

## POSITIVE OUTLOOK FOR MINCOR AFTER MAIDEN DIVIDEND, \$9.1 MILLION PROFIT

*UNRIVALLED LEVERAGE TO STRONG WORLD NICKEL MARKET*

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Nickel producer Mincor Resources NL (**ASX: MCR**) has announced a robust financial and growth outlook for 2003/04 after unveiling a maiden **1.5 cent** fully franked dividend on the strength of a **\$9.1 million** net annual profit – its third consecutive year of strong profitability.

The result, which compared with a \$9.3 million net annual profit last year, reflected another strong operational performance by Mincor's 76%-owned Miitel and Wannaway Nickel Mines near Kambalda in Western Australia. Sales revenue for the year increased by 23% to \$78.9 million.

"The payment of our first dividend comes less than 2.5 years after Mincor's transition to producer status and is a milestone in our development as a profitable and growing Australian mining company," said the Company's Managing Director, Mr David Moore.

"We end the Financial Year free of debt and with a cash balance of \$19 million – a very healthy position for the future," he added.

Profit before tax for the 12 month period was \$15.1 million (\$15.2 million previously) while operating cash flows were \$32.2 million.

The strong performance was based on increased attributable equity production from Mincor's two Kambalda mines of 298,648 tonnes at 3.71% nickel for 9,947 tonnes of nickel in concentrate (8,635 tonnes last year).

Mr Moore said the strong full-year result was achieved despite generally lower mined grades and the impact of low-priced project finance hedging, which tended to mute the effects of the strong nickel price during the year.

"This latter point is of particular significance in terms of the outlook for 2003/04, as Mincor's current hedging contracts terminate in January 2004," he said.

"This will give the Company tremendous leverage to nickel in a global market that is rapidly recovering from several years of low growth, making this a great time to be in the nickel business."

"The other drivers of our growth will be exploration, which continues to deliver excellent results, and our Nickel Expansion Strategy," he said. "Under this program, we have five full-scale feasibility studies close to finalisation – covering over 1.2 million tonnes of Resources *over and above* the remaining reserves at Miitel and Wannaway."

"On the corporate front, we have also recorded some important achievements," Mr Moore added.

The Company recently strengthened its share register, with a range of Australian and overseas institutional investors acquiring Kumba International's 31% stake in the Company.

In addition, Mincor shareholders will shortly be asked to approve the spin-off of Mincor's interests in the Tethyan Copper Company Limited, whose key asset is the world class Reko Diq copper project in Pakistan. The spin-off will distribute to each Mincor shareholder a pro rata shareholding in TCC, which will then be listed on the Australian Stock Exchange.

Mr Moore said this would give shareholders a direct interest in a company strongly leveraged to the strengthening price of copper – a perfect compliment to the nickel exposure already provided by Mincor.

- ENDS -

**RELEASED BY:**

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**ON BEHALF OF:**

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# **Preliminary Final Report of Mincor Resources NL for the Financial Year Ended 30 June 2003**

(ABN 42 072 745 692)

*This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under  
ASX Listing Rule 4.3A*

Current Reporting Period: Financial Year ending 30 June 2003  
Previous Corresponding Period: Financial Year ending 30 June 2002

**Results for announcement to the market**

				\$'000
<b>Revenue from ordinary activities</b>	Up	23.02%	to	78,992
<b>Profit from ordinary activities after tax attributable to members</b>	Down	2.25%	to	9,079
<b>Net profit for the period attributable to members</b>	Down	2.25%	to	9,079
<b>Dividends</b>	<b>Amount per security</b>		<b>Franked amount per security</b>	
<b>Financial year ended 30 June 2003</b>				
Final dividend	1.5 ¢		1.5 ¢	
Interim dividend	- ¢		- ¢	
<b>Financial year ended 30 June 2002</b>				
Final dividend	- ¢		- ¢	
Interim dividend	- ¢		- ¢	

**Dividend payments**

Date the final 2003 dividend is payable

24 September 2003

Record date to determine entitlements to the dividend

10 September 2003

Date final dividend was declared

28 August 2003

**Total dividend per security (interim plus final)**

Ordinary securities

Current year	Previous year
1.5 ¢	0.0 ¢

**Total dividends paid or payable on all securities**

Ordinary securities (payable on 24 September 2003)

**Total**

Current year \$'000	Previous year \$'000
2,611	-
2,611	-

**Net Tangible Assets**

Net tangible assets per ordinary security

Current year	Previous year
26.3 ¢	14.5 ¢

**Details of Entities Over Which Control Has Been Gained or Lost****Control gained over entities**Name of entity (or group of entities) 

N/A
-----

Date control gained 

N/A
-----

	<b>2003</b>
	<b>\$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of gaining control.	N/A

	<b>2002</b>
	<b>\$'000</b>
Net profit/(loss) of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

**Loss of control of entities**Name of entity (or group of entities) 

N/A
-----

Date control lost 

N/A
-----

	<b>2003</b>
	<b>\$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities during the period, from the date of losing control.	N/A

	<b>2002</b>
	<b>\$'000</b>
Contribution of the controlled entity (or group of entities) to profit/(loss) from ordinary activities for the whole of the previous corresponding period.	N/A

**Details of Associates and Joint Venture Entities**

Name of Entity	Ownership Interest		Contribution to net profit	
	2003 %	2002 %	2003 \$'000	2002 \$'000
Associates	-	-	-	-
Joint Venture Entities	-	-	-	-
Aggregate Share of Profits/(Losses)	-	-	-	-

**Other Information**

Except for the matters noted above, all the disclosure requirements pursuant to ASX Listing Rule 4.3A are contained within Mincor Resources NL's Consolidated Financial Statements for the year ended 30 June 2003 which accompany this Preliminary Final Report.

This report is based on accounts which have been audited.

**Annual Meeting**

The annual meeting will be held as follows:

<b>Place</b>	Celtic Club 48 Ord Street West Perth WA 6005
<b>Date</b>	Friday, 7 November 2003
<b>Time</b>	11.00am
<b>Approximate date the annual report will be available</b>	7 October 2003

Sign here: \_\_\_\_\_



(Director)

Print name: David Moore

Date: 1<sup>st</sup> September 2003

# **MINCOR RESOURCES NL**

ABN 42 072 745 692

## **ANNUAL REPORT**

**30 June 2003**

## TABLE OF CONTENTS

<b>CORPORATE GOVERNANCE STATEMENT.....</b>	<b>3</b>
<b>DIRECTORS' REPORT.....</b>	<b>6</b>
<b>STATEMENTS OF FINANCIAL PERFORMANCE .....</b>	<b>12</b>
<b>STATEMENTS OF FINANCIAL POSITION .....</b>	<b>13</b>
<b>STATEMENTS OF CASH FLOWS.....</b>	<b>14</b>
<b>NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS.....</b>	<b>15</b>
<b>DIRECTORS' DECLARATION.....</b>	<b>49</b>
<b>INDEPENDENT AUDIT REPORT .....</b>	<b>50</b>

Mincor Resources NL is a company incorporated and domiciled in Australia. Its registered office is:

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

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## **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

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## **CORPORATE GOVERNANCE STATEMENT (continued)**

- 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.

### **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.

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## **CORPORATE GOVERNANCE STATEMENT (continued)**

- 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:

<u>Name</u>	<u>Particulars</u>	<u>Shareholding Interest</u>
<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/ANI, 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

## **DIRECTORS' REPORT (continued)**

<u>Name</u>	<u>Particulars</u>	<u>Shareholding Interest</u>
<b>IF Burston</b>	<p>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.</p> <p>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.</p>	Nil

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.

## DIRECTORS' REPORT (continued)

### 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.

## DIRECTORS' REPORT (continued)

### 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)	-	-	-	-	-	-	-

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

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

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.

## DIRECTORS' REPORT (continued)

### 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
<b>6,294,000</b>			

- 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.

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## **DIRECTORS' REPORT (continued)**

### **SHARE OPTIONS (continued)**

- 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 1<sup>st</sup> day of September 2003 in accordance with a resolution of the directors.



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**DCA Moore**  
**Managing Director**

## STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	Note	CONSOLIDATED		PARENT ENTITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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)
<b>Profit from ordinary activities before income tax expense</b>		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

	Note	CONSOLIDATED		PARENT ENTITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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
Total parent equity interest		45,545	24,438	34,553	23,849
Outside equity interest in controlled entities	20	3,047	353	-	-
<b>TOTAL EQUITY</b>	19	<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

	Note	CONSOLIDATED		PARENT ENTITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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)	<b>32,216</b>	<b>25,549</b>	<b>32,577</b>	<b>25,672</b>
<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>		<b>(5,964)</b>	<b>(18,861)</b>	<b>(6,004)</b>	<b>(18,336)</b>
<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>		<b>(21,036)</b>	<b>(2,348)</b>	<b>(21,122)</b>	<b>(2,348)</b>
<b>Net Increase in Cash Held</b>		<b>5,216</b>	<b>4,340</b>	<b>5,451</b>	<b>4,988</b>
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)	<b>19,085</b>	<b>13,869</b>	<b>18,926</b>	<b>13,475</b>
Non-cash financing and investing activities	30				

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

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## **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

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## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

### **NOTE 1**

#### **Summary of Significant Accounting Policies (continued)**

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.

#### **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.

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

### **NOTE 1**

#### **Summary of Significant Accounting Policies (continued)**

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.

#### **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.

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **(continued)**

#### **NOTE 1**

##### **Summary of Significant Accounting Policies (continued)**

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.

#### **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.

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **(continued)**

#### **NOTE 1**

##### **Summary of Significant Accounting Policies (continued)**

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.

#### **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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### Summary of Significant Accounting Policies (continued)

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.

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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 1

#### Summary of Significant Accounting Policies (continued)

##### r) Acquisitions of Assets

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.

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## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **(continued)**

**NOTE 1****Summary of Significant Accounting Policies (continued)****u) Restoration and Rehabilitation Expenditure**

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.

**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.

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## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **(continued)**

#### **NOTE 1**

##### **Summary of Significant Accounting Policies (continued)**

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 (continued)

### NOTE 2 Revenue

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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:

<b>Net Gains</b>				
Foreign exchange gains	453	152	453	152
<b>Expenses</b>				
Cost of sale of goods	58,082	39,893	58,082	39,893
<b>Borrowing Costs</b>				
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
	<b>1,365</b>	<b>2,688</b>	<b>1,365</b>	<b>2,688</b>
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
<b>Depreciation and amortisation:</b>				
- Mine property	1,616	1,235	1,616	1,235
- Plant and Equipment	12,652	9,171	12,652	9,171
	<b>14,268</b>	<b>10,406</b>	<b>14,268</b>	<b>10,406</b>
<b>Net expense from movement in provisions:</b>				
- Employee entitlements	222	130	222	130
- Rehabilitation	326	222	326	222

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 4 Income Tax

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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 \$'000	2002 \$'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:

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 5 Receivables

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

### NOTE 7 Investments

<b>Non-Current</b>				
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).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 8 Property, Plant and Equipment

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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 (continued)

### NOTE 9

#### Exploration, Evaluation and Development Expenditure

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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	<u>22,538</u>	<u>7,661</u>	<u>2,734</u>	<u>2,734</u>
<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	<u>2,822</u>	<u>2,390</u>	<u>2,822</u>	<u>2,390</u>
Total Exploration, Evaluation and Development Expenditure	<u>25,360</u>	<u>10,051</u>	<u>5,556</u>	<u>5,124</u>

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 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Borrowing establishment costs	1,545	1,577	1,545	1,577
Less: Provision for amortisation	(1,082)	(479)	(1,082)	(479)
	<u>463</u>	<u>1,098</u>	<u>463</u>	<u>1,098</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 11 Payables

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Current</b>				
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 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Current</b>				
<b>Secured</b>				
Bank loans	229	16,340	229	16,340
Lease liabilities	176	143	176	143
<b>Unsecured</b>				
Loan – associated entity	712	1,425	712	1,425
	1,117	17,908	1,117	17,908
<b>Non-Current</b>				
<b>Secured</b>				
Bank loans	-	3,733	-	3,733
Lease liabilities	64	233	64	233
<b>Unsecured</b>				
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 (continued)

### NOTE 12

#### Interest Bearing Liabilities (continued)

##### Financing Arrangements

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

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 14 Provisions

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<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.

	Employee Benefits \$'000	Rehabilitation \$'000	Other \$'000	Total
<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

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

### NOTE 16 Contributed Equity

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

Fully paid 173,475,005 ordinary shares (2002: 169,080,005)	19,426	18,243	19,426	18,243
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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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 16

#### Contributed Equity (continued)

#### 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

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 17 Reserves

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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).

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

**NOTE 18****Retained Profits/(Accumulated Losses)**

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**

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
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**

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 21

#### Commitments and Contingencies (continued)

##### b) Operating Lease Commitments

Operating lease commitments are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Office Rental</b>				
Due within 1 year	127	135	127	135
Due within 2 to 5 years	21	157	21	157
	<u>148</u>	<u>292</u>	<u>148</u>	<u>292</u>

##### c) Finance Lease Commitments

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
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	<u>240</u>	<u>376</u>	<u>240</u>	<u>376</u>
Finance and hire purchase liabilities provided for in the financial statements:				
Current	176	143	176	143
Non-current	64	233	64	233
Total liability	<u>240</u>	<u>376</u>	<u>240</u>	<u>376</u>

##### 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 (continued)

### 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
<b>Total revenue</b>	<b>78,949</b>	<b>26</b>	<b>-</b>	<b>17</b>	<b>78,992</b>
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>	<b>58,967</b>	<b>1,482</b>	<b>1,737</b>	<b>16,582</b>	<b>76,768</b>
Segment liabilities	29,837	-	-	339	30,176
Unallocated liabilities					-
<b>Total Liabilities</b>					<b>30,176</b>
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
<b>Total revenue</b>	<b>64,184</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>64,211</b>
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>	<b>66,982</b>	<b>1,448</b>	<b>1,928</b>	<b>1,580</b>	<b>71,938</b>
Segment liabilities	24,205	-	-	355	24,560
Unallocated liabilities					22,587
<b>Total Liabilities</b>					<b>47,147</b>
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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### 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 (continued)

### NOTE 24

#### Remuneration of Auditors

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	\$	\$	\$	\$
During the year the auditor of the parent entity and its related practices earned the following remuneration:				
<b>PricewaterhouseCoopers – Australian firm</b>				
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
<b>Related practices of PricewaterhouseCoopers Australian firm (including overseas PricewaterhouseCoopers firms)</b>				
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	-	-
					<b>5,702</b>	<b>4,302</b>

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 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### 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 \$'000	2002 \$'000	2003 \$'000	2002 \$'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 \$'000	2002 \$'000	2003 \$'000	2002 \$'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 (continued)

### 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

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## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

### **(continued)**

**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 (continued)

### NOTE 29

#### Cash Flow Reconciliation

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Cash assets	19,085	16,909	18,926	16,515
Less: Debt Service Reserve Account	-	(3,040)	-	(3,040)
Balance per Statement of Cash Flows	<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 present debt finance facility during the year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

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

	CONSOLIDATED		PARENT ENTITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
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 share in a listed entity as part consideration for the sale of interests in exploration tenements	250	-	250	-

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

	CONSOLIDATED	
	2003	2002
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 (continued)

### 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	4.6%	19,085	-	-	19,085
Receivables	0.0%	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.

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 32

#### Financial Instruments (continued)

Year	Weighted Average Rate		Total Value (AUD\$)	
	2003	2002	2003 \$'000	2002 \$'000
Sell US Dollars				
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:

- i) 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 (continued)

### 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 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

### NOTE 33

#### Employee Benefits (continued)

#### 2002 Employee Share Option Plan

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
<b>2003</b>							
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**  
**(continued)**

**NOTE 33**  
**Employee Benefits (continued)**

**Mincor Resources Incentive Option Scheme**

<b>Issue Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Opening Balance</b>	<b>Issued during the year</b>	<b>Exercised during the year</b>	<b>Lapsed during the year</b>	<b>Closing Balance</b>
			<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
<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
<b>Total</b>			<b>6,200,000</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>6,700,000</b>

## DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 12 to 48:

- 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 1<sup>st</sup> day of September 2003.



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**DCA Moore**  
**Managing Director**

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

### Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Mincor Resources NL (the Company) for the financial year ended 30 June 2003 included on the Mincor Resources NL web site. The Company's directors are responsible for the integrity of the Mincor Resources NL web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### 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*

PricewaterhouseCoopers



NM Henry  
Partner

Perth, Western Australia  
1 September 2003