

28 PERCENT PRODUCTION LIFT

Kambalda nickel pacesetter looks to big production growth

Mincor Resources NL, the first company to take over unloved nickel mines from WMC Resources before that mining house was taken over by BHP Billiton, is going to step on the production accelerator this new financial year.

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Having achieved its targeted production from mines feeding ore to the Kambalda concentrator, Mincor has set a target for 2008/08 of lifting production by 28%.

The company announced that, following acquisition of mines on the Kambalda Dome to complement its operations on the neighbouring Widgiemooltha Dome, the plan is to lift production to between 16,000-17,000 tonnes of nickel-in-concentrate this fiscal year.

The company said that 2006/07 production had come in at 12,911t of nickel-in-concentrate, which was the mid-range of its previously announced forecast for FY 2006 of 13,498t. Total production for 2006/07 was 616,000t of ore grading 2.45% nickel for 15,124t of nickel metal contained in ore, or 12,911t of nickel-in-concentrate.

The targeted production range for 2007/08 equates to nearly 19,000t of nickel metal contained in ore - which is just marginally below Mincor's long-term goal of 20,000 tpa of nickel metal contained in ore.

The lift in production will come from an anticipated ongoing good production performance from the Miitel, Mariners, Redross and a remnant mining operation at Wannaway, all on the Widgiemooltha Dome, and a re-commissioning of the Carnilya Hill mine (a joint venture with View Resources) and the introduction of ore from Kambalda's old mining warhorse, the Otter Juan, which Mincor purchased recently from a private operator.

The mining revival at Carnilya Hill, a mine WMC operated in partnership with the old BHP in the 1980s and early 1990s, was a feather in the cap for Mincor's exploration team which recognised the scope to follow old lava flows downward to find new ore positions - as they did at Miitel.

Mincor is one of the new wave of nickel miners now operating former WMC mines in the Kambalda region - and with the still buoyant nickel price and good cash operating costs, they are all now sharemarket darlings. This takes in Mincor, Independence Group, Sally Malay Mining Ltd - in joint venture with Canadian company Brilliant Mining Corporation of Canada - and the less spectacular Consolidated Nickel, subsidiary of takeover target Consolidated Minerals Ltd. All companies deliver their ore to the BHP Billiton concentrator at Kambalda.

"We are very pleased with our production performance for the financial year just ended," said Mincor's managing director David Moore. "Despite a marginal reduction in contained nickel metal, we have now increased ore production every year for four years in a row, and we are again targeting record production for the 2007/08 financial year."

The recently acquired Otter Juan Mine is budgeted to contribute over 4,000t of nickel metal in ore for the year, while the new mine currently under development at Carnilya Hill should "make a strong contribution" in the second half of the fiscal year.

Feasibility studies are being carried out on the mothballed McMahan and Durkin Deeps mines, acquired in the past year. Moore said development decisions on both could be less than six months away, subject to the success of infill drilling now underway with two rigs.