

## **MINCOR GROWS ITS PRODUCTION BASE AS ANNUAL PROFITS RISE 24%**

### ***SECOND SUCCESSIVE 1.5cps DIVIDEND FOLLOWING \$11.3M PROFIT***

Mincor Resources NL (ASX: **MCR**) has forecast a significant increase in nickel production over the next two years after today announcing a **24% increase** in net annual profit to **\$11.3 million** (2003: \$9.1 million), enabling it to declare its second successive **fully franked 1.5 cents per share dividend**.

The Perth-based Company also said it was well placed to take advantage of the strong nickel market with its third nickel mine, Redross, commencing production this month and a fourth, Mariners, currently under development and set to start production in January 2005.

The new mines will join Mincor's successful Miitel and Wannaway Nickel Mines as key profit centres for the Company in the Kambalda region of Western Australia, underpinning a forecast 30% increase in nickel production for the 2004/05 year.

The strong 2003/04 financial result was based on sales revenues of **\$85.7 million** (2002/3: \$77.7 million) and was achieved despite foregone revenue estimated at \$15 million, the result of now-terminated hedging imposed by Mincor's original bankers, as well as production constraints during the latter half of the year associated with manpower and end-of-contract issues.

The Company's operations produced 330,000 tonnes of ore for 8,679 tonnes of nickel metal in concentrate for the year, at a cash cost of A\$3.99 per pound nickel. At the end of the financial year Mincor was in a strong financial position with cash reserves of \$9.2 million and no debt.

Mincor's second successive cash dividend is additional to the capital return already enjoyed by shareholders from the successful spin-off of Mincor's interests in Tethyan Copper Company Limited.

Mincor's commitment to the health and safety of its workforce also paid dividends, with the achievement earlier in the year of nearly two years free of lost time incidents at its Kambalda Nickel Operations.

### **2004/05 Guidance & Outlook**

Mincor confirmed its target of a 30% increase in nickel production for the 2004/5 financial year, to 11,000 tonnes of nickel metal in concentrate, and a further 36% increase for the 2005/6 financial year to 15,000 tonnes.

This strong growth will be achieved through the expansion of its production base at the Redross and Mariners Mines and follows the successful restructuring of its operations at Miitel and Wannaway during the June 2004 Quarter.

The growth profile is based on the Company's existing ore reserve of 1.78 million tonnes at 2.8% nickel for 51,330 tonnes of nickel metal – one of the largest reserve inventories of any of Australia's 'junior' nickel producers, providing the Company with a healthy production

profile out to late 2008. Mincor's updated end-June resource and reserve statement is being finalized and will be released shortly.

Mincor's Managing Director, Mr David Moore, said the Company's focus was on expanding its production base over the next two years while at the same time pursuing aggressive exploration aimed at doubling its reserves.

"The next two years will see Mincor reap the rewards of its very successful Nickel Expansion Strategy, which will enable us to lift production by up to 76% based on our existing reserve base," he said.

"At the same time, we are pursuing an intensive exploration program targeting a doubling of reserves through near-mine exploration and the discovery of a million-tonne high-grade nickel ore body," Mr Moore said. "This will provide the impetus for the next quantum leap in growth for Mincor."

Commenting on the 2003/04 year, Mr Moore said the strong nickel price had attracted new investors to the sector but the associated mining boom had created its own constraints.

"We went on to the front foot in that regard and made some important operational changes – I believe we are now exceptionally well placed to benefit from the strongest nickel prices we have seen for a generation," he added.

### **Background Information**

Mincor Resources NL is a profitable Australian nickel sulphide producer based in Perth, Western Australia. The Company is listed on the Australian Stock Exchange (ticker: MCR) and has 194,163,005 shares on issue.

Mincor operates the Miitel, Wannaway and Redross Nickel Mines, with ore toll-treated at WMC Resources Ltd's Kambalda Nickel Operations. The resulting concentrate is sold to WMC via a long-term off-take agreement. The Company is also developing the Mariners Nickel Mine – due to come on stream in early 2005.

The Company has a strong record of growing ore reserves – current reserves are more than double those with which it commenced production in 2001. The Company's exploration strategy is aimed at a further doubling of reserves through 'extensional' exploration of existing ore bodies; and at discovering a new million tonne, high-grade nickel ore body through regional exploration.

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