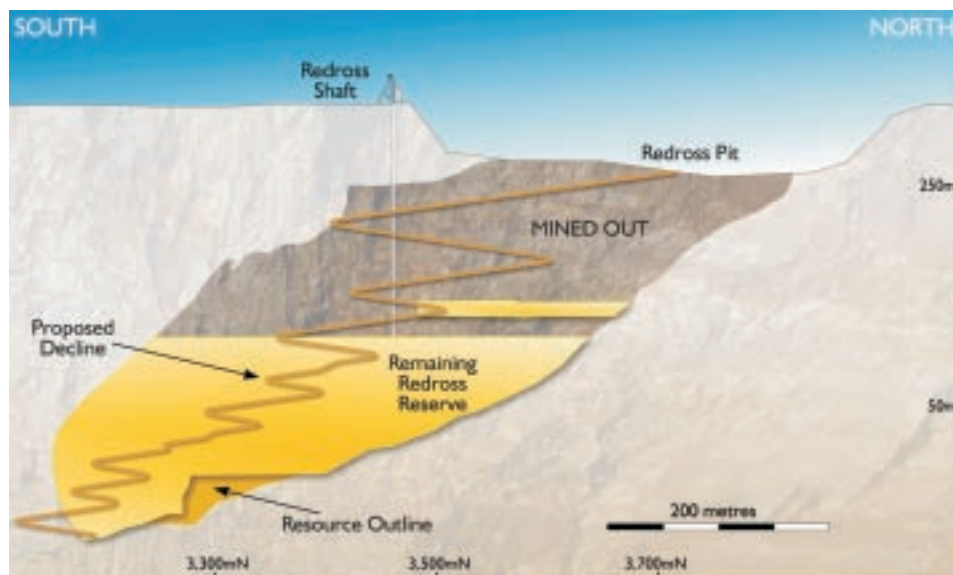


Figure 4: Redross Long Section

## MARINERS NICKEL PROJECT

The Mariners Project is situated 3 kilometres south of Miitel. It was worked as an underground operation between 1991 and 1999 by WMC. It closed during a period of low nickel prices when the areas used for disposal of excess water inflows were filled to capacity and the mine could not economically be put on care and maintenance.

At mine closure WMC had fully developed the 07 ore body including 90% of the strike drives, and had started limited stoping. The 07 ore body has poor ground conditions as a result of its depth and time-related deterioration of the hanging wall in the strike drives. Mincor is investigating appropriate ground support and rehabilitation regimes to achieve maximum extraction.

In addition WMC had drill defined a further ore body, the 08 surface, but there is currently no development in place to access this ore body.

Mincor has completed studies on the dewatering of the mine, and the disposal of the water to Lake Lefroy via a new pipeline. These studies have included a forty-day trial dewatering of the Mariners Mine to 55 metres vertical depth to allow the accurate determination of water inflows, the location of such inflows and mine storage capacities. In conjunction with the dewatering investigation a trial re-injection test bore was completed, which demonstrated that modest quantities of water could be disposed of by re-injection into the overlying lake sediments. Mincor also re-opened the portal to the decline and was able to inspect the decline over 300 metres of its extent, with positive results.

Currently the mining study is advancing in tandem with the dewatering studies and detailed cost estimates. Should these studies prove favourable Mincor will proceed rapidly with the development of the Mariners Project.

## NORTH MIITEL NICKEL PROJECT

The North Miitel Project is situated 800 metres north of Miitel along the strike of the Basal Contact. It was discovered by Mincor early in the Financial Year, and has since been drilled out to Indicated Resource status. The project now has sufficient density of drilling to sustain a development decision, subject to a positive feasibility study.

The feasibility study is underway, and is currently focused on the mining method, detailed mine development planning, and cost estimates. The economics of the project are considerably enhanced by the recent discovery of a small but high grade ore lens (labeled the N14) which lies between Miitel and North Miitel. This will provide an early ore source and potentially pay most of the capital development costs.

Development studies envisage a twin decline from the north end of the existing Miitel decline. The twin decline will allow the simultaneous advance of all necessary mine and ventilation infrastructure, thus providing the capacity to mine any smaller ore lenses that may be encountered during development.

A combination of airleg stoping (for the narrow, high grade N14 ore lens) and standard flat-back mining for the main ore lens (labeled the N11) is being investigated. Decline development is likely to take around 5 months from start date, before initial mining commences from the N14.

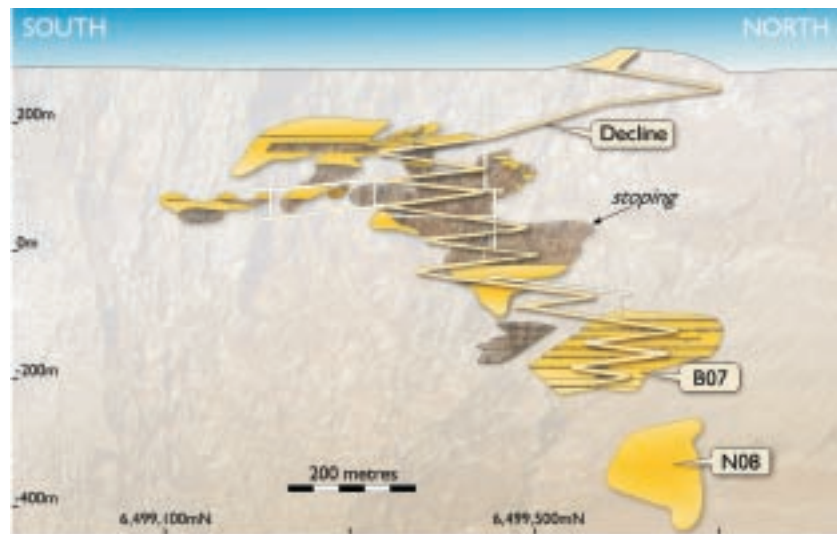


Figure 5: Mariner Longitudinal Section



## REVIEW OF DEVELOPMENT PROJECTS

### WANNAWAY SOUTHERN LOBE NICKEL PROJECT

This is a lower grade halo of mineralisation at Wannaway that was not included in the original reserve for the project. It includes over 300,000 tonnes of material at the base of the original N01 ore body (that was previously mined by WMC Resources Ltd), and approximately 90,000 tonnes of material (the so-called Southern Lobe) that occurs adjacent to the main N02 ore body that has been successfully mined by Mincor since 2001.

Initial trial air-leg mining of the remnant N01 material has been successful, delivering a grade of around 2.3% nickel. The Southern Lobe area is currently being investigated via the development of two strike drives, which to date have successfully delineated potential ore mineralisation over about half their length.

If ultimately successful, these studies will result in the continuation of operations at Wannaway well beyond the exhaustion of the original N02 ore reserve.

### NORTH DORDIE NICKEL PROJECT

The North Dordie nickel deposit occurs 1 kilometre to the WSW of the Miitel Mine portal.

The terrain is dissected and outcrop is good. In 1967 nickeliferous gossans were discovered by Anaconda-CRA at two sites about 350 metres apart on the Basal Contact. By mid-1969 some 23 diamond drill holes had outlined two channels. Subsequently WMC investigated the open pit potential and drilled the near surface zone to a nominal 20 metre by 10 metre spacing with dominantly reverse circulation drill holes.

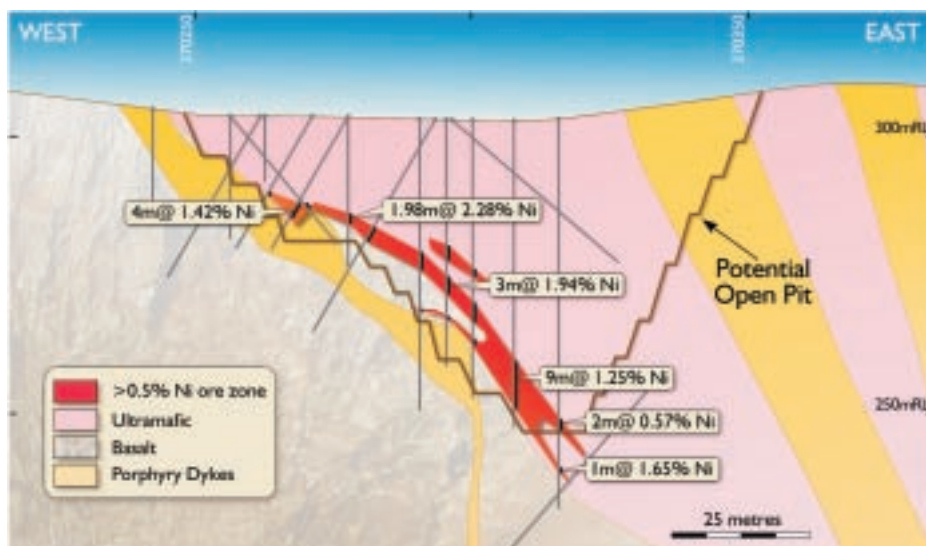


Figure 6: North Dordie Cross Section

Mincor re-estimated the potential open pitable area of North Dordie, and produced the figures reported in the Resources and Reserves section elsewhere in this report.

Mincor subsequently completed a comprehensive feasibility study on the project, which included the drilling of three additional holes, a complete hydrogeological study, and detailed mining and cost parameters. A small economic project is clearly present, but for the moment remains on hold while Mincor tackles the larger and more important of its new projects.



## REVIEW OF EXPLORATION OPERATIONS

During the year, Mincor carried out an aggressive and successful exploration programme. A total of 16,677 metres of diamond drilling was completed within the Miitel JV tenements which led to the delineation of approx 13,000 tonnes of nickel metal at North Miitel as well as early indications of possible further success near Wannaway and Redross.

Mincor has also substantially increased its tenement holding and now holds a portfolio of high quality exploration tenements prospective for both nickel and gold, including nearly all of the highly prospective Widgiemooltha Dome area (fig. 7).

### MIITEL JOINT VENTURE TENEMENTS – MINCOR 76%

#### North Miitel

Following the initial success at North Miitel, a large portion of the year's programme concentrated on the delineation of the North Miitel orebody. This has already been described under the Nickel Expansion section, however it is important to note that a great deal of exploration potential exists beyond what has already been discovered (fig. 8). An untested gap still remains between North Miitel and the Miitel Mine and the orebody remains completely open to the north. Additional ore may also be developed adjacent to the current resource boundaries. Furthermore, near surface mineralisation immediately above the North Miitel orebody may be indicative of yet another trough structure at shallower depths (fig. 8), a concept which has yet to be tested.

Further drilling of targets near to or forming part of the current resource boundaries will be carried out from underground once mining commences. Targets less accessible from underground such as the down plunge and additional trough potential will be tested by surface drilling.

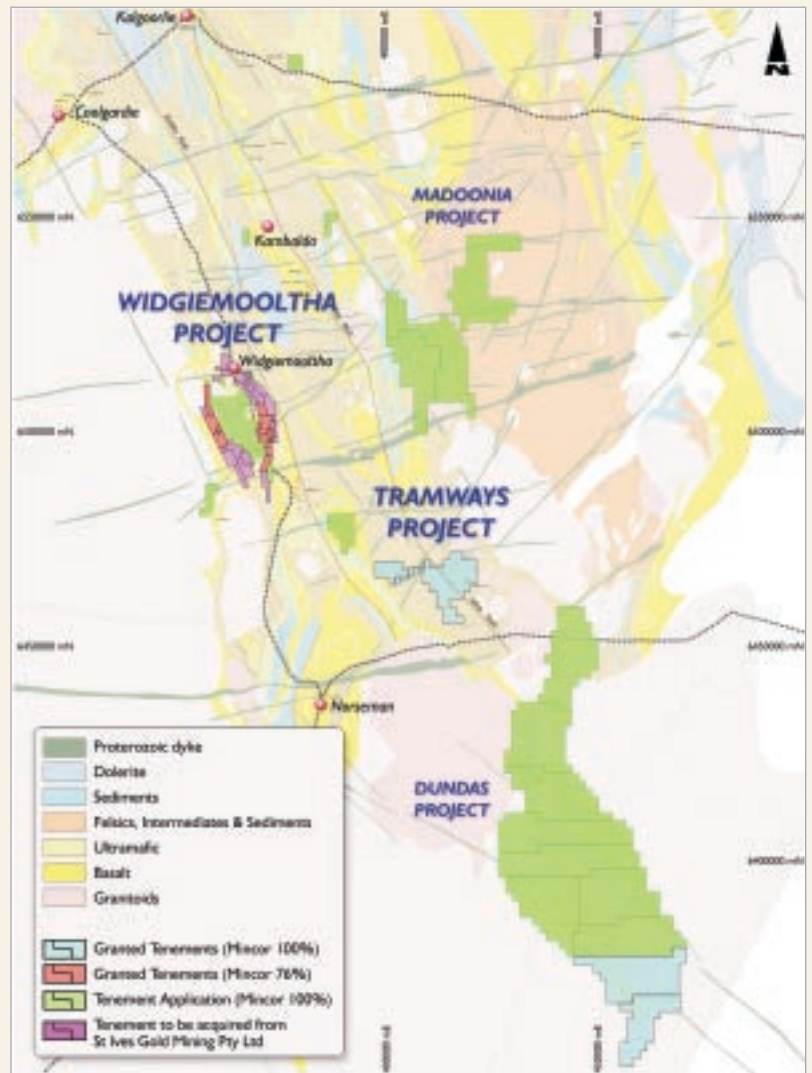


Figure 7: Tenement Location Diagram

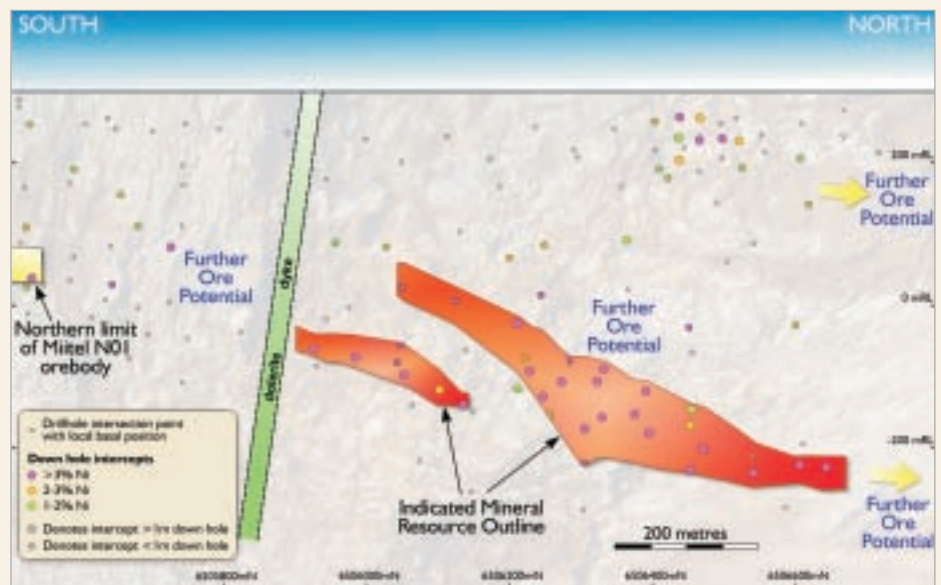


Figure 8: Further potential at North Miitel

## Redross Area

The Redross orebody has also been discussed under the Nickel Expansion section. Drilling during the year to the south of the mine showed strong potential for extensions to the ore body down plunge of the currently interpreted limits. Drill hole MDD020 achieved the following intersection 200 metres down plunge of the previously interpreted extent of the main N01 orebody and 50 metres beyond the previously known extent of the lower grade N10 orebody (fig. 9):

- 5.25 metres at 2.56% nickel from 542 metres down hole, including
  - 1.25 metres at 4.68% nickel from 546 metres down hole.
- (calculated using a 1% nickel cut-off, true width about 4.8 metres)

This result is highly significant, demonstrating that the mineralisation at Redross continues at depth, contrary to previous interpretations. It is a striking confirmation of the concepts developed by the Mincor team and suggests that the Redross Mine could be substantially bigger than expected.

In addition, a recent (post 30 June) drill hole, collared 300 metres north of the Redross open pit intersected the following:

- 3.46 metres at 3.05% nickel from 336 metres down hole, including
- 0.83 metres at 7.00% nickel from 338.5 metres down hole.

This new intersection contains a well developed matrix and massive sulphide profile – an encouraging indication of a classic Kambalda-style “sulphide channel”. The intersection is open in all directions, the nearest drill hole lying over 150 metres to the north. Further testing of this potential new discovery will be a high priority in the new financial year.

## Wannaway Strike

A programme is underway to explore large untested areas of the Basal Contact along strike to the north and south of Wannaway Mine that lie within the sphere of influence of the mine infrastructure. This programme also tests a new concept that Wannaway may form part of a south plunging system, rather than a steeply north plunging system. To date, pyrrhotite-rich massive sulphides have been intersected at the Talisker prospect, approximately 500 metres north of the mine. Although these sulphides are low in nickel and may be associated with thin sediments on the basal contact, the presence of nickel (hole WDD002 returned 1.34% nickel over 0.33 metres) and other disseminated sulphides within overlying ultramafics is encouraging. A follow-up hole (WDD005) intersected minor pyrite and pyrrhotite at the Basal Contact but no significant nickel values. Further drilling is planned.

## Other Prospects

The Basal Contact comprises the base of a sequence of komatiitic ultramafic volcanic rocks, where they rest on what was originally a “floor” of basaltic volcanic rocks. Komatiite forms as an iron and magnesium rich lava, commonly extruded from submarine volcanic centres early in the history of the Earth. These lavas were very hot and liquid and enriched in elements such as nickel leading to the deposition of nickel sulphides, often in channels developed in preceding flows of basaltic lavas.

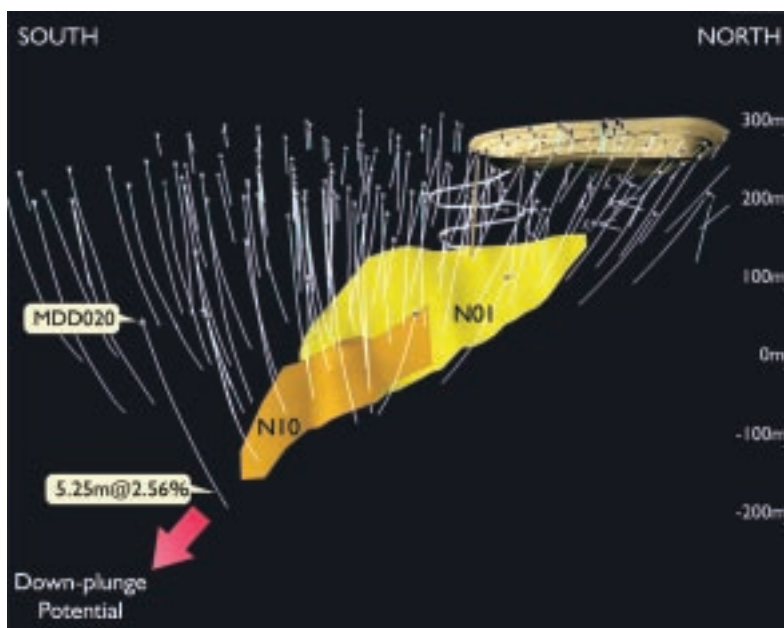


Figure 9: Down plunge potential at Redross



Due to movements in the Earth's crust over time, these lava flows are preserved today in a sub-vertical position, along with the deposits of nickel sulphide. These nickel sulphides are located at or near the lower limit of the komatiites adjacent to the underlying basalts. The search for new mineralisation at Miitel and Wannaway thus has three natural points of focus:

- Known areas of mineralisation (mines, resources and anomalies).
- The strike extent of the four known mineralised Basal Contacts – three within the Miitel Block and one within the Wannaway Block and;
- The possible presence of further structural repetitions of the Basal Contact.

While exploration to date has focused on areas near to known mineralisation, the Miitel and Wannaway tenement packages represent a proven and highly prolific nickel district with up to 60 kilometres of the strike of the Basal Contact. Mincor thus believes that these tenements represent an exceptional opportunity for the discovery of further nickel sulphide deposits and is committed to thorough exploration of the area. The aeromagnetic image on the right (fig. 10) highlights the known Basal Contact positions and the number of known prospects associated with them.

Anomaly A and Location 1 represent known nickel mineralisation within typical trough-type structures. At Bradley, a pod of mineralisation is present that may be indicative of a trough structure nearby and at North Dordie, a remnant trough structure appears to have been structurally dismembered. The importance of structural influences (resulting in varying degrees of faulting, folding and remobilisation of nickel sulphides) on the nature and distribution of the Miitel, Wannaway and Redross orebodies is increasingly being recognised. At the Mariners Mine, such influences have resulted in an orebody that forms a series of apparently north plunging pods. Thus the significance of individual "pods" of mineralisation, such as those recognised at Anomaly A, Location 1 and Bradley, is that they could represent portions of a larger, as yet undiscovered, system (fig. 11).

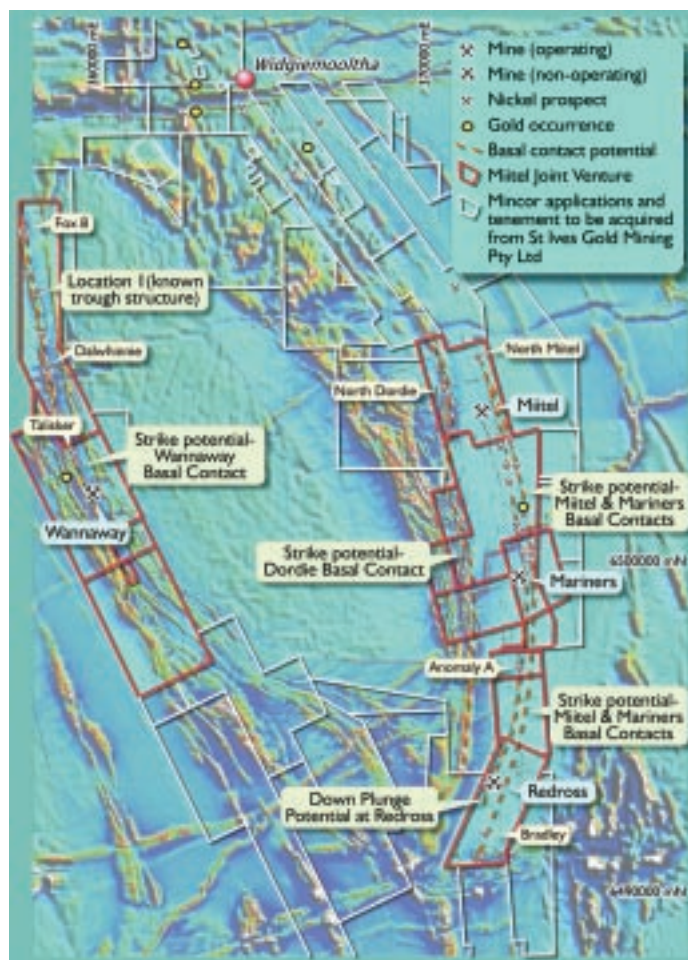


Figure 10: Regional Nickel targets around the Widgiemooltha Dome

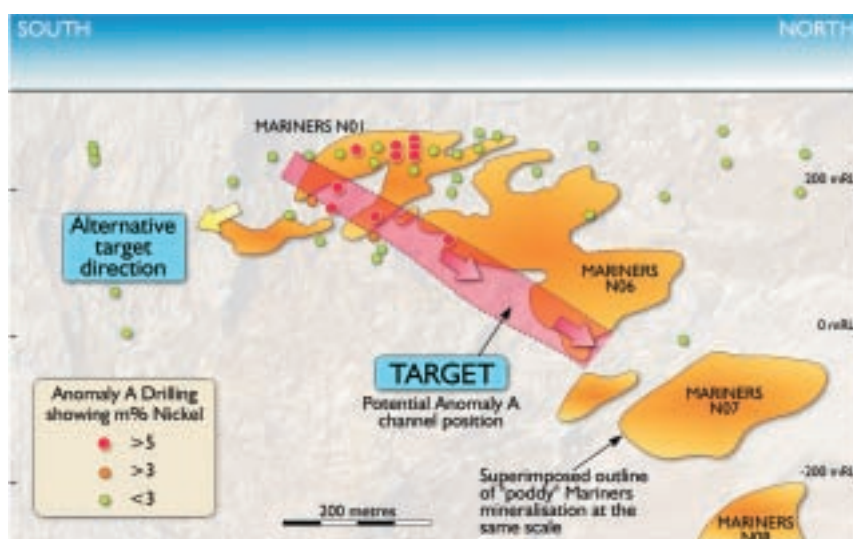


Figure 11: Long section showing Mariners orebody superimposed on previous drilling results at Anomaly A and showing how known mineralisation at Anomaly A could form part of a much bigger system.

## REVIEW OF EXPLORATION OPERATIONS



*Drill core showing massive nickel sulphide intersection*

In each case, little drilling has been carried out beyond the currently defined limits of the known mineralisation. It is Mincor's intention to thoroughly test each of these for the possibility that one or more may form part of a series of pods, or be indicative of more continuous mineralisation nearby. During 2002-2003, one hole was drilled at each of Anomaly A, Bradley and Location 1. Although no economic mineralisation was intersected, the holes have provided valuable information on the nature and position of the Basal Contact, which assists with the targeting of future drilling. Further drilling is planned.

A structural and geological re-interpretation of the Widgiemooltha Dome is also being carried out in order to assess the potential for further repetitions of the Basal Contact that may warrant drill testing.

### Gold Potential

Finally, a note on the gold potential. A number of nickel exploration drill holes have intersected gold at or near the basal contact. One such occurrence is at the "Gilligan Prospect" just north of the Mariners Mine where previous drilling has intersected 1 metre at 12.5 g/t gold in basalt just below the Basal Contact at a vertical depth of approximately 40 metres. A second hole intersected 2 metres at 20g/t just above the Basal contact in the overlying ultramafic.

To the west of the Wannaway Mine, there are at least five small historic gold workings which also require further investigation.

Mincor has recently announced that it will acquire the gold rights to a surrounding package of tenements covering some 13,600 hectares and 42 historical gold workings, including four sub economic gold resources. These tenements, combined with several other applications, cover most of the Widgiemooltha Dome (fig. 10).

When taken together with Mincor's Tramways Project to the south, this establishes Mincor as a significant holder of gold exploration tenements on the Norseman-Wiluna greenstone belt. A comprehensive gold exploration programme is planned for the new financial year.

## OTHER PROSPECTS IN WESTERN AUSTRALIA

Mincor remains active throughout the the Kambalda – Widgiemooltha – Norseman region and holds granted exploration licences that comprise the Tramways Project as well as the southernmost two tenements of the Dundas block (fig. 7).

### Tramways Project – Mincor 100%

The Tramways project comprises an Exploration Licence and five Prospecting Licences (fig. 7) situated towards the southern end of the Norseman-Wiluna belt. Geologically, the area comprises a complex tectonostratigraphic assemblage of mafic, ultramafic and sedimentary units which have undergone greenschist to amphibolite grade metamorphism. The Buldania granite occurs to the southwest of the project area and several small granite bodies intrude within the project area. The area is also intruded by a number of dominantly east-west trending Proterozoic dolerite dykes and a major northwest trending fault system transects the area - which may represent a south-eastern extension of the Boulder-Lefroy system, responsible for numerous world class gold deposits to the north, including the Kalgoorlie "Golden Mile" and St Ives area.

Data reviews have indicated gold potential within untested or inadequately tested areas and possible nickel potential within ultramafic units. In order to better define geology and structural targets, a high-resolution aeromagnetic survey comprising 5,399 line kilometres was flown over the bulk of E63/754 and all of the adjacent P's.

This has confirmed areas of interaction between NNW striking shears (which may be related to an extension of the Boulder-Lefroy Fault) and east to northeast striking splays and later structures. In addition, these structures transect lithologies commonly associated with gold mineralisation such as iron formations and mixed felsic to mafic volcanics and sediments that have been intruded by dolerite dykes and various granites. Follow up of these targets is planned (fig. 12).

### Dundas – Mincor 100%

Eight out of the ten Dundas tenements remain under application, however, when granted this project will comprise 1,878 km<sup>2</sup> of the Archean Buldanea greenstone belt and adjacent rocks of the Archean Yilgarn Craton and Proterozoic Albany Frazer Belt (fig. 7). A previous explorer carried out regional aeromagnetic interpretations, regolith and other geochemical sampling, first pass rotary air blast (RAB) drilling and reverse circulation (RC) drilling. This led to the establishment of an effective soil sampling method and confirmed the presence of Archean aged greenstones with the potential to host gold mineralisation. A number of gold, nickel, copper and zinc soil anomalies remain untested in what is effectively a “new” greenstone belt.

### Other Applications – Mincor 100%

Mincor has lodged applications for eight new exploration tenements covering 52,268 hectares, in and around the Kambalda and Widgiemooltha Dome areas.

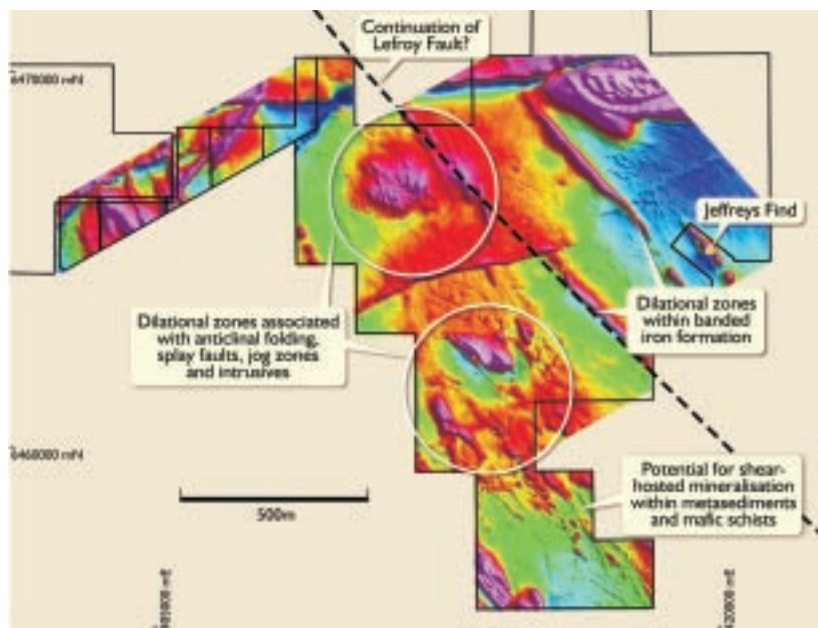
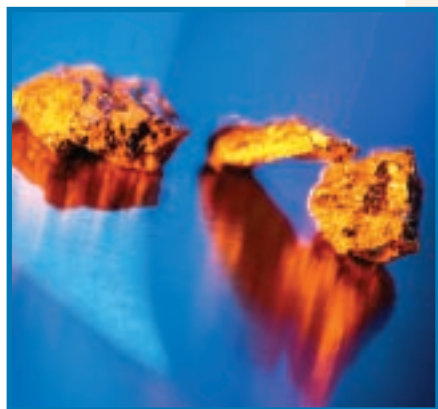


Figure 12: Tramways Area – high resolution aeromagnetics.





Gold nuggets

Mincor holds a number of exciting gold exploration projects in Africa and in the South Pacific. In line with its declared strategy, Mincor has successfully farmed out these projects in deals which leave shareholders exposed to the upside of any exploration success, but without exposure to the funding of high-risk early-stage offshore exploration.

## GEITA / IMWERU PROJECT, TANZANIA

The Imweru Project, located within the Geita Greenstone Belt in the Lake Victoria Goldfields of northern Tanzania, is subject to an option agreement with Canadian major, Barrick Gold Corporation.

Following the discovery of several substantial gold mineralised reef systems by Mincor during drilling in 2000, Barrick have completed geophysical surveys, rock and soil sampling, two phases of rotary air blast (RAB) drilling and a programme of reverse circulation (RC) drilling.

Over 60% of the 34 rock chip samples collected by Barrick from artisanal workings assayed greater than 1g/t Au, with better values up to 406.38g/t Au, 68.75g/t Au and 19.13g/t Au.

Broadly spaced RAB traverses across the accessible portions of the licence identified a further four sub-parallel quartz reef systems anomalous in gold. A total of 12,966 metres of RAB drilling and 1,336 metres of RC drilling were completed.

Better intersections from Barrick's drilling included:

- IMRAB296: 3 metres @ 19.87g/t Au from 11 metres
- IMRAB419: 9 metres @ 1.12 g/t Au from 23 metres
- IMRAB434: 13 metres @ 1.18g/t Au from 47 metres including 3m @ 3.73 g/t Au from 50m
- IMRC007: 2 metres @ 2.06g/t Au from 82 metres
- IMRC009: 2 metres @ 6.16g/t Au from 124 metres
- IMRC013: 3 metres @ 2.54g/t Au from 102 metres

Barrick have recommended follow up RC and diamond drilling to further explore the identified reef systems.

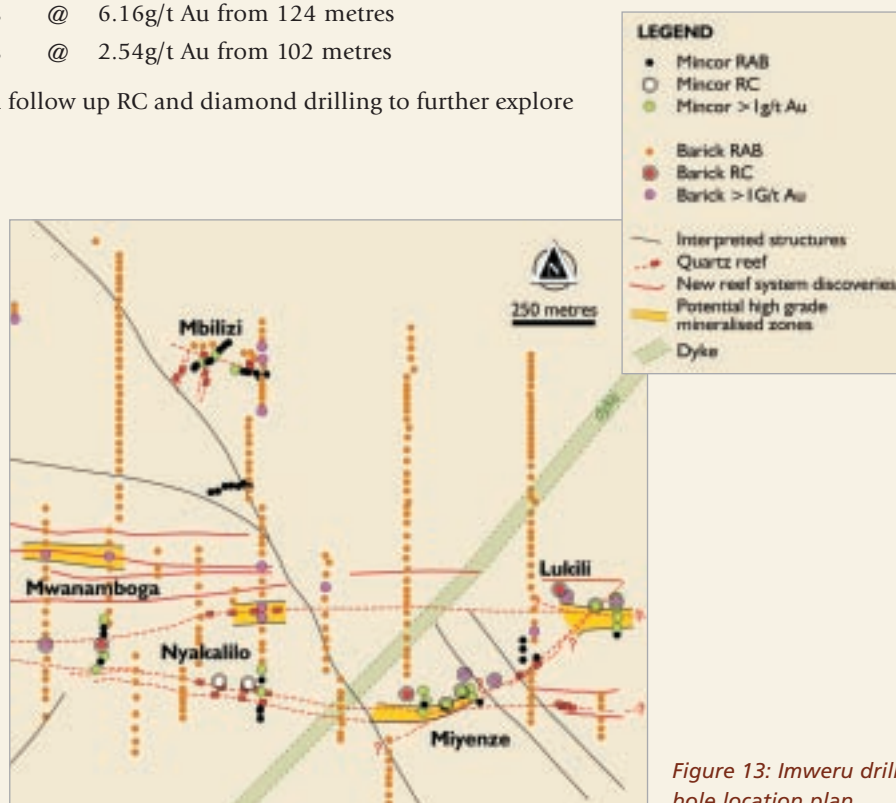


Figure 13: Imweru drill hole location plan.

## BANKOLÉ PROJECT

The Bankole project is located in north western Guinea, about 600 kilometres by road north-east of the capital, Conakry.

Mincor entered into a farm-out agreement with Compagnie Minière Atlantique SA (CMA), under which CMA, via a third Joint Venture partner, Australian United Gold Ltd, drill-tested a broad gold-in-soil geochemical anomaly, completing 3,054 metres of shallow RAB drilling during the 2002 financial year.

An appropriate follow up exploration programme is being evaluated by the Joint Venture partners.

## SOUTH PACIFIC GOLD PROJECTS

Through an acquisition and farm-in transaction with Alcaston Mining NL, exploration efforts have continued on Mincor's South Pacific gold assets.

### Sabeto Gold Project

Alcaston have undertaken a number of exploration programmes at Sabeto, and have completed 595.3 metres of diamond drilling at the Banana Creek prospect. Drilling targeted the "Republic Vein", a newly discovered epithermal quartz vein with rock chip assays of up to 32g/t gold and 20.9 g/t silver. This was intersected as a 60 centimetres epithermal quartz zone assaying 3.42g/t gold in very broken core.

Further exploration activities including site access preparation, rock chip sampling and geological mapping immediately north of the 450,000 ounce Tuvatu gold project have returned rock chip sample assays of:

- CR1: 5.47 g/t Au; 0.76% Cu; 0/7g/t Ag;
- CR2: 6.91 g/t Au; 1.05% Cu; 1.3g/t Ag;
- CR3: 16.05 g/t Au; 7.53% Cu; 4.9g/t Ag;
- CR4: 3.24 g/t Au; 1.83% Cu; 2.8g/t Ag.

Alcaston plan to continue with reconnaissance exploration work over this coming year.

### Vanuatu Projects

The Webe Creek and Tafuse projects comprise the Vanuatu exploration package. The Webe Creek licence has been renewed for a further two years. Although no exploration was undertaken this year, Alcaston have budgeted \$236,000 to drill test geological, geochemical and geophysical targets at the Laonasmata prospect in the Webe Creek licence this coming year.

The Taoran, Amethyst and Naturuk licences were relinquished.

## REKO DIQ PROJECT, PAKISTAN



Figure 14: Reko Diq – Location and Tenement Map

The Tethyan Copper Company Limited ("TCC") is a specialist copper vehicle created to explore, finance and develop the giant copper resources at Reko Diq in Pakistan, in Alliance with BHP Billiton.

Mincor currently owns 81.5% of TCC, and has announced its intention, subject to shareholder approval, to spin off the company into a new listing on the Australian Stock Exchange. This will be accomplished via an in specie distribution of the shares that Mincor holds in TCC (to Mincor's shareholders) and a capital raising.

The result, if successful, will be a new listed copper company with control of perhaps the most exciting copper project in the world today, as well as a major position in one of the least explored of the world's great copper belts. Mincor's shareholders will directly hold a significant interest in this company, and through that interest will have leverage to the rising copper price as the world economy rebounds and China soaks up global mineral resources to fuel its explosive growth.

### TCC's Activities Since its Foundation

Between October 2000 and February 2001, TCC carried out a 30-hole drilling programme at the H4 Starter Project, part of the Reko Diq system. This work successfully defined an Indicated Resource for the H4 Starter Project (*SRK Consulting, June 2000*).

In July 2001, Scoping Studies by SRK Consulting and Signet Engineering Ltd were completed, demonstrating the economic viability of an SX-EW copper mine at the H4 Starter Project based on the assumptions used.

In February 2002, BHP Billiton completed a detailed report on the bacterial column leaching of the Reko Diq ore confirming better recoveries than used in the original Scoping Study.

In March 2002, the Reko Diq project was granted Export Processing Zone status by the federal government of Pakistan providing a favourable fiscal regime for the project and allowing for relaxations in customs duty and sales tax. Also in March 2002, the provincial government of Balochistan implemented the provisions of the National Mineral Policy in the form of a new mineral policy with the adoption of the Balochistan Mineral Rules 2002.

During the period of April to June 2002, Snowden Consultants completed a sign-off on the Reko Diq Western Porphyries Resource and completed an Independent Geologic Report on the mining tenements assets.

From February to May of 2003 regional prospecting and mapping was completed on the Western Extension Licences and future drill targets, including a new leached cap, identified.

Reconnaissance drilling commenced in June 2003 on two untested prospects within the Reko Diq Licence and some additional drilling was undertaken for metallurgical test work. The results of the reconnaissance drilling were positive, as reported below, demonstrating the presence of two major new mineralised systems that remain as yet poorly understood.

In August of 2003 Snowden Mining Industry Consultants completed a valuation of the mineral assets of the Tethyan Copper Company. This produced a value range of from US\$18 million to US\$44 million, with a preferred value of US\$27.3 million.

### TCC's Vision and Goals

TCC's vision is to use the remarkable mineral endowment at Reko Diq to carry out the staged development of a major, world-class copper-gold mine. Ultimately, TCC plans to use its strong position in the Tethyan Copper Belt to develop into a major regional copper producer, supplying the growing economies of Asia with copper through the twenty first century.



Figure 15: Tethyan Porphyry Copper Belt

### Location and Infrastructure

Reko Diq is located in Pakistan's sparsely populated southwestern desert Province of Balochistan. The infrastructure is good, with a sealed road and rail line passing only 30 kilometres south of the Project.

The Reko Diq Intrusive Complex is an ancient volcanic system which hosts 19 known copper-gold porphyry deposits in an area of about 10 kilometres by 15 kilometres. It comprises an older central porphyry surrounded by younger porphyries. Supergene copper mineralisation (the H4 Starter Project) is developed over the central porphyry. There is substantial hypogene (unweathered) mineralisation in the younger porphyries.

### H4 Starter Project

The H4 Starter Project is a zone of supergene enriched copper mineralisation, mostly chalcocite, developed above a primary porphyry system in the centre of the Reko Diq Complex. The area is flat with reasonable outcrop and good access.

TCC drilled 30 holes totaling 3,467 metres between October 2000 and February 2001. BHP had previously drilled 16 holes into the same zone. TCC's drilling indicated the presence of a sizeable copper resource below 20 metres to 80 metres of barren leached cap.

A Scoping Study, to an accuracy of +/-30%, was completed during July 2001 by SRK Consulting.

As a result of the reiterative economic evaluations carried out during the Scoping Study, SRK selected a cut-off grade of 0.3% copper for the proposed bio-leach mining operation. The resource statement at this cut-off grade is as follows:

Indicated Resource:	94 million tonnes @ 0.7% copper
Inferred Resource:	15 million tonnes @ 0.6% copper
<b>Total Resource:</b>	<b>108 million tonnes @ 0.7% copper</b> (all at a cut-off grade of 0.3% copper)

Following a pit optimisation exercise and the application of practical pit designs, SRK estimated a Probable Reserve from the above Indicated Resource of:

**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 Probable Ore Reserve of 78 Mt @ 0.7% copper using a 0.3% copper cut-off is the economically mineable portion of an Indicated Mineral Resource as shown in Figure 17.*



The Scoping Study considered adequate mining parameters with appropriate costs, geotechnical, process and recovery parameters. A pit design was developed taking into account practical mining constraints. Leaching test work was carried out by BHP Billiton Minerals Technology laboratory in Newcastle. A detailed report on the mineralogy and leaching characteristics was completed in February 2002. A composite ore sample was produced from 4 drill holes. The ore leached readily for a total copper extraction of 86% of total copper after 167 days of operation with an estimated 90% recovery for a 250 day leach cycle.

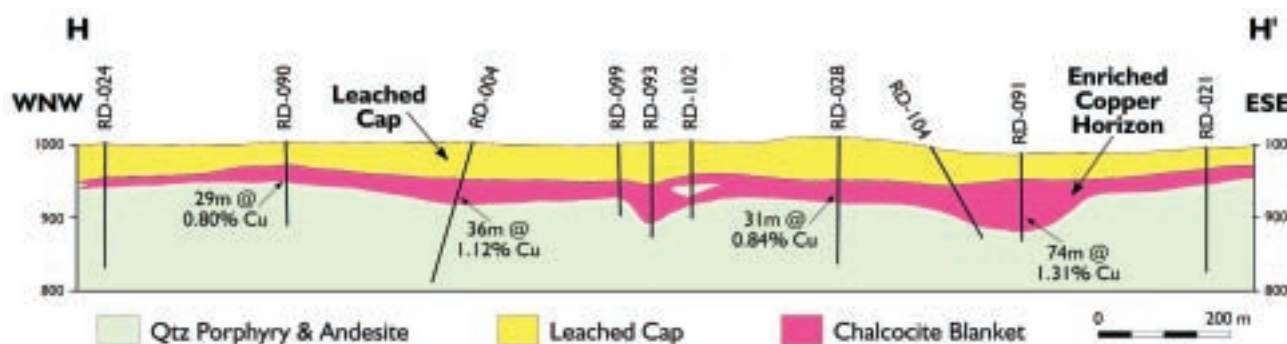


Figure 16: Reko Diq – Long Section H4

The Scoping Study indicates that a bacterial leach, solvent extraction and electro-winning operation, to produce 40,000 tonnes copper metal per annum, would have a total capital cost of US\$133 million in the start-up phase. Ore production would proceed at a rate of 5 million tonnes per annum for the first 3 years, thereafter increasing to a maximum of 8 million tonnes per annum. The average cash cost of production over the life of the project is estimated at US\$0.45 per pound copper.

Such a project, based on the assumptions used (including a copper price of US\$0.85 per pound), would have an after tax Net Present Value (at a 10% discount rate) of US\$80 million, and generate an internal rate of return of 21% (pre-financing), over a mine life of 13.5 years. The payback period is just over 5 years from the start of construction, 3.5 years from the start of production.

The information in the scoping report that relates to Mineral Resource is based on information compiled by Anthony Wesson, who is a Fellow of the Australian Institute of Mining and Metallurgy. Anthony Wesson is a Technical Director of SRK Consulting. The statement relating to Ore Reserves was compiled by Clive Seymour, who is a Member of The Australian Institute of Mining and Metallurgy and former Technical Director of SRK Consulting.

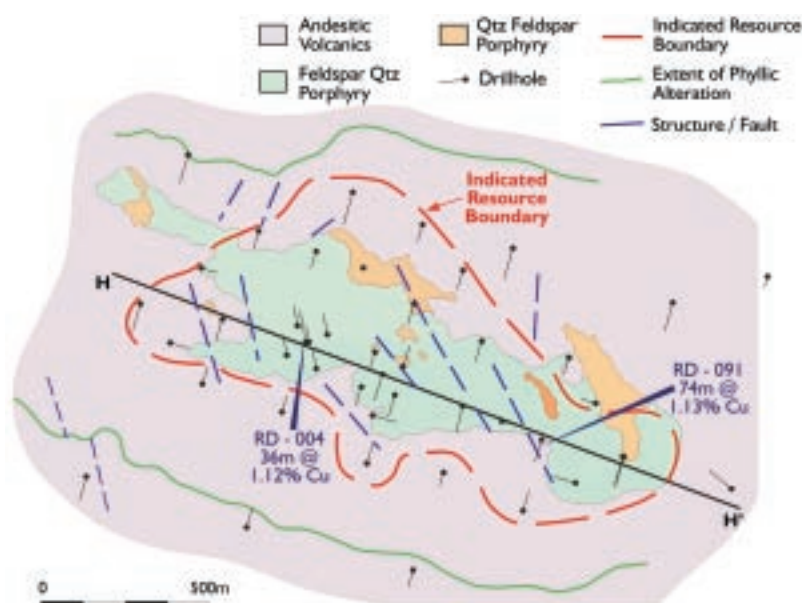


Figure 17: Geology and Drill Holes H4 Starter Project



## Western Porphyries

These are four adjacent porphyry bodies with medium to long term potential as the core resource of a world class copper-gold mine at Reko Diq. As previously reported, Mincor has calculated the following Inferred Resource for the Western Porphyries:

**730 million tonnes @ 0.6% copper and 0.4g/t gold (0.5% Cu cut-off)**

This resource is derived from 34 drill holes covering approximately half the mineralised envelope, indicating the potential for twice this tonnage in the four porphyry bodies. Mineralisation is continuous with depth and has been drill-tested in places to 500 metres below surface.

## Other Mineralised Systems

A further fourteen mineralised porphyry bodies have been identified in and around the Reko Diq Complex, of which 12 have been confirmed by drill-testing.

During the year under review eleven scout holes were drilled in the predominately covered terrain of the Bukit Pasir prospect. Three separate porphyry copper-gold systems (Bukit Pasir North, Southeast, and Southwest) were identified over an area of 4 square kilometres. Extensive pyrite halos were encountered in all the drilling with mineralized intersections on the order of 50-122 metres @ 0.20 - 0.34% copper and 0.20g/t gold. A large magnetic anomaly 1 kilometre x 1 kilometre on the Southeast target remains untested with mineralisation encountered in drilling on the northern edge. The total Bukit Pashir system is confirmed as being very large, and it is clear that the scout drilling has only scratched the surface of this exciting and poorly understood mineralised system.

Three holes were drilled in the Kohi Dalil area (assay results pending at the time of writing). Two holes intersected strong sulfides and the third hole intersected significant chalcocite mineralisation. Extensive surface leaching was found to be present over the area. The completely unexpected intersection of chalcocite enrichment, the widespread presence of leaching and the ubiquitous presence of phyllic alteration require a fundamental re-interpretation of TCC's initial concepts at Kohi-Dalil. It appears likely that, where previously three individual mineral occurrences were thought to exist, these may actually represent portions of a single, much larger mineralised body that remains, at the time of writing, very poorly understood and wide open from an exploration point of view.



*Drilling on H4*

## REGIONAL DEVELOPMENTS

The 400 million tonne porphyry copper deposit at Saindak, 50 kilometres to the west of Reko Diq, re-started production in July 2003. The mine is leased and managed by the Metallurgical Construction Corporation of China in a joint venture with the government of Pakistan.

The start-up of mining activities in the region, with its potential for infrastructure sharing, is a very positive development for Reko Diq. The new mining enterprise also highlights the strong ties that exist between China and Pakistan and represents only part of a major investment by China in regional infrastructure and the development of access through Pakistan into western China. Other aspects of this investment include construction of a new port facility at Gwadar (south of Reko Diq) and plans for a connecting road infrastructure to the new port – including a road to Nok Kundi, only 50 kilometres from the Reko Diq Project. This road will reduce the distance between Reko Diq and the new port to only 600 kilometres.



## VISION AND MISSION

### Vision

Mincor's stakeholders include its shareholders, employees, local residents and the wider community. Mincor recognises its responsibilities to all its stakeholders and will ensure that its Health, Safety and Environmental standards are second to none.

### Mission

- Mincor will carry out its business in a responsible manner, and will protect and cherish the natural environment.
- Mincor will ensure that its employees are protected from all occupational injuries and diseases.
- Mincor will provide a safe working environment for its employees, will ensure that Health and Safety are management's top priority and that its work force is fully trained in Health and Safety matters.

## POLICY STATEMENT

Mincor attaches the greatest value to the health and safety of its employees; it is every manager's and supervisor's duty to do everything in his or her power to avert damage, occupational injuries and occupational diseases, and it is also everyone's personal duty to avert damage and occupational injuries and occupational diseases, both in respect of himself or herself and of his or her fellow-workers.

### Principles and Values

Mincor subscribes to the following ten self-explanatory principles and values:

- All injuries, occupational diseases and damage can be prevented.
- Preventing injuries, occupational diseases and damage makes good business sense.
- Everybody occupying a managerial or supervisory position is personally responsible for the safety and health of those working under him.
- Everybody in Mincor's employment carries personal responsibility for his or her own and his or her fellow workers' health and safety.
- Training is an essential element in ensuring the safety and health of employees.
- Safety and health audits are carried out regularly, participatively and meaningfully, with the emphasis on the modification of attitudes.
- Every shortcoming in the field of occupational health and safety is rectified immediately and permanently.
- All injuries, occupational diseases and damage are investigated thoroughly and participatively, not only to determine the direct causes but also to uncover underlying causes.
- People are the most important element of Mincor's occupational health and safety programme.
- Contractor's personnel are viewed as Mincor employees for health and safety purposes. Mincor's safety principles and values apply equally to contractor's personnel.

Deviations from these principles and values and from required conduct are unacceptable.

## OBJECTIVES

- Elimination of unsafe environments and unsafe working conditions.
- Elimination of unsafe acts.
- Maintenance of high safety awareness among all employees.
- Continual safety training at all levels.
- Comprehensive induction of part-time and casual employees.
- Insistence on similar safety standards from contractors.

# CORPORATE GOVERNANCE STATEMENT

The directors of Mincor Resources NL aspire to the highest standards of corporate governance. A description of the Company's main corporate governance practices is set out below.

## BOARD COMPOSITION

The Board comprises of four directors, all of whom with the exception of the Managing Director, Mr David C.A. Moore, are non-executive directors. Details of the Directors are set out in the directors' report.

The Board (subject to members' voting rights in general meeting) is responsible for selection of new members and succession planning, and has regard to a candidate's experience and competence in areas such as mining, exploration, geology, finance and administration. The wide commercial experience of its board members assists Mincor Resources NL in meeting its corporate objectives and plans.

The Board delegates responsibility for the Company's administration and operation to its Managing Director, who is accountable to the Board.

Under the Company's Constitution:

- the maximum number of directors on the Board is currently set at 9.
- a director (other than the Managing Director) may not retain office for more than 3 years without submitting for re-election.
- at the Annual General Meeting each year effectively one third of the directors in office retire by rotation and must seek re-election by the shareholders.

## INDEPENDENT ADVICE

Each director is entitled to independent professional advice at the Company's expense provided that the prior approval of the Chairman is obtained.

## COMPENSATION ARRANGEMENTS

All compensation arrangements for directors and senior executives are determined at Board level after taking into account the current competitive rates prevailing in the market.

## AUDIT COMMITTEE

The Audit Committee consists of the following directors:

- IF Burston (Chairman of the Audit Committee)
- DJ Humann
- DCA Moore

The main responsibilities of the Audit Committee are to:

- review and report to the Board on the annual financial report, the half-year financial report and all other financial information published by the Company or released to the market;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - compliance with applicable laws and regulations
- oversee the effective operation of the risk management framework; and
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, and the scope and quality of the audit.

In fulfilling its responsibilities, the Audit Committee receives regular reports from management and the external auditors. It also meets with the external auditors at least twice a year – more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Audit Committee and the Chairman of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

# CORPORATE GOVERNANCE STATEMENT

## MANAGING RISK

The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives, benchmarked against a strategic plan which is regularly updated.

Regular controls established by the Board include:

- detailed monthly financial reporting; and
- delegated authority to ensure expenditure and revenue obligations are approved by the Managing Director.

The Board recognises the need to identify any areas of significant business risk and to develop and implement strategies to mitigate these risks.

Mincor has purchased Director's and Officer's Insurance cover for its board of directors.

## ETHICAL STANDARDS

The Board supports the highest standards of corporate governance, and requires its members, and the staff of the Company to act with integrity and objectivity in relation to:

- Compliance with the law
- Record keeping
- Conflicts of interests
- Confidentiality
- Acquisitions and disposals of the Company's securities
- Safe and equal opportunity employment

The Board and management are also conscious of and aim to ensure fulfilment of the wider obligations of Mincor Resources NL and its staff to people affected by its operations, and for responsible management of the environment.

## HEALTH, SAFETY AND ENVIRONMENTAL POLICY

The Company recognises the importance of maintaining responsible environmental standards and practices in the conduct of its business and is committed to:

- Provide every employee with a safe and healthy work environment in accordance with generally accepted mining industry practice.
- Comply with relevant legislation and adhere to standards of responsible environmental practice for the mining industry, even in the absence of legislation.
- Design, construct and operate exploration, mining and processing facilities to mitigate environmental impacts to the extent technically and economically feasible.
- Maintain a self-monitoring program to ensure ongoing compliance with corporate policy and with government laws and regulations.
- Reclaim disturbed areas in accordance with site specific criteria and applicable regulations and permits.
- Cooperate with governments and other stakeholders in connection with the formulation of environmental laws, regulations and standards affecting the mining industry.
- Support industry associations which promote good environmental practices and which advance environmental protection in mining and mineral processing.
- Communicate this policy to its shareholders, employees, the public, governments, suppliers and customers.

## SHAREHOLDERS

The Board aims to ensure that shareholders are at all times fully informed in accordance with the spirit and letter of the Stock Exchange's continuous and timely disclosure requirements.

The Annual Report and every Quarterly Report is lodged with the ASX and is distributed to all shareholders. The Annual Report and every Quarterly Report are also made available to shareholders on the Company's website. The Board encourages full participation of shareholders at the Company's General Meeting to ensure a high level of accountability and identification with its strategy and goals.



# DIRECTORS' REPORT

for the year ended 30 June 2003

The Directors present their report on the consolidated entity consisting of Mincor Resources NL ("the Company") and its controlled entities, for the year ended 30 June 2003.

## DIRECTORS

The names of the directors of Mincor Resources NL in office at the date of this report are:

Name	Particulars	Shareholding Interest
<b>DJ Humann</b> (Chairman)	Mr Humann joined Mincor Resources NL on 30 September 1999 as a Non-Executive Director and Chairperson of the Company. Mr Humann is a Chartered Accountant and Certified Practising Accountant. He was Chairman and Senior Partner of Price Waterhouse (Hong Kong and China) from 1986 until 1994. He was also the Managing Partner of Price Waterhouse, Asia Pacific Region, and a member of the World Board of Price Waterhouse and of the firm's World Executive Management Committee. He was formerly a member of the Australia and New Zealand Firm's Executive Policy Committee. Mr Humann is a member of the boards of a number of public and private companies.	500,000 options
<b>DCA Moore</b> (Managing Director)	Mr Moore joined Mincor Resources NL on 30 September 1999 and is the Managing Director of the Company. His previous experience includes 13 years with Shell/Billiton where he worked internationally in minerals exploration in all disciplines of project generation and evaluation, new business development, project management and strategic planning. In 1996 he left a position as Billiton's Chief Geologist in Peru, and General Manager of the joint venture company Cia Urumalqui SA, to join Iscor Australia Pty Ltd as executive director of business development based in Perth, Australia. In that role he established Iscor's gold and base metal exploration unit in Australasia. Mr Moore has worked extensively in South America, southern and eastern Africa and Australasia. He holds a B.Sc (Eng) (Mining Geology).	4,464,374 shares 1,000,000 options
<b>JW Gardner</b>	Mr Gardner is a Non-Executive Director who joined the Company in February 1996. Mr Gardner graduated from the University of Melbourne in 1962 with a Bachelor of Engineering (Mechanical) degree. He also holds a Master of Business Administration degree from Curtin University, Western Australia.  After holding directorships and senior management positions with Hawker Siddeley Engineering Pty Ltd, Comsteel Vickers/ANL, Minproc Engineers Pty Ltd and Broken Hill Metals NL between 1970 and 1990, he formed his own Engineering Consultancy. He has consulted on many gold and base metal projects both in Australia and overseas. He is currently actively involved in the Norwegian company, Kenor ASA, as Chief Engineer – Mining Projects.	3,524,276 shares 800,000 options
<b>IF Burston</b>	Mr Burston is a Non-Executive Director who joined the Company in January 2003. He holds a Bachelor of Engineering (Mech) degree from Melbourne University and a diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He has completed the Insead Management Program in Paris and the Harvard Advanced Management Program in Boston.  Mr Burston has over 30 years' experience in the extractive and related industries. His prior positions included Managing Director and Chief Executive Officer of Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Gold Mines; Vice President – WA Business Development of CRA Ltd and Managing Director of Hamersley Iron Pty Limited. Mr Burston is also a Non-Executive Chairman of Imdex Limited, and Aztec Resources Limited.	Nil

# DIRECTORS' REPORT

for the year ended 30 June 2003

Mr R G Wadley was a director from the beginning of the financial year until his resignation on 27 August 2003.

Mr W J du Plessis was an alternate director for Mr R G Wadley from the beginning of the financial year until his resignation on 27 August 2003.

## REVIEW OF OPERATIONS AND SIGNIFICANT EVENTS

### 1. Corporate Matters

Significant corporate matters during the twelve months to 30 June 2003 included:

- On 28 January 2003 the Miitel Joint Venture participants extinguished the project debt finance facility by way of a final debt repayment resulting in the balance of the Debt Service Reserve Account totalling \$3,040,000 being released to the Company.
- During the year the Company repaid \$1.43 million of the unsecured and subordinated Kumba International BV finance facility.
- In October 2002 Tethyan Copper Company Limited (81.5% owned controlled entity) raised \$586,100 by way of a rights issue and share placements. The Company contributed \$500,000 to this capital raising. The Directors are currently proceeding with a view to listing Tethyan Copper Company Limited during calendar year 2003.
- In February 2003 the Company issued 3,000,000 fully paid ordinary shares in exchange for 3,000,000 fully paid ordinary shares and 6,000,000 options in Tethyan Copper Company Limited, pursuant to Put and Call Option Agreements with seed investors of Tethyan Copper Company Limited. This resulted in the Company increasing its interest in Tethyan Copper Company Limited by 5.5% to 81.5%.

### 2. Operations

Please refer to the section entitled 'Review of Operations' in the main body of the Annual Report.

## PRINCIPAL ACTIVITIES

The principal activities of the companies in the consolidated entity during the course of the year were the exploration and mining of mineral resources.

No significant change in the activities occurred during the twelve months to 30 June 2003.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- a) The Company repaid \$20.07 million of the project debt finance facility during the year to fully extinguish the remaining debt.
- b) The Company issued 3,000,000 fully paid ordinary shares in exchange for 3,000,000 fully paid ordinary shares and 6,000,000 options in Tethyan Copper Company Limited, pursuant to Put and Call Option Agreements with seed investors of Tethyan Copper Company Limited.
- c) On 21 August 2002 the Company issued 444,000 unlisted options over fully paid ordinary shares to certain employees, exercisable at 25 cents and expiring on 5 July 2007.
- d) On 4 April 2003 the Company issued 545,000 unlisted share options over fully paid ordinary shares to certain employees, exercisable at 29 cents and expiring on 13 February 2008.
- e) During the year the Company raised \$283,050 pursuant to the exercise of 1,395,000 options over fully paid ordinary shares.

## GROUP RESULTS

The operating profit of the consolidated entity for the year after income tax was \$9,078,984 (2002 profit: \$9,287,924).

## DIVIDENDS

No dividends have been paid since the end of the previous financial year. On 28 August 2003 the Directors declared a fully franked dividend of 1.5 cents per share in respect of the year ended 30 June 2003.

## MEETINGS OF DIRECTORS'

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2003, and the number of meetings attended by each director were:

	Total Directors Meetings Available	Directors Meetings Attended	Total Audit Committee Meetings Available	Audit Committee Meetings Attended
DJ Humann	9	9	3	3
DCA Moore	9	9	3	3
RG Wadley**	9	6	*	*
JW Gardner	9	9	*	*
IF Burston	3	3	*	*
WJ du Plessis (alternate for RG Wadley)**	9	9	*	*

\* Not a member of the Audit Committee during the year. Mr IF Burston was appointed to the Audit Committee on 11 July 2003.

\*\* Mr RG Wadley and Mr WJ du Plessis resigned as Directors on 27 August 2003.

## FUTURE DEVELOPMENTS

Details of important developments occurring in this financial year have been covered in the Review of Operations. The company will continue to actively explore for minerals, and any significant information or data will be released to the market and the shareholders pursuant to the Continuous Disclosure rules as and when they are to hand.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

## INFORMATION ON DIRECTORS AND EXECUTIVE REMUNERATION

Remuneration levels of the directors and senior executives are set by reference to other similar sized mining and exploration companies with similar risk profiles and are set to attract and retain executives capable of managing the consolidated entity's operations in Australia, the South West Pacific, Africa and Pakistan. Remuneration of non-executive directors is determined by the Board within the maximum approved by the shareholders from time to time. The Board undertakes an annual review of its performance against goals set at the start of the year. No bonuses are paid to non-executive directors.

Details of the nature and amount of each element of remuneration for each director of Mincor Resources NL and each of its five officers of the Company and the consolidated entity receiving the highest emoluments are set out below:

Name of Directors	Directors Fee \$	Salary \$	Bonus \$	Super- annuation \$	Options \$	Other \$	Total \$
DJ Humann (Non-executive Chairman)	55,045	-	-	4,955	-	-	60,000
DCA Moore (Managing Director)	-	335,760	48,750	10,519	-	588	395,617
RG Wadley (Non-executive Director)	-	-	-	-	-	-	-
JW Gardner (Non-executive Director)	33,027	-	-	2,973	-	-	36,000
IF Burston* (Non-executive Director)	15,842	-	-	1,426	-	-	17,268
WJ du Plessis (Non-executive and Alternate Director)	-	-	-	-	-	-	-

\* Mr IF Burston was appointed a director on 9 January 2003.

## DIRECTORS' REPORT

for the year ended 30 June 2003

Name of Senior Executives	Directors Fee \$	Salary \$	Bonus \$	Super-annuation \$	Options \$	Other \$	Total \$
J S Reeve	-	189,893	20,020	10,519	-	588	221,020
B Lynn	-	132,440	18,850	11,972	-	588	163,850
R J Hartley	-	118,078	11,627	10,519	-	588	140,812
R A Hatfield	-	110,523	10,900	10,000	-	588	132,011
J G Kerr	-	95,371	9,356	8,583	-	-	113,310

No options were issued to any of the directors or the five most highly remunerated officers of the Company during the year ended 30 June 2003.

### EVENTS SUBSEQUENT TO 30 JUNE 2003

On 24 July 2003 the Company acquired from Gold Fields Limited a substantial package of mining and prospecting licences which surround the Company's existing tenements in the Widgiemooltha area of Western Australia for \$130,000. The acquisition also requires the Company to assume environmental liabilities estimated at \$120,000. The majority of tenements acquired exclude the rights to explore and mine for nickel.

On 28 July 2003 Kumba International BV sold its shareholding in the Company to a range of Australian and overseas financial institutions.

On 20 August 2003 the Company announced its intention to distribute the majority of the securities it holds in Tethyan Copper Company Limited ("TCC") to shareholders of Mincor Resources NL via an in specie distribution. It is TCC's intention to apply for the listing of its shares on the Australian Stock Exchange and to conduct a capital raising. The demerger proposal is subject to the approval of Mincor shareholders, which approval will be sought at a general meeting of the Company on 19 September 2003.

On 28 August 2003 the Directors declared a fully franked dividend of 1.5 cents per share in respect of the year ended 30 June 2003.

### CORPORATE GOVERNANCE

The Company's corporate governance policies and practices are set out separately in this document.

### ENVIRONMENTAL MATTERS

The consolidated entity is subject to environmental regulation on its mineral properties. To the best of the belief and knowledge of the directors, no breach of environmental legislation occurred during the year and up to the date of this report. Further details on environmental policy is set out in the Annual Report under the Corporate Governance section and the Health, Safety and Environmental Policy section.



## SHARE OPTIONS

i) Outstanding share options granted over ordinary shares in the Company at 30 June 2003 are as follows:

Number of Options	Date of Issue	Exercise Price	Date of Expiry
600,000	19 March 1999	20 cents	18 March 2004
1,500,000	8 January 2000	20 cents	7 January 2005
500,000	9 February 2000	20 cents	8 February 2005
750,000	17 January 2001	20 cents	16 January 2006
1,000,000	6 April 2001	20 cents	5 April 2006
500,000	22 May 2001	20 cents	21 May 2006
500,000	8 August 2001	20 cents	7 August 2006
444,000	21 August 2002	25 cents	5 July 2007
500,000	4 April 2003	29 cents	13 February 2008
6,294,000			

- ii) On 21 August 2002 the Company issued to certain employees 444,000 unlisted options over fully paid ordinary shares, exercisable at 25 cents and expiring on 5 July 2007.
- iii) On 4 April 2003 the Company issued to certain employees 545,000 unlisted share options over fully paid ordinary shares, exercisable at 29 cents and expiring on 13 February 2008.
- iv) During the year 1,395,000 fully paid ordinary shares were issued, pursuant to the exercise of options granted by the Company.
- v) None of the option holders have any right to participate by virtue of the options in any share issue of any other corporation.

## INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of \$29,620 to insure the directors and secretary of the Company.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company.

## ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Dated in Perth this 1st day of September 2003 in accordance with a resolution of the directors.



DCA Moore

Managing Director

# STATEMENTS OF FINANCIAL PERFORMANCE

for the year ended 30 June 2003

		CONSOLIDATED		PARENT ENTITY	
		2003	2002	2003	2002
	Note	\$'000	\$'000	\$'000	\$'000
<b>Revenue from Ordinary Activities</b>	2	78,992	64,211	78,949	64,194
Mining contractor costs		(24,702)	(16,933)	(24,702)	(16,933)
Ore tolling costs		(9,300)	(7,606)	(9,300)	(7,606)
Royalty expense	3	(4,691)	(3,501)	(4,691)	(3,501)
Employee benefit expense		(2,479)	(1,820)	(2,479)	(1,775)
Borrowing cost expense	3	(1,365)	(2,688)	(1,365)	(2,688)
Exploration costs provided for or expensed		(2,140)	(1,291)	(1,928)	(1,280)
Depreciation and amortisation expense	3	(14,268)	(10,406)	(14,268)	(10,406)
Provision for diminution in investment	3	-	(214)	-	(214)
Other expenses from ordinary activities		(4,946)	(4,594)	(4,615)	(4,437)
Profit from ordinary activities before income tax expense		15,101	15,158	15,601	15,354
Income tax expense	4	(6,080)	(5,912)	(6,080)	(5,912)
Net profit		9,021	9,246	9,521	9,442
Net loss attributable to outside equity interest		58	42	-	-
Net profit attributable to the members of Mincor Resources NL		9,079	9,288	9,521	9,442
Net increase in asset revaluation reserve	17	10,845	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	19	19,924	9,288	9,521	9,442
		<b>Cents</b>	<b>Cents</b>		
Earnings per share	31	5.3	5.5		
Diluted earnings per share	31	4.8	5.1		

*The above Statements of Financial Performance should be read in conjunction with the accompanying notes.*

# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2003

		CONSOLIDATED		PARENT ENTITY	
		2003	2002	2003	2002
	Note	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>					
Cash assets	29(b)	19,085	16,909	18,926	16,515
Receivables	5	11,563	15,949	11,546	15,946
Inventory	6	138	309	138	309
Prepayments		145	187	145	187
Other current assets	1	3,498	-	3,498	-
<b>Total Current Assets</b>		<b>34,429</b>	<b>33,354</b>	<b>34,253</b>	<b>32,957</b>
<b>Non-Current Assets</b>					
Receivables	5	229	229	1,095	917
Investments	7	556	306	5,330	3,680
Property, plant and equipment	8	17,695	26,866	17,690	26,865
Exploration, evaluation and development expenditure	9	25,360	10,051	5,556	5,124
Borrowing establishment costs	10	463	1,098	463	1,098
Other non-current assets		36	34	-	-
<b>Total Non-Current Assets</b>		<b>44,339</b>	<b>38,584</b>	<b>30,134</b>	<b>37,684</b>
<b>TOTAL ASSETS</b>		<b>78,768</b>	<b>71,938</b>	<b>64,387</b>	<b>70,641</b>
<b>Current Liabilities</b>					
Payables	11	14,044	16,070	13,702	15,715
Interest bearing liabilities	12	1,117	17,908	1,117	17,908
Tax liabilities	13	7,628	3,614	7,628	3,614
Provisions	14	330	273	330	273
Other current liabilities	1	3,498	-	3,498	-
<b>Total Current Liabilities</b>		<b>26,617</b>	<b>37,865</b>	<b>26,275</b>	<b>37,510</b>
<b>Non-Current Liabilities</b>					
Interest bearing liabilities	12	64	4,679	64	4,679
Provisions	14	578	252	578	252
Deferred tax liabilities	15	2,917	4,351	2,917	4,351
<b>Total Non-Current Liabilities</b>		<b>3,559</b>	<b>9,282</b>	<b>3,559</b>	<b>9,282</b>
<b>TOTAL LIABILITIES</b>		<b>30,176</b>	<b>47,147</b>	<b>29,834</b>	<b>46,792</b>
<b>NET ASSETS</b>		<b>48,592</b>	<b>24,791</b>	<b>34,553</b>	<b>23,849</b>
<b>Equity</b>					
Contributed equity	16	19,426	18,243	19,426	18,243
Reserves	17	11,734	889	-	-
Retained profits	18	14,385	5,306	15,127	5,606
<b>Total parent equity interest</b>		<b>45,545</b>	<b>24,438</b>	<b>34,553</b>	<b>23,849</b>
Outside equity interest in controlled entities	20	3,047	353	-	-
<b>TOTAL EQUITY</b>	<b>19</b>	<b>48,592</b>	<b>24,791</b>	<b>34,553</b>	<b>23,849</b>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2003

		CONSOLIDATED		PARENT ENTITY	
		2003	2002	2003	2002
	Note	\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>					
Receipts from customers (inclusive of GST)		90,282	62,853	90,282	62,853
Payments to suppliers and employees (inclusive of GST)		(53,768)	(35,551)	(53,367)	(35,411)
		36,514	27,302	36,915	27,442
Interest received		554	499	537	472
Interest paid		(1,419)	(2,285)	(1,419)	(2,285)
Other revenue		67	51	44	61
Income tax paid		(3,500)	(18)	(3,500)	(18)
<b>Net Cash Inflow from Operating Activities</b>	29(a)	32,216	25,549	32,577	25,672
<b>Cash Flows from Investing Activities</b>					
Payment for investment in controlled entity		-	-	(500)	-
Payments for acquisition of mine properties		-	(10,329)	-	(10,329)
Payments for property, plant and equipment		(6,278)	(3,945)	(6,277)	(3,944)
Payments for exploration, evaluation and development expenditure		(2,726)	(1,547)	(2,089)	(831)
Loans to related parties		-	-	(178)	(192)
Receipts from/(Payments to) Debt Service Reserve Account	29(b)	3,040	(3,040)	3,040	(3,040)
<b>Net Cash (Outflow) from Investing Activities</b>		(5,964)	(18,861)	(6,004)	(18,336)
<b>Cash Flows from Financing Activities</b>					
Proceeds from issues of shares		369	-	283	-
Proceeds from borrowings		-	7,980	-	7,980
Repayment of borrowings		(21,405)	(9,725)	(21,405)	(9,725)
Payments for borrowing costs		-	(603)	-	(603)
<b>Net Cash (Outflow) from Financing Activities</b>		(21,036)	(2,348)	(21,122)	(2,348)
<b>Net Increase in Cash Held</b>		5,216	4,340	5,451	4,988
Cash at the Beginning of the Financial Year		13,869	9,529	13,475	8,487
<b>Cash at the End of the Financial Year</b>	29(b)	19,085	13,869	18,926	13,475
Non-cash financing and investing activities	30				

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 1

### Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. The accounting policies adopted are on a consistent basis with those of previous years and are in accordance with the historical cost convention, unless otherwise stated.

#### a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Mincor Resources NL as at 30 June 2003 and the results of all controlled entities for the twelve months then ended. Mincor Resources NL and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated entity statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated entity statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

When the parent entity increases its ownership interest in a controlled entity, the acquisition is accounted for separately from previous acquisitions of ownership interest in the controlled entity. In preparing the consolidated accounts the acquisition is accounted for in accordance with Note 1(r).

#### b) Revenue Recognition

Sales revenue comprises revenue earned from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the product is delivered and:

- risk has been passed to the customer;
- the product is in a form suitable for delivery;
- the quantity of the product can be determined with reasonable accuracy;
- the product has been despatched to the customer and no longer under the physical control of the producer; and
- the selling price can be determined with reasonable accuracy.

Sales revenue represents gross proceeds receivable from the customer. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of shipment and the time of final settlement of sales proceeds.

Interest income is recognised as it accrues. The gross proceeds from the sale of assets, including investments and exploration tenements are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

#### c) Depreciation and Amortisation

Office property, plant and equipment are depreciated or amortised over their estimated useful economic lives using either the straight line or reducing balance method. The expected useful lives are as follows:

- Plant and Equipment - 2 to 5 years
- Furniture and Fittings - 3 to 10 years

Refer to Notes 1(g), 1(h), 1(i) and 1(j) for the accounting policy with respect to exploration and evaluation expenditure, development properties, mine properties, and mine buildings, machinery and equipment.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 1

### Summary of Significant Accounting Policies (continued)

#### d) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit/loss after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on net cumulative timing differences is set aside to the deferred income tax and future income tax benefits accounts at the rates which are expected to apply when those timing differences reverse.

#### e) Foreign Currency Translation

##### i) Transactions

Foreign currency transactions are initially converted to Australian currency at the rate of exchange ruling at the date of each transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year in the statement of financial performance.

##### ii) Foreign controlled entities

Assets and liabilities of the controlled entities have been translated using the temporal method, as all controlled entities rely on the parent entity for funds. Under this method non-monetary assets are translated at historical rates.

Assets and liabilities held or payable in foreign currencies have been converted at the rates of exchange ruling at balance date.

Exchange gains and losses have been brought to account in determining the economic entity's results for the year.

##### iii) Specific commitments

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates. Gains or costs arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods or services, together with subsequent exchange gains or losses resulting from those transactions are deferred up to the date of the purchase or sale and included in the measurement of the purchase or sale. The net amounts receivable or payable under the hedging transaction are also recorded in the statement of financial position. Any gains or losses arising on the hedging transaction after the recognition of the hedged purchase or sale are included in the statement of financial performance.

In the case of hedges of monetary items, exchange gains or losses are brought to account in the financial year in which the exchange rates change. Gains or costs arising at the time of entering into such hedging transactions are brought to account in the statement of financial performance over the lives of the hedges.

When anticipated purchase or sale transactions have been hedged, actual purchases or sales which occur during the designated hedged period are accounted for as having been hedged until the amounts of those transactions in the designated period are fully allocated against the hedged amounts.

If the hedged transaction is not expected to occur as originally designated, or if the hedge is no longer expected to be effective, any previously deferred gains or losses are recognised in the statement of financial performance immediately.

If the hedging transaction is terminated prior to its maturity date and the hedged transaction is still expected to occur as designated, deferral of any gains and losses which arose prior to termination continues and those gains and losses are included in the measurement of the hedged transaction.

If a hedge transaction relating to a commitment for the purchase or sale of goods or services is redesignated, the gains and losses that arise on the hedge prior to its redesignation continue to be deferred and included in the measurement of the original purchase or sale when it takes place. If the hedge transaction is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur as designated, the gains and losses that arise on the hedge prior to its redesignation are recognised in the statement of financial performance at the date of the redesignation.

## NOTE 1

### Summary of Significant Accounting Policies (continued)

#### iv) General commitments

Exchange gains or losses on other hedge transactions are brought to account in the statement of financial performance in the financial year in which the exchange rates change. Gains or costs arising on entry into hedges of general commitments are recognised as assets or liabilities at the time of entry into the hedges and are amortised over the lives of the hedges.

#### f) Inventories

##### *Raw materials and stores, work in progress and finished goods*

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of stock on the basis of weighted average costs.

#### g) Exploration and Evaluation Expenditure

Exploration and evaluation costs related to an area of interest are written off as incurred except that they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- i) such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- ii) exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB1015 *Accounting for the Acquisition of Assets*. Exploration assets acquired are assessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the consolidated entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon is made.

#### h) Development Properties

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure having a specific nexus with the development property.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated with the cost of development and classified under non-current assets as "Development Properties".

All expenditure incurred prior to the commencement of commercial levels of production from each development property, is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until they are reclassified as "Mine Properties" following a decision to commence mining.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 1

### Summary of Significant Accounting Policies (continued)

#### i) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the consolidated entity in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs are provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount, that excess is either fully provided against or written off in the financial year in which this is determined.

#### j) Mine Buildings, Machinery and Equipment

The cost of each item of buildings, machinery and equipment is written off over its expected useful life using either the unit-of-production or straight-line method.

The unit-of-production basis results in an amortisation charge proportional to the depletion of the recoverable mineral reserves. Each item's economic life has due regard to both its own physical life limitations and to present assessments of recoverable mineral reserves of the mine property at which the item is located, and to possible future variations in those assessments.

Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments of major items.

The expected useful lives are as follows:

- mine buildings – the shorter of applicable mine life and 5 years
- machinery and equipment – the shorter of applicable mine life and 2 to 10 years, depending on the nature of the asset.

Total net carrying value of mine buildings, machinery and equipment at each mine property are reviewed regularly and, to the extent to which these values exceed their recoverable amounts, that excess is fully provided against/written down in the financial year in which this is determined.

#### k) Borrowing Establishment Costs

Borrowing establishment costs represent those costs incurred by or on behalf of the consolidated entity in establishing borrowing facilities to finance the acquisition of mine properties.

Amortisation of costs are provided on the unit-of-production basis based upon the initial economically recoverable mineral reserves acquired.

#### l) Investments

##### *Controlled Entities*

Investments in controlled entities are valued in the parent entity's accounts at cost less amounts written off to recognise any permanent diminution in value (where applicable).

##### *Listed and Unlisted Investments*

Interests in listed and unlisted securities, other than controlled entities in the consolidated financial statements, are brought to account at cost and dividend income is recognised in the statement of financial performance when receivable.



## NOTE 1

### Summary of Significant Accounting Policies (continued)

#### m) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised in accordance with policy 1(c) above.

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

#### n) Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of joint ventures are set out in Note 26.

#### o) Employee Benefits

##### *Wages and Salaries, Annual Leave and Sick Leave*

Liabilities for wages and salaries, annual leave and accumulating sick leave are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

##### *Long Service Leave*

A liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with the above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Equity-based Compensation Benefits*

Equity-based compensation benefits are provided to employees via the Mincor Resources NL 2002 Employee Share Option Plan. Information relating to this Plan are set out in Note 33.

No accounting entries are made in relation to the Mincor Resources NL's 2002 Employee Share Option Plan until options are exercised, at which time the amounts receivable from employees are recognised in the statement of financial position as share capital. The amounts disclosed for remuneration of directors and executives include the assessed fair values of options at the date they were granted.

#### p) Cash

For the purpose of the statements of cash flow, cash includes deposits at call, short term bank bills, and cash at bank and in transit, all of which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

#### q) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 1

### Summary of Significant Accounting Policies (continued)

#### r) Acquisitions of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is their market value.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

Where an entity or operation is acquired and the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the difference, representing a discount on acquisition, is accounted for by reducing proportionately the fair values of the non-monetary assets acquired until the discount is eliminated. Where, after reducing to zero the recorded amounts of the non-monetary assets acquired, a discount balance remains it is recognised as revenue in the statement of financial performance.

#### s) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. To the extent that a revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the statement of financial performance.

The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

#### t) Earnings Per Share

##### *Basic earnings per share*

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### u) Restoration and Rehabilitation Expenditure

Restoration and rehabilitation costs necessitated by exploration, evaluation and mining activities are charged to costs of production on a gradual basis over the life of the economically recoverable resources.

Restoration and rehabilitation costs include the costs of reclamation, plant and waste site closure and subsequent monitoring of the environment.

Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to producing areas are dealt with prospectively over the remaining mine life.

## NOTE 1

### Summary of Significant Accounting Policies (continued)

#### v) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

#### w) Royalties

Royalties are accrued and charged against earnings when the liability from production or sale of the mineral crystallises.

#### x) Commodity Hedging

Hedging is undertaken in order to avoid or minimise possible adverse financial or cash flow effects of movements in commodity prices. Premiums received or costs arising upon entering into forward sale, option and other derivative contracts intended to hedge specific future production, together with subsequent realised and unrealised gains or losses, are deferred until the hedged production is delivered and included in the measurement of sale.

In those circumstances where a hedging transaction is terminated prior to maturity because the hedged production is no longer expected to be produced, any gains and losses are recognised in the statement of financial performance on the date of termination. If the hedging transaction is terminated prior to its maturity date and the hedged transaction is still expected to occur, deferral of any gains and losses which arose prior to termination are deferred and brought to account when the hedged transaction occurs.

If a hedge transaction relating to a commitment for the sale of a commodity is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedge prior to this redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedge transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the statement of financial performance at the date of the redesignation.

#### y) Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

#### z) Change in Accounting Policy for Specific Foreign Exchange Hedge Commitments

As detailed in Note 1(e)(iii), specific hedging is undertaken in order to avoid or minimise the possible adverse financial effects of movements in exchange rates. Gains or costs arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods, together with subsequent gains or losses resulting from those transactions are deferred up to the date of the purchase or sale and included in the measurement of the purchase or sale.

The net deferred gains or losses on foreign exchange hedge commitments are brought to account in the statement of financial position each reporting period and result in an equal and offsetting hedge asset and hedge liability being recognised.

The above policy was adopted with effect from 1 July 2002 to comply with the revised standard AASB 1012 – Foreign Currency Translation, released in November 2000 and applicable for the first time this financial period. In previous periods under the accounting policy disclosed in note 1(e)(iii) of the 30 June 2002 annual financial report, no amounts have been brought to account as offsetting hedge asset and hedge liabilities in respect of any gains or losses arising from changes in exchange rates prior to the date of purchase or sale. Prior to the adoption of the revised standard, the net gain or loss on foreign exchange hedge contracts was not recorded in the statement of financial position, but rather, disclosed in a note to the financial statements.

As a result of this change in accounting policy, a hedge asset representing "Hedge book asset" and a hedge liability representing "Deferred gain on hedge book" were recognized for the first time, both totaling \$3,498,000 as at 30 June 2003 (\$2,630,000 respectively as at 30 June 2002). No adjustment has been made against retained profits at 1 July 2002. This change in accounting policy has no impact on the statement of financial performance in the current year, or for future reporting periods.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 2

### Revenue

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
<b>Revenue from Operating Activities</b>				
Sale of goods	77,668	63,509	77,668	63,509
<b>Revenue from Outside the Operating Activities</b>				
Administration fees	32	51	32	61
Interest income	553	499	536	472
Foreign exchange gains	453	152	453	152
Other income	286	-	260	-
<b>Revenue from Ordinary Activities</b>	<b>78,992</b>	<b>64,211</b>	<b>78,949</b>	<b>64,194</b>

## NOTE 3

### Operating Profit

Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:

#### Net Gains

Foreign exchange gains	453	152	453	152
------------------------	-----	-----	-----	-----

#### Expenses

Cost of sale of goods	58,082	39,893	58,082	39,893
Borrowing Costs				
Interest paid or due and payable to:				
- Other persons	634	2,056	634	2,056
- Associated entity	128	217	128	217
Amortisation of borrowing costs	603	415	603	415
	1,365	2,688	1,365	2,688
Loss on sale of fixed assets	-	8	-	8
Provision for write down of investments	-	214	-	214
Exploration expenditure provided for or written off	2,140	1,291	1,928	1,280
Rental expenses relating to operating leases	65	52	65	52
Government royalty expense	3,183	2,593	3,183	2,593
Depreciation and amortisation:				
- Mine property	1,616	1,235	1,616	1,235
- Plant and Equipment	12,652	9,171	12,652	9,171
	14,268	10,406	14,268	10,406
Net expense from movement in provisions:				
- Employee entitlements	222	130	222	130
- Rehabilitation	326	222	326	222

## NOTE 4

### Income Tax

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
a) The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating profit. The difference is reconciled as follows:				
Operating profit before income tax	15,101	15,158	15,601	15,354
Income tax calculated at 30% (2002 – 30%)	4,530	4,548	4,680	4,606
Tax effect of permanent differences:				
Amortisation of property, plant & equipment	1,575	1,376	1,575	1,376
Provision for write down of investments	-	64	-	64
Exploration expenditure	-	142	-	142
Other	164	(166)	14	(224)
Income tax adjusted for permanent differences	6,269	5,964	6,269	5,964
Over-provision in previous year	(189)	(52)	(189)	(52)
Income tax attributable to operating profit	6,080	5,912	6,080	5,912
Income tax attributable to the operating profit comprises:				
Provision for deferred income tax	(1,434)	2,279	(1,434)	2,279
Provision for income tax	7,628	3,614	7,628	3,614
Other	(114)	19	(114)	19
	6,080	5,912	6,080	5,912

The Company is not impacted by the new tax consolidation regime.

### b) Franking Credits

	PARENT ENTITY	
	2003	2002
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	11,114	3,614

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 5

### Receivables

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Trade debtors	15,561	19,575	15,561	19,575
Less: Hedge adjustment	(4,318)	(3,765)	(4,318)	(3,765)
	11,243	15,810	11,243	15,810
Other debtors	320	139	303	136
	11,563	15,949	11,546	15,946
<b>Non-Current</b>				
Amounts owing from controlled entities	-	-	866	688
Other debtors	229	229	229	229
	229	229	1,095	917

At 30 June 2003 the consolidated entity and Company had trade debtors totalling A\$3,859,038 (2002: A\$5,078,682) which are denominated in US Dollars and are unhedged.

Recoverability of the Company's interest in loans to and shares in controlled entities is subject to the successful exploitation and development of the controlled entities' interests in mineral tenements or alternatively, the sale of the Company's interest in the loans and shares at amounts at least equal to the book values.

The total revenue from operating activities and the related trade debtors balance are due from WMC Resources Ltd pursuant to Ore Toll and Concentrate Purchase Agreements.

## NOTE 6

### Inventory

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Work in progress – at cost	138	309	138	309

## NOTE 7

### Investments

#### Non-Current

Shares in listed companies at cost	1,177	927	250	-
Shares in controlled entities - at cost (refer Note 25)	-	-	5,702	4,302
Less provision for diminution in value	(621)	(621)	(622)	(622)
	556	306	5,330	3,680

The aggregate market value of shares in listed companies at 30 June 2003 is \$1,043,000 (2002: \$306,000).

## NOTE 8

### Property, Plant and Equipment

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Mine property costs	39,491	35,178	39,491	35,178
Less: Provision for amortisation	(23,893)	(11,241)	(23,893)	(11,241)
	15,598	23,937	15,598	23,937
Plant and equipment	5,030	4,253	5,023	4,251
Less: Provision for depreciation	(2,933)	(1,324)	(2,931)	(1,323)
	2,097	2,929	2,092	2,928
Total written down value	17,695	26,866	17,690	26,865

### Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Mine Property Costs \$'000	Plant and Equipment \$'000	Total \$'000
<b>Consolidated</b>			
Carrying amount at 1 July 2002	23,937	2,929	26,866
Additions	4,313	784	5,097
Depreciation/amortisation expense	(12,652)	(1,616)	(14,268)
Carrying amount at 30 June 2003	15,598	2,097	17,695
<b>Parent Entity</b>			
Carrying amount at 1 July 2002	23,937	2,928	26,865
Additions	4,313	780	5,093
Depreciation/amortisation expense	(12,652)	(1,616)	(14,268)
Carrying amount at 30 June 2003	15,598	2,092	17,690

Refer Note 12 for information on non-current assets pledged as security by the parent entity and its controlled entities.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 9

### Exploration, Evaluation and Development Expenditure

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
<b>Exploration and Evaluation Expenditure</b>				
Opening balance	7,661	7,409	2,734	3,171
Current year's expenditure	2,606	1,543	1,928	843
Fair value of mineral exploration assets acquired (Refer Note 17)	14,411	-	-	-
Expenditure provided for or written off in current year	(2,140)	(1,291)	(1,928)	(1,280)
Closing balance	22,538	7,661	2,734	2,734
<b>Development Expenditure</b>				
Opening balance	2,390	-	2,390	-
Current year's expenditure	432	110	432	110
Additions pursuant to acquisition of mine	-	2,280	-	2,280
Closing balance	2,822	2,390	2,822	2,390
<b>Total Exploration, Evaluation and Development Expenditure</b>	<b>25,360</b>	<b>10,051</b>	<b>5,556</b>	<b>5,124</b>

Recoverability of the consolidated entity's carrying value of interests in mineral projects is subject to the successful development and exploitation of the exploration properties or alternatively, the sale of these interests at amounts at least equal to the book values.

## NOTE 10

### Borrowing Establishment Costs

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Borrowing establishment costs	1,545	1,577	1,545	1,577
Less: Provision for amortisation	(1,082)	(479)	(1,082)	(479)
	463	1,098	463	1,098

## NOTE 11

### Payables

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Current				
Trade creditors	5,772	6,120	5,729	5,796
Other creditors and accruals	8,272	9,950	7,973	9,919
	14,044	16,070	13,702	15,715

At 30 June 2003 the consolidated entity had A\$187,110 (2002: A\$270,759) owing to creditors in US Dollars which were unhedged and A\$37,561 (2002: A\$55,148) owing to creditors denominated in Pakistan rupees which were unhedged.

## NOTE 12

### Interest Bearing Liabilities

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Current				
Secured				
Bank loans	229	16,340	229	16,340
Lease liabilities	176	143	176	143
Unsecured				
Loan – associated entity	712	1,425	712	1,425
	1,117	17,908	1,117	17,908
Non-Current				
Secured				
Bank loans	-	3,733	-	3,733
Lease liabilities	64	233	64	233
Unsecured				
Loan – associated entity	-	713	-	713
	64	4,679	64	4,679

The bank loans of the parent entity and consolidated entities are secured by a first ranking fixed and floating charge over specific project assets and undertakings, which were the subject of the project finance provided.

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 12

### Interest Bearing Liabilities (continued)

#### Financing Arrangements

Entities in the consolidated entity have access to the following financing arrangements at balance date:

	<b>CONSOLIDATED</b>		<b>PARENT ENTITY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash Advance Facility – secured	229	17,100	229	17,100
Less: Draw down portion	(229)	(17,033)	(229)	(17,033)
Subordinated Debt Facility – secured	-	3,040	-	3,040
Less: Draw down portion	-	(3,040)	-	(3,040)
Loan Facility – unsecured	712	2,138	712	2,138
Less: Draw down portion	(712)	(2,138)	(712)	(2,138)
	-	67	-	67

The Cash Advance Facility is denominated in Australian dollars and is repayable by September 2003. Interest is charged at the BBSY rate plus an applicable margin. The outstanding balance recognises unconditional performance bonds required on certain mining leases held by the Company. (Refer Note 5).

The Subordinated Debt Facility is denominated in Australian dollars and was repaid in January 2003. Interest was charged at the BBSY rate plus an applicable margin.

The Unsecured Loan Facility has been provided by Kumba International BV, is denominated in Australian dollars and is repayable by February 2004. Interest is charged at the BBSY rate plus an applicable margin.

## NOTE 13

### Tax Liabilities

	<b>CONSOLIDATED</b>		<b>PARENT ENTITY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current				
Income tax	7,628	3,614	7,628	3,614



**NOTE 14**  
**Provisions**

	<b>CONSOLIDATED</b>		<b>PARENT ENTITY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>				
Other	142	142	142	142
Employee benefits (Note 33)	188	131	188	131
	330	273	330	273
<b>Non-Current</b>				
Rehabilitation	578	252	578	252
	578	252	578	252

**Movements in Provisions**

Movements in each class of provisions during the financial year are set out below.

	<b>Employee Benefits</b>	<b>Rehabilitation</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated – 2003</b>				
Carrying amount at start of year	131	252	142	525
Additional provisions recognised	222	326	-	548
Payments of economic benefits	(165)	-	-	(165)
Carrying amount at end of year	188	578	142	908
<b>Parent Entity - 2003</b>				
Carrying amount at start of year	131	252	142	525
Additional provisions recognised	222	326	-	548
Payments of economic benefits	(165)	-	-	(165)
Carrying amount at end of year	188	578	142	908

At 30 June 2003 the Company employed 11 people (2002: 10 people).

**NOTE 15**  
**Deferred Tax Liabilities**

	<b>CONSOLIDATED</b>		<b>PARENT ENTITY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Provision for deferred income tax	2,917	4,351	2,917	4,351

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 16

### Contributed Equity

#### a) Issued and Paid-up Capital

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Fully paid 173,475,005 ordinary shares (2002: 169,080,005)	19,426	18,243	19,426	18,243

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

#### b) Movements in Ordinary Share Capital

2003	No. of Shares	Issue Price	\$'000
Opening balance	169,080,005		18,243
Share issue pursuant to the exercise of options over fully paid shares	1,350,000	\$0.20	270
Share issue pursuant to the exercise of options over fully paid shares	45,000	\$0.29	13
Share issue following the exercise of Put and Call Option Agreements by the seed investors of Tethyan Copper Company Limited. Refer Note 25	3,000,000	\$0.30	900
	173,475,005		19,426

#### c) Options

At 30 June 2003 options to take up shares in the parent entity are as follows:

Number and Class	Issue Date	Expiry Date	Exercise Price
600,000 unlisted	19 March 1999	18 March 2004	20 cents per share
1,500,000 unlisted	8 January 2000	7 January 2005	20 cents per share
500,000 unlisted	9 February 2000	8 February 2005	20 cents per share
750,000 unlisted	17 January 2001	16 January 2006	20 cents per share
1,000,000 unlisted	6 April 2001	5 April 2006	20 cents per share
500,000 unlisted	22 May 2001	21 May 2006	20 cents per share
500,000 unlisted	8 August 2001	7 August 2006	20 cents per share
444,000 unlisted	21 August 2002	5 July 2007	25 cents per share
500,000 unlisted	4 April 2003	13 February 2008	29 cents per share

## NOTE 16

### Contributed Equity (continued)

The above options have been granted under the Mincor Resources NL Incentive Option Scheme and the Mincor Resources NL 2002 Employee Share Option Plan. Each option entitles the holder to acquire one ordinary share by payment of the exercise price prior to the expiry date.

In 2001 the Tethyan Copper Company Limited, a 81.5% owned controlled entity of Mincor Resources NL, raised \$1,285,000 by the issue of 12,850,000 Tethyan Copper Company Limited shares to seed investors to fund the Reko Diq Project in Pakistan. Under the original terms of the issue of these Tethyan Copper Company Limited shares, the seed investors had the right, under certain conditions, to exchange their shares in the Tethyan Copper Company Limited for an equal number of shares in the Company between 1 January 2002 and 31 March 2002 pursuant to a Put and Call Option Agreement ("Option Agreement"). This exercise period has subsequently been extended from 31 March 2002 to 31 December 2003. At 30 June 2003, seed investors in Tethyan Copper Company Limited held Option Agreements which entitled them to a total of 9,850,000 shares in the Company.

## NOTE 17

### Reserves

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Asset revaluation reserve	10,845	-	-	-
Capital reserve	889	889	-	-
	11,734	889	-	-

### Movements

#### Asset Revaluation Reserve

Opening balance	-	-	-	-
Increment on the acquisition of an additional ownership				
Interest in an existing controlled entity	10,845	-	-	-
Closing balance	10,845	-	-	-

As disclosed in Note 25, the Company acquired an additional 5.5% interest in Tethyan Copper Company Limited following the exercise of Put and Call Option Agreements over 3,000,000 fully paid ordinary shares in the Company by seed investors of Tethyan Copper Company Limited.

Pursuant to AASB1024: Consolidated Accounts the consolidated entity is required, on the incremental acquisition of an additional ownership interest in an existing controlled entity, to revalue on that date all of the net assets of the controlled entity to their fair value.

Accordingly, as a result of the Company acquiring an additional 5.5% interest in Tethyan Copper Company Limited, the consolidated entity recognised an increase of \$14,411,000 in the fair value of mineral exploration assets. Of this increment \$11,745,000 was attributed to the consolidated entity, of which \$10,845,000 is recorded in the Asset Revaluation Reserve, and \$2,666,000 was attributed to outside equity interests (Refer Note 20).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 17

### Reserves (continued)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Capital Reserve				
Opening balance	889	889	-	-
Closing balance	889	889	-	-

### Nature and Purpose of Reserves

The Asset Revaluation Reserve is used to record increments on the revaluation of non-current assets which arise from increases in ownership interests in controlled entities.

The Capital Reserve arose following the sale by the Company of a minority interest in Tethyan Copper Company Limited. Given the Tethyan Copper Company Limited's main assets are exploration properties in Pakistan, the Company considered it appropriate to recognise the dilutionary gain as a Capital Reserve and not as income in the consolidated statement of financial performance.

## NOTE 18

### Retained Profits/(Accumulated Losses)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Accumulated profits/(losses) at the beginning of the financial year	5,306	(3,982)	5,606	(3,836)
Net profit attributable to the members of Mincor Resources NL	9,079	9,288	9,521	9,442
Retained profits at the end of the financial year	14,385	5,306	15,127	5,606

## NOTE 19

### Equity

Total equity at the beginning of the financial year	24,791	15,545	23,849	14,407
Total changes in equity recognised in the statement of financial performance	19,924	9,288	9,521	9,442
Issue of additional ordinary shares during the year	1,183	-	1,183	-
Changes in outside equity interest	2,694	(42)	-	-
Total equity at the end of the financial year	48,592	24,791	34,553	23,849

## NOTE 20

### Outside Equity Interest

Interest in (accumulated losses)	(100)	(42)	-	-
Interest in equity	481	395	-	-
Interest in asset revaluation reserve (refer Note 17)	2,666	-	-	-
Total	3,047	353	-	-

## NOTE 21

### Commitments and Contingencies

#### a) Exploration Commitments

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Discretionary exploration expenditure commitments relating to existing mineral tenements are as follows:				
Due within 1 year	1,375	2,431	703	794
Due within 2 to 5 years	1,334	-	-	-
	2,709	2,431	703	794

All of the above obligations are subject to re-negotiation upon expiry of the mineral tenements and are not provided for in the accounts.

#### b) Operating Lease Commitments

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Operating lease commitments are as follows:				
<b>Office Rental</b>				
Due within 1 year	127	135	127	135
Due within 2 to 5 years	21	157	21	157
	148	292	148	292

#### c) Finance Lease Commitments

Finance and hire purchase rentals for plant and equipment are payable as follows:

Not longer than 1 year	182	160	182	160
Longer than 1 year but not longer than 5 years	64	244	64	244
Minimum lease payments	246	404	246	404
Less: Future lease finance charges	(6)	(28)	(6)	(28)
Recognised as a liability	240	376	240	376

Finance and hire purchase liabilities provided for in the financial statements:

Current	176	143	176	143
Non-current	64	233	64	233
Total liability	240	376	240	376

#### d) Capital Commitments

There are no capital expenditure commitments as at 30 June 2003.

#### e) Contingent Liabilities

There are no known contingent liabilities as at 30 June 2003.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 22

### Segment Information

The consolidated entity operates predominantly in the mining industry and principally within the geographical areas of Australia, Africa, South West Pacific, and Pakistan. Geographic segment information is as follows:

	Australia \$'000	Africa \$'000	South West Pacific \$'000	Pakistan \$'000	Consolidation \$'000
<b>i) 2003</b>					
Revenue from operating activities	77,668	-	-	-	77,668
Interest revenue	536	-	-	17	553
Other revenue	745	26	-	-	771
Total revenue	78,949	26	-	17	78,992
Consolidated entity operating profit/(loss) after income tax	9,282	(222)	19	-	9,079
Segment assets	58,967	1,482	1,737	16,582	78,768
<b>Total Assets</b>	58,967	1,482	1,737	16,582	78,768
Segment liabilities	29,837	-	-	339	30,176
Unallocated liabilities					-
<b>Total Liabilities</b>					30,176
Acquisition of property, plant and equipment, and other non-current segment assets	5,525	-	-	1,582	7,107
Depreciation and amortisation expense	14,871	-	-	-	14,871
Other non-cash expenses	1,928	-	212	-	2,140
<b>ii) 2002</b>					
Revenue from operating activities	63,509	-	-	-	63,509
Interest revenue	472	-	-	27	499
Other revenue	203	-	-	-	203
Total revenue	64,184	-	-	27	64,211
Consolidated entity operating profit/(loss) after income tax	9,782	(480)	(14)	-	9,288
Segment assets	66,982	1,448	1,928	1,580	71,938
<b>Total Assets</b>	66,982	1,448	1,928	1,580	71,938
Segment liabilities	24,205	-	-	355	24,560
Unallocated liabilities					22,587
<b>Total Liabilities</b>					47,147
Acquisition of property, plant and equipment, and other non-current segment assets	15,470	-	-	649	16,119
Depreciation and amortisation expense	10,821	-	-	-	10,821
Other non-cash expenses	806	474	11	-	1,291

## NOTE 23

### Directors and Executives Remuneration

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>a) Directors</b>				
Remuneration paid or payable, or otherwise made available to directors by the consolidated entity or related parties in connection with the management of the affairs of the parent entity or its controlled entities	509,000	321,000	509,000	321,000
The number of directors whose total income from the consolidated entity or related parties was within the specified bands for the year are as follows:				
\$0 - \$9,999	2	2	2	2
\$10,000 - \$19,999	1	-	1	-
\$20,000 - \$29,999	-	1	-	1
\$30,000 - \$39,999	1	1	1	1
\$60,000 - \$69,999	1	-	1	-
\$260,000 - \$269,999	-	1	-	1
\$390,000 - \$399,999	1	-	1	-
<b>b) Executives</b>				
Remuneration paid or payable, or otherwise made available to executive officers (including directors) whose remuneration was at least \$100,000 for the year	1,167,000	901,000	1,167,000	901,000
The number of executives (including directors) whose total remuneration from the Company was within the specified bands for the year are as follows:				
\$110,000 - \$119,999	1	1	1	1
\$120,000 - \$129,999	-	3	-	3
\$130,000 - \$139,999	1	-	1	-
\$140,000 - \$149,999	1	-	1	-
\$160,000 - \$169,999	1	-	1	-
\$170,000 - \$179,999	-	1	-	1
\$220,000 - \$229,999	1	-	1	-
\$260,000 - \$269,999	-	1	-	1
\$390,000 - \$399,999	1	-	1	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 24

### Remuneration of Auditors

During the year the auditor of the parent entity and its related practices earned the following remuneration:

#### PricewaterhouseCoopers – Australian firm

Audit or review of financial reports of the entity or any entity in the consolidated entity

Total audit and other assurance services

Taxation services

Total remuneration

#### Related practices of PricewaterhouseCoopers

##### Australian firm (including overseas

##### PricewaterhouseCoopers firms)

Audit or review of financial reports of the entity or any entity in the consolidated entity

Other assurance activities

Total audit and other assurance services

Taxation

Total remuneration

Remuneration of other auditors of controlled entities for the audit or review of financial reports of any entity in the consolidated entity

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Audit or review of financial reports of the entity or any entity in the consolidated entity	60,660	44,720	45,660	44,720
Total audit and other assurance services	60,660	44,720	45,660	44,720
Taxation services	83,756	51,742	79,846	51,742
Total remuneration	144,416	96,462	125,506	96,462
Audit or review of financial reports of the entity or any entity in the consolidated entity	6,308	-	-	-
Other assurance activities	1,877	-	-	-
Total audit and other assurance services	8,185	-	-	-
Taxation	3,770	20,638	-	-
Total remuneration	11,955	20,638	-	-
Remuneration of other auditors of controlled entities for the audit or review of financial reports of any entity in the consolidated entity	1,000	1,000	-	-

## NOTE 25

### Investments in Controlled Entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding		Cost of Parent Entity's Investment	
			2003 (%)	2002 (%)	2003 (\$'000)	2002 (\$'000)
Oribi Resources Inc	British Virgin Islands	Ordinary	100	100	2,669	2,669
Mincor Tanzania Limited	Tanzania	Ordinary	100	100	1,233	1,233
Tethyan Copper Company Limited	Australia	Ordinary	81.5	76	1,800	400
Tethyan Copper Company (Private) Limited	Pakistan	Ordinary	100	100	-	-
Mincor Operations Pty Ltd	Australia	Ordinary	50	50	-	-
					5,702	4,302

During the year the Company increased its investment in Tethyan Copper Company Limited following:

- the acquisition of 3,000,000 fully paid ordinary shares and 6,000,000 options in Tethyan Copper Company Limited in exchange for 3,000,000 fully paid ordinary shares in the Company, pursuant to Put and Call Option Agreements with seed investors of Tethyan Copper Company Limited, and
- the contribution by the Company of \$500,000 to a \$586,100 capital raising by Tethyan Copper Company Limited.

**NOTE 26****Interests in Joint Ventures**

Name	Principal Activity	Percentage Interest	
		2003	2002
Miitel Joint Venture	Nickel mining and exploration	76	76
Bankole Joint Venture	Gold exploration	20	20
Minerals International Limited Farm-in and Joint Venture	Gold exploration	(earning)	(earning)
Webe Creek Farm-in and Joint Venture	Gold exploration	75	75
Imweru Joint Venture	Gold exploration	60	60

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue or profit.

The economic entity's share of assets employed in joint ventures, as included in the statement of financial position, are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>				
Cash	8,302	15,421	8,302	15,421
Inventory	138	309	138	309
Other	124	172	124	172
<b>Total Current Assets</b>	<b>8,564</b>	<b>15,902</b>	<b>8,564</b>	<b>15,902</b>
<b>Non-Current Assets</b>				
Property, plant and equipment (written down value)	17,670	26,829	17,670	26,829
Receivables	229	229	229	229
Exploration, evaluation and development expenditure	5,307	4,875	5,307	4,875
<b>Total Non-Current Assets</b>	<b>23,206</b>	<b>31,933</b>	<b>23,206</b>	<b>31,933</b>
Share of assets employed in joint venture	31,770	47,835	31,770	47,835

The economic entity's share of contingent liabilities and exploration expenditure commitments relating to joint ventures are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Contingent liabilities	-	-	-	-
Exploration Expenditure Commitments				
Due within 1 year	511	602	511	602
Due within 2 to 5 years	-	-	-	-
	<b>511</b>	<b>602</b>	<b>511</b>	<b>602</b>

All of the above exploration expenditure commitments are subject to re-negotiation upon expiry of the mineral tenements and are not provided for in the accounts.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 27

### Related Party Transactions

#### Directors and Director Related Entities

a) The Directors of the Company during the year were:

- DJ Humann
- DCA Moore
- RG Wadley
- JW Gardner
- IF Burston
- WJ du Plessis (alternate director)

b) The following related party transactions occurred during the period and to the date of the directors' report:

- i) Directors' remuneration as disclosed in Note 23;
- ii) Kumba International BV, a holding company of subsidiary companies in which RG Wadley and WJ du Plessis hold directorship positions, provided a \$2.85 million loan facility to the Company during the 2000/2001 financial year which was fully drawn down. The loan is unsecured and is based upon normal commercial terms and conditions. Kumba International BV has the right to convert the loan facility to equity under certain terms and conditions, subject to shareholder approval. During the year the Company repaid \$1,425,000 of the loan facility leaving a balance of \$712,500 to be paid. In addition, interest costs of \$128,962 (2002: \$216,758) were recognised during the year.
- iii) Rent and administrative costs of \$105,877 (2002: \$85,681) were charged to a subsidiary of Kumba International BV, in which RG Wadley and WJ du Plessis hold directorship positions, pursuant to a service agreement.
- iv) Rent and administrative costs of \$16,023 (2002: \$13,824) were charged to Mr DJ Humann, a director of the Company, on commercial terms and conditions.

All transactions with director related entities are on normal commercial terms and conditions and are conducted on an arms-length basis.

c) The aggregate number of shares and share options of the Company acquired and sold during the year by directors and their director-related entities from the Company, and held at balance date, were as follows:

Ordinary shares acquired	-
Ordinary shares sold	-
Options	-

(refer to Directors' Report for further details)

At balance date, director and director-related entities held directly, indirectly or beneficially, the following shares and share options in Mincor Resources NL:

	2003 Number	2002 Number
Ordinary shares	7,988,650	7,988,650
Options	2,300,000	2,300,000



## **NOTE 27**

### **Related Party Transactions (continued)**

#### **Wholly-Owned Group**

The aggregate amounts receivable from controlled entities is disclosed in Note 5. These loans are on an interest free basis and are repayable on demand.

#### **Other Related Parties**

- i) During the year the Company incurred certain operating costs on behalf of the Miitel Joint Venture (76% owned by Mincor Resources NL). The costs are incurred in accordance with various service agreements in place between the Company and the participants of the Miitel Joint Venture. These costs are recharged to the Miitel Joint Venture in accordance with the terms of these service agreements which are based on normal commercial terms.
- ii) During the year the Company incurred certain operating costs on behalf of the Tethyan Copper Company Limited (81.5% owned by Mincor Resources NL). These costs are recharged to the Tethyan Copper Company Limited on normal commercial terms.

## **NOTE 28**

### **Post Balance Date Events**

On 24 July 2003 the Company acquired from Gold Fields Limited a substantial package of mining and prospecting licenses which surround the Company's existing tenements in the Widgiemooltha area of Western Australia for \$130,000. The acquisition also requires the Company to assume environmental liabilities estimated at \$120,000. The majority of tenements acquired exclude the rights to explore and mine for nickel.

On 28 July 2003 Kumba International BV sold its shareholding in the Company to a range of Australian and overseas financial institutions. Following the sale of these shares Mr RG Wadley and his alternate director Mr W J du Plessis resigned from the board of directors on 27 August 2003.

On 20 August 2003 the Company announced its intention to distribute the majority of the securities it holds in Tethyan Copper Company Limited ("TCC") to shareholders of Mincor Resources NL via an in specie distribution. It is TCC's intention to apply for the listing of its shares on the Australian Stock Exchange and to conduct a capital raising. The demerger proposal is subject to the approval of Mincor shareholders, which approval will be sought at a general meeting of the Company on 19 September 2003.

On 28 August 2003 the Directors declared a fully franked dividend of 1.5 cents per share in respect of the year ended 30 June 2003.

The financial effect of these post balance date events has not been recorded in the 30 June 2003 financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 29

### Cash Flow Reconciliation

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
<b>a) Reconciliation of net cash inflow from operating activities to operating profit after income tax</b>				
Net profit after income tax	9,021	9,246	9,521	9,442
<b>Add/(Less): Non-Cash Items</b>				
Provision for write down in investment	-	214	-	214
Depreciation	1,617	1,013	1,616	1,013
Amortisation	13,581	9,808	13,581	9,808
Loss on sale of fixed assets	-	8	-	8
Exploration expenditure written off	2,140	1,291	1,928	1,280
Receipt of shares as part consideration for interests in exploration tenements	(250)	-	(250)	-
<b>Change in assets and liabilities</b>				
(Increase)/decrease in receivables	4,387	(8,160)	4,401	(8,171)
(Increase)/decrease in inventories	171	(309)	171	(309)
(Increase)/decrease in prepayments	42	(146)	42	(146)
Increase/(decrease) in creditors and accruals	(1,129)	6,641	(1,069)	6,590
Increase/(decrease) in income tax payable	4,014	3,614	4,014	3,614
Increase/(decrease) in deferred tax	(1,434)	2,279	(1,434)	2,279
Increase in employee entitlement provisions	56	50	56	50
<b>Net cash inflow from operating activities</b>	<b>32,216</b>	<b>25,549</b>	<b>32,577</b>	<b>25,672</b>
<b>b) Cash assets</b>				
Cash at bank	218	1,394	59	1,360
Cash on short term deposit	18,867	15,515	18,867	15,155
	<b>19,085</b>	<b>16,909</b>	<b>18,926</b>	<b>16,515</b>

Cash assets are reconciled to Cash at the End of the Reporting Period as shown on the Statements of Cash Flows as follows:

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Cash assets	19,085	16,909	18,926	16,515
Less: Debt Service Reserve Account	-	(3,040)	-	(3,040)
<b>Balance per Statement of Cash Flows</b>	<b>19,085</b>	<b>13,869</b>	<b>18,926</b>	<b>13,475</b>

Under the terms of the bank finance facility provided by Bank of Western Australia Limited and Bank of Scotland to fund the Company's 76% share of the Miitel Joint Venture's acquisition of assets, the Company established a Debt Service Reserve Account to be held in reserve to fund the Company's interest and principal repayment obligations. The balance of the Debt Service Reserve Account was released upon the repayment of the project debt finance facility during the year.

**NOTE 30****Non-Cash Financing and Investing Activities**

	<b>CONSOLIDATED</b>		<b>PARENT ENTITY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Acquisition of property, plant and equipment by way of finance leases	-	189	-	189
Acquisition of 3,000,000 shares and 6,000,000 options in Tethyan Copper Company Limited by the issue of 3,000,000 ordinary shares at a fair value of \$0.30 each (Refer note 16)	900	-	900	-
Receipt of shares in a listed entity as part consideration for the sale of interests in exploration tenements	250	-	250	-

**NOTE 31****Earnings Per Share**

	<b>CONSOLIDATED</b>	
	<b>2003</b>	<b>2002</b>
Basic earnings per share (in cents)	5.3 cents	5.5 cents
Diluted earnings per share (in cents)	4.8 cents	5.1 cents
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	170,729,306	169,080,005
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	189,142,147	182,098,772

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 32

### Financial Instruments

#### a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Weighted Average Interest Rate	Floating Interest Maturing in:		Non-Interest Bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000		
<b>2003</b>					
<b>Financial Assets</b>					
Cash	4.60%	19,085	-	-	19,085
Receivables	0.00%	229	-	11,563	11,792
Investments		-	-	556	556
Other current assets		-	-	3,498	3,498
		19,314	-	15,617	34,931
<b>Financial Liabilities</b>					
Loan – related party	8.17%	712	-	-	712
Bank loans	0.00%	229	-	-	229
Payables		-	-	14,044	14,044
Lease liabilities	9.20%	176	64	-	240
		1,117	64	14,044	15,225

<b>2002</b>					
<b>Financial Assets</b>					
Cash	4.35%	16,909	-	-	16,909
Receivables	0.00%	229	-	15,949	16,178
Investments		-	-	306	306
		17,138	-	16,255	33,393
<b>Financial Liabilities</b>					
Loan – related party	8.04%	1,425	713	-	2,138
Bank loans	8.24%	16,340	3,733	-	20,073
Payables		-	-	16,070	16,070
Lease liabilities	9.20%	143	233	-	376
		17,908	4,679	16,070	38,657

#### b) Foreign Exchange Risk

The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the Company against the possibility of loss from future exchange rate fluctuations. Exchange gains or losses on forward exchange contracts are charged to the statement of financial performance except those relating to hedges of specific commitments which are deferred and included in the measurement of the sale or purchase.

## NOTE 32

### Financial Instruments (continued)

The following table sets out the gross value of Australian dollars to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the consolidated entity.

Year	Weighted Average Rate		Total Value (AUD\$)	
	2003	2002	2003 \$'000	2002 \$'000
<b>Sell US Dollars</b>				
30 June 2003	-	0.5288	-	47,285
30 June 2004	0.5560	0.5318	30,580	24,493
			30,580	71,778

The mark to market position of the above foreign exchange hedges is brought to account in the statement of financial position as other assets in accordance with the accounting policy disclosed in note 1(e)(iii) and note 1(z). However, to the extent that the hedges are designated against delivered sales which remain unsettled at balance date, the mark to market position on these contracts is recorded in the hedge adjustment against trade debtors. In the prior year, the mark to market position of undelivered hedges was recorded off balance sheet as disclosed in note 1(z).

#### c) Commodity Price Risk

The Company has entered into forward sales contracts that oblige it to sell specified quantities of base metals in the future at predetermined prices. The contracts are matched against anticipated future base metal production to protect the Company against the possibility of a fall in base metal prices.

The following table sets out details of forward nickel sales contracts in place at 30 June 2003:

Year	Nickel Tonnes		Average Price (US\$/tonne)	
	2003	2002	2003	2002
30 June 2003	-	5,130	-	5,776
30 June 2004	3,990	2,877	6,560	5,785
Total	3,990	8,007		

The mark to market position of the above commodity hedges which are designated against sales are not brought to account in the statement of financial position. However, to the extent that the hedges are designated against delivered sales which remain unsettled at balance date, the mark to market position on these contracts is recorded in the hedge adjustment against trade debtors.

#### d) Credit Risk Exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the balance sheet.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligation under the contract or arrangement. Credit risk on off-balance sheet derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

The consolidated entity's maximum credit risk exposure in relation to off balance sheet derivatives is as follows:

- Commodity contracts – the consolidated entity has an exposure to loss in the event counterparties fail to settle on contracts which are favourable to the consolidated entity. The full amount of this expense is outlined in Note 32(c).



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 32

### Financial Instruments (continued)

#### e) Net Fair Values of Financial Assets and Liabilities

##### Valuation Approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

##### *On-Balance Sheet Financial Instruments*

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximate their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date. For non-traded equity investments, the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

##### *Off-Balance Sheet Financial Instruments*

The valuation of off-balance sheet financial instruments detailed in this note reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates as at the reporting date. This is based on independent market quotations and determined using standard valuation techniques.

##### Net Fair Values

##### *On-Balance Sheet Financial Instruments*

The carrying amounts and net fair values of financial assets and liabilities at the reporting date approximate the book values at which they are carried in the Balance Sheet.

The listed shares in other corporations are readily traded on organised markets in a standardised form. All other financial assets and liabilities are not readily traded on organised markets in a standardised form.

##### *Off-Balance Sheet Financial Instruments*

The net fair value of off-balance sheet financial instruments held as at the reporting date were:

	2003 \$'000	2002 \$'000
Futures commodity contracts	(5,896)	(17,359)

## NOTE 33

### Employee Benefits

#### 2002 Employee Share Option Plan

The 2002 Employee Share Option Plan ("Plan") was introduced on 21 August 2002. Persons eligible to participate in the Plan include directors and employees of the Company or companies or bodies corporate in which the Company holds at least 20% of all the voting shares.

## NOTE 33

### Employee Benefits (continued)

Options are granted under the Plan for no consideration for a maximum period of five years and can be exercised at any time between the date the option is granted and the expiry date. The employees entitlements to the options are vested and the options carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. Amounts receivable on the exercise of the options are recognised as share capital.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted.

Set out below are summaries of options granted under the Plan.

Issue Date	Expiry Date	Exercise Price	Opening Balance	Issued during the year	Exercised during the year	Lapsed during the year	Closing Balance
			Number	Number	Number	Number	Number
21 August 2002	5 July 2007	25 cents	-	444,000	-	-	444,000
4 April 2003	13 February 2008	29 cents	-	545,000	45,000	-	500,000
Total			-	989,000	45,000	-	944,000

### Mincor Resources Incentive Option Scheme

The Mincor Resources Incentive Option Scheme ("Scheme") was approved by shareholders on 25 November 1997. No further options will be granted under this scheme and the Scheme will be terminated upon the exercise or expiration of the options currently outstanding.

Options granted under the Scheme were for no consideration, carry no dividend or voting rights and the employees entitlements to the options are vested.

When exercisable, each option is convertible into one ordinary share. Amounts receivable on the exercise of options are recognised as share capital.

Set out below are summaries of options granted under the Scheme.

Issue Date	Expiry Date	Exercise Price	Opening Balance	Issued during the year	Exercised during the year	Lapsed during the year	Closing Balance
			Number	Number	Number	Number	Number
2003							
19 March 1999	18 March 2004	20 cents	1,200,000	-	600,000	-	600,000
8 January 2000	7 January 2005	20 cents	1,500,000	-	-	-	1,500,000
9 February 2000	8 February 2005	20 cents	500,000	-	-	-	500,000
17 January 2001	16 January 2006	20 cents	1,500,000	-	750,000	-	750,000
6 April 2001	5 April 2006	20 cents	1,000,000	-	-	-	1,000,000
22 May 2001	21 May 2006	20 cents	500,000	-	-	-	500,000
8 August 2001	7 August 2006	20 cents	500,000	-	-	-	500,000
Total			6,700,000	-	1,350,000	-	5,350,000

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

## NOTE 33

### Employee Benefits (continued)

#### Mincor Resources Incentive Option Scheme

Issue Date	Expiry Date	Exercise Price	Opening Balance	Issued during the year	Exercised during the year	Lapsed during the year	Closing Balance
			Number	Number	Number	Number	Number
<b>2002</b>							
19 March 1999	18 March 2004	20 cents	1,200,000	-	-	-	1,200,000
8 January 2000	7 January 2005	20 cents	1,500,000	-	-	-	1,500,000
9 February 2000	8 February 2005	20 cents	500,000	-	-	-	500,000
17 January 2001	16 January 2006	20 cents	1,500,000	-	-	-	1,500,000
6 April 2001	5 April 2006	20 cents	1,000,000	-	-	-	1,000,000
22 May 2001	21 May 2006	20 cents	500,000	-	-	-	500,000
8 August 2001	7 August 2006	20 cents	-	500,000	-	-	500,000
Total			6,200,000	500,000	-	-	6,700,000

## DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 36 to 70:

- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Perth this 1st day of September 2003.



DCA Moore  
Managing Director

# INDEPENDENT AUDIT REPORT



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## Independent audit report to the members of Mincor Resources NL

### Audit opinion

In our opinion, the financial report of Mincor Resources NL:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Mincor Resources NL and the Mincor Resources Group (defined below) as at 30 June 2003, and of their performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Mincor Resources NL (the company) and the Mincor Resources NL Group (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit approach

We conducted an independent audit in order to express an opinion to the members of the company.

Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

NM Henry  
Partner

Perth, Western Australia  
1 September 2003



## ADDITIONAL SHAREHOLDER INFORMATION

at at 4 September 2003

### a) Substantial Shareholders (holding not less than 5%)

Name of Shareholder	Total Number of Voting Share in Mincor in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares
AMP Limited	21,725,965	12.53%
Westpac Banking Corporation	13,850,000	7.98%
ING Australia Holdings Limited	9,039,000	5.19%

### b) Distribution of Shareholders

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1 – 1,000	42	30,998
1,001 – 5,000	552	1,909,953
5,001 – 10,000	666	5,941,088
10,001 – 100,000	1,354	45,952,667
100,001 and over	177	122,267,299

### c) Number of Shareholders Holding Less than a Marketable Parcel

14

### d) Voting rights

#### i) Ordinary shares

On a show of hands, every shareholder present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

#### ii) Options

The Company's options have no voting rights.

### e) Percentage Held by 20 Largest Shareholders

43.64%

## ADDITIONAL SHAREHOLDER INFORMATION

at at 4 September 2003

### f) Listing of 20 Largest Shareholders

Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held (%)
1. J P Morgan Nominees Australia	17,799,425	10.11
2. AMP Life Limited	14,996,394	8.52
3. RBC Global Services Australia	6,046,400	3.43
4. National Nominees	4,573,753	2.60
5. Westpac Custodian Nominees	4,022,047	2.28
6. Mr. David Moore	4,000,000	2.27
7. Cogent Nominees Pty Limited (SMP Account)	3,397,688	1.93
8. Mr. John W Gardner and Mrs. Janet L Gardner	3,000,000	1.70
9. Cogent Nominees Pty Limited	2,208,582	1.25
10. Dr. Stuart A Fysh	2,000,000	1.14
11. Mr. Richard A Hatfield	1,700,000	0.97
12. Mr. Anthony H Shields	1,700,000	0.97
13. ANZ Nominees Limited	1,609,400	0.91
14. Mr. Robert J Hartley	1,595,000	0.91
15. Government Superannuation Office	1,567,035	0.89
16. Ravex Pty Ltd	1,550,000	0.88
17. Mr. Frederick R Madden	1,500,000	0.85
18. Mr. Anthony H Shields and Ms. Amanda C Nayton	1,400,000	0.79
19. Mr. Robert E Macmillan and Mrs. Ruth D Macmillan	1,111,000	0.63
20. Citicorp Nominees Pty Ltd	1,069,670	0.61

### g) Stock Exchange Listing

Mincor Resources NL shares are listed on the Australian Stock Exchange Limited. The Company's ASX code is MCR.

### h) Unlisted Share Options

Number of Options	Exercise Price	Expiry Date	Number of Holders
600,000	20 cents	18 March 2004	2
1,500,000	20 cents	7 January 2005	2
500,000	20 cents	8 February 2005	1
750,000	20 cents	16 January 2006	2
317,000	25 cents	5 July 2007	13

# TENEMENT SCHEDULE

as at 4 September 2003

Project Name	Licence Type	Approval Date	Expiry Date	Area (km <sup>2</sup> )	Mincor Equity (%)
<b>Miitel Tenements (Western Australia)</b>					
L15/142 - Lake Zot	Miscellaneous	8 Aug 1990	7 Aug 2005	0.0074	76%
L15/143 - Lake Zot	Miscellaneous	8 Aug 1990	7 Aug 2005	0.0228	76%
L15/162 - Mariners	Miscellaneous	22 Oct 1991	21 Oct 2006	0.0309	76%
L15/163 - Mariners	Miscellaneous	22 Oct 1991	21 Oct 2006	0.007	76%
L15/235 - Redross	Miscellaneous	Application lodged 12 Nov 1999		0.09	76%
L15/243 - Miitel	Miscellaneous	Application lodged 21 Aug 2002		0.2085	76%
L15/244 - Redross	Miscellaneous	Application lodged 21 Aug 2002		0.0453	76%
L15/247 - Miitel	Miscellaneous	Application lodged 11 Aug 2003		0.263	76%
M15/1304 - NW Binaron	Mining	Application lodged 11 Feb 2002		0.9	76%
M15/543 - Lake Zot	Mining	16 Jan 1991	16 Jan 2012	9.6621	76%
M15/609 - Wedding Guest Is	Mining	12 Nov 1991	11 Nov 2012	3.6419	76%
M15/634 - NW Wedding Guest Is	Mining	19 Feb 1993	18 Feb 2014	1.21	76%
M15/635 - NW Wedding Guest Is	Mining	19 Feb 1993	18 Feb 2014	1.21	76%
M15/81 - Widgiemooltha	Mining	22 Oct 1984	21 Oct 2005	3.231	76%
M15/82 - Widgiemooltha	Mining	22 Oct 1984	21 Oct 2005	0.888	76%
M15/83 - Widgiemooltha	Mining	22 Oct 1984	21 Oct 2005	1.4265	76%
M15/90 - Widgiemooltha	Mining	6 Aug 1984	5 Aug 2005	5.9080	76%
M15/91 - Widgiemooltha	Mining	31 May 1984	30 May 2005	1.2140	76%
M15/92 - Widgiemooltha	Mining	6 Aug 1984	5 Aug 2005	2.1155	76%
M15/93 - Widgiemooltha	Mining	6 Aug 1984	5 Aug 2005	6.0690	76%
<b>Wannaway Tenements (Western Australia)</b>					
L15/180 - Wannaway	Miscellaneous	8 Dec 1992	7 Dec 2002	0.1565	76%
L15/191 - North Lake	Miscellaneous	14 Feb 1995	13 Feb 2005	0.1770	76%
L15/231 - Wannaway	Miscellaneous	Application lodged 28 Sep 2001		0.1565	76%
M15/44 - Mount Eaton	Mining	15 Feb 1984	14 Feb 2005	9.3455	76%
M15/745 - Wannaway	Mining	2 Dec 1994	1 Dec 2015	0.1995	76%
M15/76 - Wannaway	Mining	22 Oct 1984	21 Oct 2005	1.1890	76%
M15/88 - Wannaway	Mining	6 Aug 1984	5 Aug 2005	9.1670	76%
M15/89 - Wannaway	Mining	6 Aug 1984	5 Aug 2005	9.5311	76%
<b>Western Australia</b>					
E15/790 - Binneringie	Exploration	Application lodged 8 Nov 2002		154.76	100%
E15/765 - Chalice North	Exploration	Application lodged 24 Apr 2002		23.10	100%
E15/812 - Dordie West	Exploration	Application lodged 30 Jul 2003		11.68	100%
E63/755 - Dundas (Heartbreak)	Exploration	Application lodged 27 Oct 2000		196	100%
E63/756 - Dundas (Heartbreak)	Exploration	Application lodged 27 Oct 2000		196	100%
E63/757 - Dundas (Clear Streak)	Exploration	Application lodged 27 Oct 2000		196	100%
E63/758 - Dundas (Clear Streak)	Exploration	Application lodged 27 Oct 2000		196	100%
E63/759 - Dundas (Clear Streak)	Exploration	Application lodged 27 Oct 2000		196	100%

# TENEMENT SCHEDULE

as at 4 September 2003

Project Name	Licence Type	Approval Date	Expiry Date	Area (km²)	Mincor Equity (%)
Western Australia (continued)					
E63/760 – Dundas (Fitzgerald)	Exploration	Application lodged 27 Oct 2000		196	100%
E63/761 – Dundas (Clear Streak)	Exploration	Application lodged 27 Oct 2000		196	100%
E63/762 – Dundas	Exploration	Application lodged 27 Oct 2000		196	100%
E63/763 – Dundas (Double Tank)	Exploration	12 Apr 2002	11 Apr 2007	196	100%
E63/764 – Dundas (Double Tank)	Exploration	12 Apr 2002	11 Apr 2007	114.8	100%
E63/788 – Killaloe	Exploration	23 Dec 2002	22 Dec 2007	28	100%
E15/729 – Lake Cowan	Exploration	Application lodged 21 Jun 2001		39.2	100%
E15/792 – Lake Lefroy	Exploration	Application lodged 14 Nov 2002		11.68	100%
E15/721 – Railway	Exploration	Application lodged 10 May 2001		8.4	100%
M15/1377 – Railway (South)	Mining	Application lodged 29 Aug 2001		1.084	100%
E15/811 – Redross East	Exploration	Application lodged 3 Jul 2003		8.76	100%
E25/266 – Stoneville	Exploration	Application lodged 6 Dec 2001		11.76	100%
E63/754 – Tramways	Exploration	23 Oct 2001	22 Oct 2006	114.8	100%
P63/1167 – Tramways (North)	Prospecting	29 May 2002	28 May 2006	1.7559	100%
P63/1168 – Tramways (North)	Prospecting	29 May 2002	28 May 2006	1.7407	100%
P63/1169 – Tramways (North)	Prospecting	29 May 2002	28 May 2006	1.8011	100%
P63/1170 – Tramways (North)	Prospecting	29 May 2002	28 May 2006	1.6706	100%
P63/1171 – Tramways (North)	Prospecting	29 May 2002	28 May 2006	1.8531	100%
E15/781 – Madoonia	Exploration	Application lodged 26 Aug 2002		199.24	100%
E15/800 – West Kambalda	Exploration	Application lodged 27 Feb 2003		5.84	100%
E15/801 – Widgiemooltha	Exploration	Application lodged 13 Mar 2003		2.92	100%
E15/809 – Widgiemooltha Dome	Exploration	Application lodged 1 Jul 2003		122.64	100%
E15/791 – Yallaburra	Exploration	Application lodged 8 Nov 2002		204.4	100%
Guinea					
Bankole JV (through Guinea Gold)	Prospecting	12 Oct 1999	11 Oct 2003	125	20%
Vanuatu					
Tafuse	Prospecting	1 Jan 1999	31 Dec 2001 (under renewal)	39.8	100%
Webe Creek	Prospecting	4 Mar 1996	2 Jun 2003	48.4	75%
Fiji					
Sabeto	Prospecting	1 Mar 2000	28 Feb 2003	106.08	100%
Tanzania					
Imweru	Prospecting	6 Jul 2000	5 Jul 2003	3.9	60%
Pakistan					
EL-5 Reko Diq	Exploration	21 Feb 2002	20 Feb 2005	974	Earning
EL-6 Western Extension	Exploration	23 May 2003	22 May 2006	992	Earning
EL-7 Western Extension	Exploration	23 May 2003	22 May 2006	988	Earning
EL-8 Western Extension	Exploration	23 May 2003	22 May 2006	1000	Earning





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