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MINCOR TO DEVELOP 4TH KAMBALDA MINE *GREEN LIGHT FOR \$15.5 MILLION MARINERS NICKEL MINE*

Mincor Resources NL (**ASX: MCR**) has further cemented its position as one of Australia's leading mid-tier nickel sulphide producers, today approving the proposed **\$15.5 million**, two-stage development of the **Mariners Nickel Mine** – which is set to become its fourth nickel operation in the Kambalda district.

The project – which involves the re-development of the Mariners Mine (which was operated by WMC Resources Ltd between 1991 and 1999) – will add approximately 3,500 tonnes per annum of nickel in concentrate to Mincor's production profile over a 3-year mine life. At full production, Mariners will provide employment for 60 people and generate over \$100 million in gross revenues.

The development represents the third major positive investment decision to be made by Mincor as part of its highly successful Nickel Expansion Strategy, representing a success rate of 98% of the nickel metal originally targeted by the Strategy.

"This is a very significant milestone for Mincor – together with our other major developments at Redross and North Miitel, and the recent reserve upgrade at Wannaway, we will be producing on a sustainable basis from four major production centers by the end of this year," said the Company's Managing Director, David Moore.

"This will underpin strong growth in our nickel production over the next three years – confirming our position as one of Australia's largest nickel sulphide producers," he added. "This expansion of production is based purely on actual Ore Reserves, and does not take into account the very strong likelihood of further exploration success."

Mr Moore said the small resource at North Dordie, the last remaining project still at feasibility study level under the Nickel Expansion Strategy, was being re-examined in light of current nickel prices.

Mariners, located just 5 kilometres south of Mincor's highly profitable Miitel Nickel Mine, comprises two ore bodies, the N07, which is located at a depth of 450 metres and has been fully strike driven, and the undeveloped N08 orebody, located 700 metres below surface. Mincor has estimated a total Probable Reserve for the two deposits of **422,670 tonnes** at **2.88% nickel** containing **12,171 tonnes** of nickel metal.

The mine was closed by WMC in 1999 due to a combination of factors including low nickel prices and water ingress that, although manageable on its own, was complicated by environmental difficulties at the time in disposing of the water; and geotechnical issues with the N07 ore body.

Mincor has completed a comprehensive feasibility study on the mine's re-development, including extensive pumping test work.

The first stage of the development, which will require an initial pre-production capital expenditure of \$7 million, involves construction of a de-watering pipeline from Mariners to Lake Lefroy (expected to take place within 14 weeks) followed by a 4-month period of de-watering. Once this is complete, the decline will be made safe and re-equipped with all necessary mine services, providing access to the N07 orebody which is already strike driven and ready for immediate production.

The second stage, which involves a total estimated capital investment of \$8.5 million, will involve extension of the existing decline to access the N08 ore body.

The N07 ore body will be mined by flat backing one lift above the existing ore drives and then half uppering out the crown pillars. The N08 ore body will be mined by single boom and twin boom jumbo flat backing as appropriate together with long-hole pillar retreat under cemented fill.

Life-of-mine cash operating costs for the Mariners Mine are estimated at A\$3.38 per pound of nickel (inclusive of smelter and royalty costs and by-product credits). Mincor's existing Ore Tolling and Concentrate Purchase Agreement with WMC Resources Ltd will also apply to the new development, providing guaranteed long-term off-take for the additional production.

Mr Moore said timing to first ore production was dependent on the rapidity of the de-watering process, but could be as early as October 2004.

Mining will proceed at a rate of 150,000 tonnes per annum, yielding around 3,500 tonnes of nickel metal in concentrate, over an estimated 3-year mine life.

"We are very confident that this can be extended, as the N08 ore body has considerable exploration potential and is open in several directions," Mr Moore said. "In addition, the overall mineralised trend at Mariners remains entirely open at depth, making exploration of this substantial additional ore potential a key priority for Mincor."

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The information in this report, insofar as it relates to resource estimation and exploration activities, is based on information compiled or supervised by Robert Hartley, Jim Reeve or Dean Will, persons who are Members of the Australasian Institute of Mining and Metallurgy and who have more than five years experience in the field of the activity being reported on. This report accurately reflects the information compiled by those members.