
MINCOR RESOURCES NL
ACN 072 745 692

CHAIRMAN'S ADDRESS
TO THE TWELFTH ANNUAL GENERAL MEETING OF MINCOR RESOURCES NL TO BE
HELD ON WEDNESDAY, 5 NOVEMBER 2008
AT 11.00AM AT THE CELTIC CLUB, 48 ORD STREET, WEST PERTH

Ladies and Gentlemen

My name is David Humann and I am Chairman of your Board of Directors.

I should like to warmly welcome all shareholders and visitors to our twelfth Annual General Meeting. I encourage your participation and questions.

Our format will be to deal with the formal business set out in the Notice of Meeting which you will have received. When this business is complete we will move on to a presentation to be given by our Chief Executive Officer, Mr David Moore.

I should like to introduce Mr Moore who sits on my right and to Mr Jack Gardner next to him and Mr Ian Burston. Also at the head table is key executive, Mr Brian Lynn our Chief Financial Officer and Company Secretary.

A brief review of the financial year ended 30 June 2008 confirms our continuing progress:

- Production of nickel in ore was up 28% to 19,000 tonnes.
- Cash costs per pound of nickel were reduced by 3% - a major achievement given the pressure on costs of all services and materials supplied to the mining sector in the period. The corollary to this is that our efficiencies and productivity improved substantially.
- We acquired GMM Pty Ltd's nickel mining operations in Kambalda for \$68.5 million. These mines generated \$79 million operating surplus in the first twelve months of our ownership.
- We acquired the Bluebush Line nickel tenements in Kambalda from BHP and delineated a 20,800 tonne nickel resource.
- Our mineral resources rose to a new record of 167,300 tonnes of contained nickel. Our ore reserves were maintained at approximately 3 years production on a rolling basis.
- Despite a 22% drop in the average realised nickel price in the year, which reduced our profit margin by 33%, we delivered a net profit after tax of \$64 million and EBITDA of \$140.8 million.
- We paid a full year dividend to our shareholders of 12 cents per share fully franked.

Further progress has been made in developing your Company in the quarter ended 30 September 2008.

As highlighted in our quarterly report to shareholders and the market:

- Production for the quarter was strong at 4,955 tonnes of nickel in ore, or 4,358 tonnes of nickel in concentrate.
- Cash costs have been further reduced by efficiencies resulting in an 11% reduction to AUD\$5.79 per pound (US \$3.59 at an exchange rate of 62 US cents to AUD \$1.00).
- Outstanding exploration success, including a potential for a massive resource extension at Miitel and discovery of a potential new ore system at Bluebush – including a 1.27 metre true width intersection at 7.75% nickel. In all, our mineral resources were lifted by 14% over the previous year, to an all time record.
- We continue to demonstrate our sustained ability to replace ore mined with new reserves and resources.
- At the end of the quarter, our cash at bank and nickel receivables totalled \$111 million, net working capital after all trade creditors and accruals was \$76 million. We continue to adhere to our long term policy of staying free from any significant amount of interest bearing debt.
- Our hedging policy has protected us from the extreme nickel price reductions occurring in recent months and further protection remains in place for the next 18 months or so.
- Our safety procedures, training and awareness continue to be robust. Our LTIFR (lost time injury frequency rate) for all our operations is below the average rate for underground nickel mines in Western Australia.

Looking to the future, it is necessary to analyse the reasons for the current economic concerns and the dramatic loss of confidence in the global banking and payments systems which has recently shocked global stock markets, all forms of financial institutions and of course, all investors.

I believe the huge infusions of liquidity into the markets made by the central bankers in the key economies of the world, will be effective, over time, in creating and returning confidence to financial markets. The real producers of economic wealth, eg resources, agriculture, manufacturing and service industries have the capacity to react positively and quickly to the benefits of the supply of central bank liquidity. In Australia, Asia and most developing countries, employment levels are high and in developed economies, while some significant job losses have occurred and perhaps more will come, modest economic growth continues.

In response to the current economic concerns, the management of your Company have developed a dynamic Management Plan to optimise both production of nickel and to focus development expenditure on improving our existing mines. The plan will minimise any adverse effects which have arisen from the fall in the nickel price and the uncertainty in financial markets. The effect of the Management Plan is expected to further reduce cash costs to a range of between AUD \$5.40 and AUD \$5.70 per pound of payable nickel – this equates to US \$3.35 to US \$3.55 per pound at an exchange rate of US \$0.62 to the AUD \$1.00

Importantly our effective cash cost, after taking into account the positive attributes of our hedge book, will be in the range of US \$2.50 to US \$2.80 per pound of payable nickel. The spot nickel price is currently US \$5.77 per pound

Production of nickel in the current financial year is expected to be in the 16,000 – 19,000 tonnes of nickel in ore range, compared to the original target of 19,500 to 20,500 tonnes. We believe we will be able to recover production foregone in these difficult times when the price of nickel recovers.

My confidence in the resilience of the economies in which we operate, e.g. Australia, and to which our product is exported, for example China, South East Asia and Japan, is strong. Mankind has always recovered from the trials which beset this world from time to time; war, famine, disease and natural disasters, as well as major financial set backs. Often we recover to find that better opportunities for progress have emerged. We look forward to a recovery of confidence, which I believe is inevitable, and to the improvements in the nickel price this will bring.

I believe our staff, contractors and advisers have worked strenuously and successfully to bring you, the shareholders, excellent results to date. They have developed feasible and practical plans which will enable MINCOR to weather this storm and be ready and able to take full advantage of a return to less volatile conditions when they come.

A handwritten signature in black ink, appearing to read 'Humann', with a stylized initial 'D'.

David J Humann
Chairman, Mincor Resources NL