

## HIGHLIGHTS OF THE QUARTER

- Record Quarterly production of 5,208 tonnes nickel-in-ore, or 4,618 tonnes nickel-in-concentrate
- Cash costs down a further 3% to A\$5.61 per pound payable nickel (US\$3.65 at an exchange rate of 0.65)
- Directional drilling at Mariners Mine extends Ore System by 550 metres down-plunge
- Step-out drilling at Burnett intersects 1.09 metres (true thickness) @ 8.91% nickel – extending the Miitel Ore System by 160 metres along plunge
- Aircore drilling demonstrates widespread uranium mineralisation at Gascoyne Prospect
- Successful implementation of Mincor's Operational Management Plan – details below
- Operational Surplus of \$20 million achieved for the Quarter, before capital and exploration costs
- Working capital (cash and receivables minus creditors and accruals) maintained at \$72 million – after payment of provisional income tax (\$4.7m), provisional pricing adjustments (\$18.5m), and capital and exploration expenditures (\$12.9m)
- As advised to the market on 10 December, Mincor is not expected to generate an accounting profit for the half-year ended 31 December 2008

## MINCOR'S EMERGENCY RESPONSE TEAM WINS ACCOLADES AT ANNUAL CHAMBER OF MINERALS AND ENERGY MINE EMERGENCY RESPONSE COMPETITION



Mincor's Emergency Response team entered the 2008 Chamber of Minerals and Energy Mine Emergency Response Competition, held from the 7<sup>th</sup> to 9<sup>th</sup> November in Coolgardie. Mincor achieved 2<sup>nd</sup> place in Team Skills, 2<sup>nd</sup> place in Best New Captain, 1<sup>st</sup> Place in the Rescue Coordinators Event and was placed 6<sup>th</sup> overall for the competition. Mincor's team comprises dedicated volunteers from the workforce at its mines, including personnel from mine contractor Barmenco.

## MINING OPERATIONS, KAMBALDA

**Table 1: Production, Grade, Revenue and Costs – Quarter ending 31 December 2008**

	<b>SOUTH KAMBALDA OPERATIONS<sup>(1)</sup></b>	<b>NORTH KAMBALDA OPERATIONS<sup>(2)</sup></b>	<b>TOTAL FOR DEC 2008 QUARTER</b>	<b>PRECEDING QUARTER (September 2008) TOTAL</b>
Ore Tonnes Treated (DMT)	115,540	64,664	<b>180,204</b>	173,848
Average Nickel Grade (%)	2.68	3.25	<b>2.89</b>	2.85
Nickel-in-Concentrate Sold (tonnes)	2,696.2	1,922.1	<b>4,618.3</b>	4,358.0
Copper-in-Concentrate Sold (tonnes)	244.2	127.9	<b>372.1</b>	357.1
Cobalt-in-Concentrate Sold (tonnes)	51.6	22.4	<b>74.0</b>	80.6
<i>Sales Revenue* (A\$)</i>	<i>35.92m</i>	<i>23.39m</i>	<b>59.31m</b>	<i>66.61m</i>
<i>Direct Operating Costs** (A\$)</i>	<i>21.50m</i>	<i>15.15m</i>	<b>36.65m</b>	<i>37.51m</i>
<i>Royalty Costs (A\$)</i>	<i>1.58m</i>	<i>0.84m</i>	<b>2.42m</b>	<i>3.16m</i>
<b>Operating Surplus*** (A\$)</b>	<b>12.84m</b>	<b>7.40m</b>	<b>20.24m</b>	<i>25.94m</i>
Capital Costs****	6.67m	3.54m	<b>10.21m</b>	18.50m
<b>Costs Per Pound Payable Nickel</b>				
<i>Payable Nickel Produced (lbs)</i>	<i>3,863,623</i>	<i>2,739,562</i>	<b>6,603,185</b>	<i>5,587,733</i>
<i>Mining Costs (A\$/lb)</i>	<i>3.15</i>	<i>3.66</i>	<b>3.36</b>	<i>3.52</i>
<i>Milling Costs (A\$/lb)</i>	<i>1.10</i>	<i>0.85</i>	<b>1.00</b>	<i>1.02</i>
<i>Ore Haulage Costs (A\$/lb)</i>	<i>0.27</i>	<i>0.07</i>	<b>0.19</b>	<i>0.24</i>
<i>Other Mining/Administration (A\$/lb)</i>	<i>1.07</i>	<i>0.90</i>	<b>1.00</b>	<i>0.98</i>
<i>Royalty Cost (A\$/lb)</i>	<i>0.42</i>	<i>0.30</i>	<b>0.37</b>	<i>0.50</i>
<i>By-product Credits (A\$/lb)</i>	<i>(0.35)</i>	<i>(0.23)</i>	<b>(0.31)</b>	<i>(0.47)</i>
Cash Costs (A\$/lb Ni) – Quarter	5.66	5.55	<b>5.61 (US\$3.65)</b>	A\$5.79

<sup>(1)</sup> Production from Miitel, Mariners and Redross.

<sup>(2)</sup> Production from Otter Juan, Coronet and McMahon and Mincor's 70% interest in the Carnilya Hill mine.

\* Sales Revenue – estimate, awaits the fixing of the three-month nickel reference price – see "Note on Provisional Pricing and Sales Revenue Adjustments" below.

\*\* Direct Operating Costs – mining, milling, ore haulage, administration.

\*\*\* Operating Surplus – provisional and unaudited, excludes corporate overheads and other corporate costs, excludes regional exploration costs, excludes depreciation, amortisation and tax.

\*\*\*\* Capital Costs – includes mine capital and development costs and extensional exploration costs. Excludes regional exploration costs.

### Operating Surplus – Note on Provisional Pricing and Sales Revenue Adjustments

The nickel price received by Mincor for any month of production is the average LME spot price during the third month following the month of delivery. For period-end reporting the Company determines provisional prices based on the 3 month forward nickel price at the end of each month of delivery. This estimate is subject to an adjustment (up or down) when the final nickel price is known. During the December Quarter, Mincor established the final nickel prices for the production months of July, August and September. As a result Mincor has recognised a negative sales revenue adjustment of **\$18.5 million** attributable to those production months. This adjustment **has not** been included in the sales revenue figures disclosed in Table 1 above.

### IMPLEMENTATION OF MINCOR'S MANAGEMENT PLAN AND CORPORATE OUTLOOK

During the quarter Mincor implemented the Management Plan outlined in its September Quarterly Report. The Plan was developed to address the sharp falls in the nickel price experienced since July 2008. The goal of the Plan is to maintain the Company's financial and operational strength through the current downturn.

The Management Plan is designed to take advantage of the unique structure of Mincor's business, under which production is sourced from numerous mines and delivered to a central plant owned by a third party. This gives Mincor the flexibility to reduce costs by suspending higher cost operations without damaging those operations or their ore reserves and without diminishing Mincor's overall production capacity.

In accordance with the Plan capital expenditures were halted at the Miitel and McMahon Mines during November, and the Miitel Mine was placed on care and maintenance in late December. McMahon was set up for stoping operations which are now underway. In addition, the Carnilya Hill mine was moved from contractor to owner-mining, a change successfully implemented in mid-January; and significant contractor cost reductions were agreed at Mariners Mine.

Full-scale production and capital development continue at the Otter Juan, Carnilya Hill and Mariners Mines, with production supplemented by ore from McMahon and Redross. The Redross Mine is scheduled to close upon the final exhaustion of its ore reserves during the fourth quarter of the financial year.

As part of its continual improvement process Mincor has invested nearly \$1.35 million over the past 12 months in the purchase of two new underground diamond drilling rigs and ancillary equipment. The second of these rigs arrived at site during December. Both

rigs are fully manned and operational and are currently generating a cost saving of around 40% per metre drilled over previous contract drilling rates.

With 10,155 tonnes of nickel-in-ore produced during the first half of the financial year, Mincor achieved its budgeted rate of production for that period. Following the changes outlined above, production for the remainder of the financial year is budgeted at between 6,500 and 7,500 tonnes of nickel-in-ore, for an expected financial year total of between 16,500 and 17,500 tonnes of nickel-in-ore – within the range previously advised.

After taking account of provisional pricing adjustments for the September quarter, Mincor's operational surplus for the first half of the financial year (the cash generated by its operations before exploration, capital development and other non-operational costs) is estimated at \$27 million (subject to the final pricing of production for October to December). During the same period Mincor spent \$35 million on capital development and exploration. These expenditures have established important platforms for future production and growth. Following the changes implemented under the Management Plan, capital and exploration expenditures have been reduced in line with the reduced production target. This will ensure that the Company's cash position is maintained at its current healthy level.

As advised in mid-December, Mincor expects to report an accounting loss for the half-year ended 31 December 2008. This is the result of the sharp falls in the nickel price that took place between July and December, which impacted profits both through negative provisional pricing adjustments from the previous financial year, and through the reduction in revenue which made the Miitel Mine, in particular, unable to cover its (non-cash) depreciation and amortisation costs.

Looking ahead, Mincor is exceptionally well-placed to weather the current economic downturn. The Company has a robust core of production from three low-cost operations, a very strong balance sheet, and the strong internal cash flows required to fund its growth through ongoing capital and exploration expenditures. Most importantly, Mincor retains the capacity to lift production very substantially, most particularly through the restart of its Miitel Mine, when economic circumstances make that worthwhile. The Company therefore continues to offer outstanding leverage to the nickel price and a strong future growth profile.

## MINING – KAMBALDA NICKEL OPERATIONS

Nickel production for the quarter was an all-time record for Mincor and a 6% improvement on the previous quarter. Importantly the production grade was the highest in nine quarters. The improvement in grade combined with higher productivity and a reduction in cash expenditure resulted in a further reduction in production costs, which dropped from \$5.79/lb payable nickel in the previous quarter to \$5.61/lb payable nickel. This improvement in grade and costs is the result of a range of specific initiatives implemented over the quarter.

Mincor's North Kambalda Operations proceeded as per plan and delivered production well in excess of the previous quarter. High-grade ore was sourced from Otter Juan and supplemented with ore from Coronet and McMahon. The ramp-up of production from Carnilya Hill proceeded well, with ore mined from the 14 and 15 levels and accessed on the 16 level. At quarter-end cross cuts to the ore on the 17 level were well advanced. Development to high-grade ore below these levels continues and will facilitate the ongoing production ramp-up and transition to stoping.

During the quarter a decision was taken to move the Carnilya Hill operations to owner-mining in order to lower costs and improve quality control. This transition occurred without incident on Monday, 12 January 2009.

Capital development at McMahon was suspended during the quarter as previously advised. However, development on the MMN1 and MMN2 ore surfaces was completed in preparation for stoping in the current quarter.

Mincor's South Kambalda Operations delivered strong production, exceeding the plan by 15%. The higher grade was the result of specific initiatives to reduce dilution,

particularly in the North Miitel operations; and the continuation of mining of the high-grade ore in the 09 ore body at Mariners.

During the quarter, ore was accessed on the first two levels in the South Miitel N18 ore body. The ore exposed was consistent with expectations. However, late in the quarter mining operations at Miitel were suspended in accordance with the Management Plan. All services and infrastructure are being maintained and the mine is well-placed to resume production in due course.

Mariners continued to expose and mine high-grade ore in the 09 ore body. Mining of the productive and low cost 1625 and 1650 long hole stopes in the 08 ore body was completed during the quarter.

A reduction in the mining contract rates at Mariners was agreed and implemented during the quarter.

Mining at Redross continued satisfactorily, achieving expected production rates. The reserve at Redross is expected to be fully depleted in the fourth quarter of the current financial year.

**Table 2: Production by mine site, December Quarter**

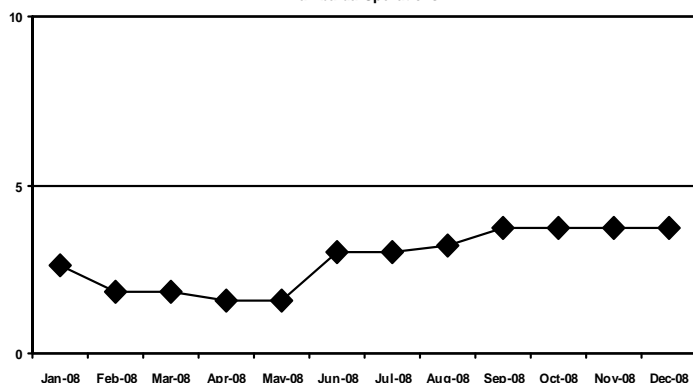
	<b>Tonnes</b>	<b>Grade %</b>	<b>Ni-in-ore</b>	<b>Ni-in-con</b>
Miitel	42,800	2.46	1,055	915
Mariners	51,570	2.88	1,490	1,293
Redross	21,170	2.64	562	487
Otter Juan	26,480	3.79	1,003	918
McMahon/Coronet	16,980	2.15	365	333
Carnilya Hill	21,203	3.46	733	672
<b>Totals</b>	<b>180,204</b>	<b>2.89</b>	<b>5,208</b>	<b>4,618</b>

## HEALTH, SAFETY AND THE ENVIRONMENT

One Lost Time Injury was reported for the December quarter. An Air Leg Miner at Otter Juan injured his left shoulder while working in a slot stope.

The 12 month moving average Lost Time Injury Frequency Rate for all Mincor Operations is 3.7. This is below the LTIFR of 4.1 for Underground Nickel Mining in Western Australia.

12 Month Moving Average (LTI's) Lost Time Injury Frequency Rate  
Kambalda Operations



Mincor continued to focus on further improving and implementing the Safety Management System and safe systems of work. Initiatives included:

- External Safety Management System Audit completed on Mincor's and Mincor's Mining Contractors Safety Management Systems;
- Final consultation and review of Mincor's Emergency Response Training Modules completed by Curtin University;
- Commencement of developing Mincor's Underground Major Hazard Standards based on Extreme Risks and Major Threats to the operations;
- Development of a draft Strategic Safety Plan outlining the Key Strategies to be achieved over the next 3 years;
- External courses for Shot Firers have been organised for January, February and March for compliance with the new Dangerous Goods Safety (Explosives) Regulations 2007;
- Completion of a development and implementation plan for Carnilya Hill training programs for the change-over to owner-mining.

## KAMBALDA NICKEL EXPLORATION

### Ultra-Sized Nickel Ore Body Program

The Ultra-Sized Nickel Ore Body (USNOB) exploration program is directed at the discovery of a high-grade nickel ore body with greater than 100,000 tonnes of contained nickel metal. The prime target area is Mincor's North Kambalda tenement holdings, on which occur the Otter Juan ore body (300,000 tonnes of past nickel metal production and still producing) and the Durkin ore body (100,000 tonnes of past nickel metal production). This mineralisation is

located at the contact between the overlying ultramafic rock and the underlying basalt (the Basal Contact).

Around two-thirds of the basal contact on Mincor's North Kambalda tenements remains untested at depth. This untested contact is highly prospective for new Ultra-Sized Nickel Ore Bodies, as well as for the down-plunge extensions to known ore bodies. As a first step in the exploration of this contact at depth, Mincor has completed a high resolution 3-dimensional seismic survey in a joint initiative with BHP Billiton, Mincor's tenement neighbour to the north. The seismic survey acquisition area covered the northern third of Mincor's North Kambalda tenements. Acquisition was completed by Terex Seismic and processing is currently underway.

It is hoped that the seismic data will enable the delineation of the basal contact over the survey area and the identification of the channel-like features that control mineralisation.

Drill-testing of the USNOB target previously outlined parallel to the Otter Juan ore body progressed during the quarter. The target is defined by a series of channel-like structures in the basal contact immediately east of and parallel to Otter Juan.

One significant intersection was returned, from JS19-118 (0.17 metres @ 2.23% nickel). The presence of this nickel sulphide intersection is encouraging, and all vectors suggest that nickel fertility is increasing down-plunge into the area covered by the seismic survey. For this reason drilling of this and other targets will await the results of the seismic survey.

### The Carnilya Hill Ore System

Excellent near-mine exploration opportunities exist at Carnilya Hill, and this ore system has been given a high priority. Mincor's underground diamond drill rig was mobilised to site during December, and drilling has commenced.

### The Miitel Ore System – Burnett Shoot

Drilling continued on the highly prospective Burnett shoot both from surface and underground. Surface drilling followed up the previously reported intersection in MDD170W1 of 8.72 metres @ 2.74% nickel (true width 5.58 metres), whilst broad spaced underground drilling continues to test the southern extents of the shoot.

Surface drilling returned two significant intersections extending known mineralisation at Burnett to some 960 metres beyond current reserve limits.

- **MDD170W2: 2.10 metres @ 4.14% nickel** (true width 1.34 metres) from 733 metres.
- **MDD171: 1.90 metres @ 8.91% nickel** (true width 1.09) from 713.5 metres.

MDD170W2 was drilled 32 metres up-dip of MDD170W1 and intersected a typical mineralised profile of massive, matrix, and disseminated nickel sulphide ore. This mineralisation is situated at the open basal contact of a well developed channel structure. A follow-up wedge, MDD170W3, was targeted up-dip and intersected a flanking

surface with no significant mineralisation. This, however, clearly defined the upper limit of the channel structure.

These holes, along with MDD170 and MDD170W1, clearly demonstrate the presence of a well mineralised channel up to 120 metres in extent. This is a very positive indication of the strength and resource potential of the Miitel Ore System in this area and confirms the shallow plunge of the system.

MDD171 was drilled 160 metres north of MDD170W2 and intersected two separate mineralised zones. A zone of strong hanging wall mineralisation returned 1.90 metres @ 8.91% nickel from 713.5 metres (true thickness 1.09 metres) comprising disseminated nickel sulphides with coarse grained massive sulphides at the base within ultramafics. The massive sulphides returned 1.22 metres @ 11.75% nickel from 714.18 metres (true thickness 0.70 metres). The hanging wall mineralisation is interpreted to be remobilised along a structure.

A second zone of mineralisation in MDD171 returned 5.45 metres @ 1.21% nickel from 747.50 metres (true thickness 3.49 metres) from nickel sulphide stringers within foliated footwall basalt some 20 metres into the flanking contact. The footwall mineralisation, position and style are typical of the extremities of a basalt pinch-out.

MDD171W1 was drilled as part of a downward wedge off parent hole MDD171 and achieved a separation of 70 metres down dip. A weakly mineralised contact was intersected at 785 metres down-hole. An intermediate felsic porphyry extends from 798.7 metres to 807 metres sub-parallel to the basal contact, and may have stopped out the mineralisation.

These results indicate a substantial extension of the mineralised system to the north, where it remains open and a high priority for further drill-testing.

Six underground extensional holes were completed testing the continuations of previously reported intersections in the Burnett Shoot. Most of these holes intersected nickel mineralisation greater than 1% nickel, further defining a flat plunging mineralised trend at Burnett. Although no ore grade intersections were achieved, a down-hole electromagnetic anomaly was defined and high priority follow-up infill drilling is planned.

Figure 1: North Miitel Long Section

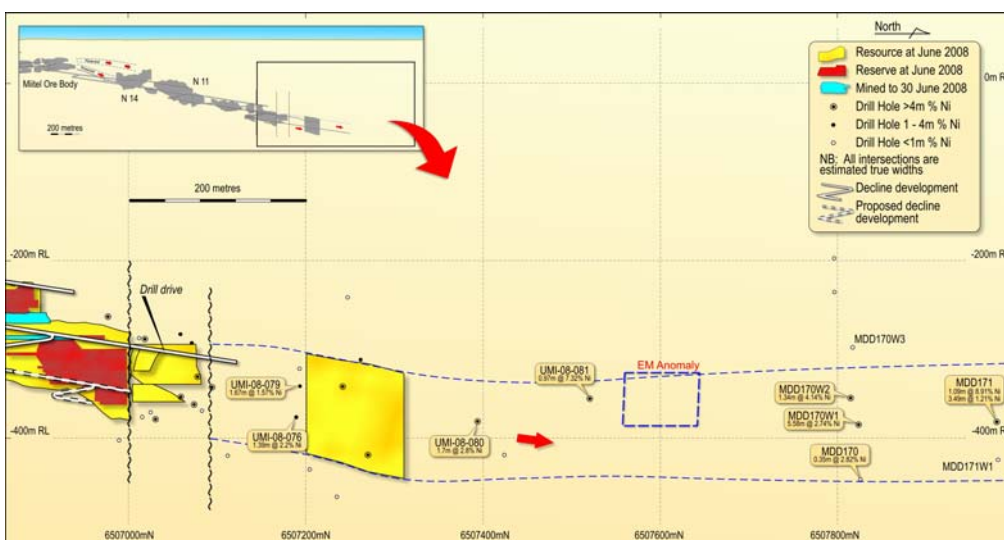


Table 3: Burnett Intersections (Underground and Surface).

Hole ID	From	To	Interval	True Width	Ni%
UMI-08-076	183.05	184.57	1.52	1.39	2.20%
UMI-08-077	174.55	178.00	3.45	2.83	1.30%
UMI-08-078					NSA
UMI-08-079	178.26	180.30	2.04	1.67	1.57%
UMI-08-080	314.56	317.46	2.90	1.70	2.80%
UMI-08-080	321.64	323.00	1.36	0.91	1.17%
UMI-08-080	325.28	326.08	0.80	0.54	2.44%
UMI-08-081	428.95	430.14	1.19	0.97	7.32%
UMI-08-081	434.19	434.37	0.18	0.15	7.99%
UMI-08-081	447.8	448.14	0.34	0.28	4.27%
MDD170W2	733	735.10	2.10	1.34	4.14
MDD170W3					NSA
MDD171	713.5	715.4	1.90	1.09	8.91
MDD171	747.5	752.95	5.45	3.49	1.21
MDD171W1					NSA

Cut off > 1% nickel

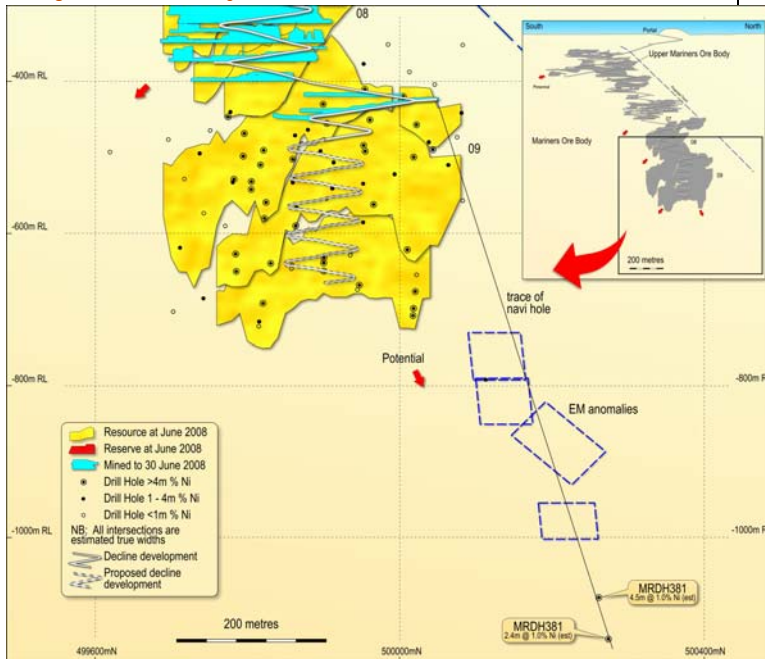
### The Mariners Ore System

The strength of the N09 ore reserve suggests an overall strengthening of the Mariners ore system with depth. An opportunity to test well beyond the current resource was realised following the success of the directional drilling program at Otter Juan.

MRDH 381 was drilled parallel to the basal contact for a length of 896.7 metres. Once the hole was two-thirds complete two surveys were undertaken. Borehole radar successfully identified the position of the basal contact and a down-hole electromagnetic survey (DHEM) identified two strong anomalies. At the bottom of the hole, some 1,430 metres below surface and well below the DHEM anomalies, the basal contact was successfully intersected, returning two sub-grade intersections of disseminated nickel sulphides.

The directional drilling program at Mariners has clearly demonstrated that the ore system extends some 550 metres below the current mineral resource. The presence of disseminated sulphides, and the identification of strong, as-yet untested DHEM anomalies, highlight the continuing strength of this ore system and are an important priority for further drilling.

Figure 2: Mariners Long Section



### Bluebush Tenements – Stockwell

Electromagnetic (EM) surveys at Bluebush by previous explorers have been largely unsuccessful due to high noise ratios from conductive overburden. Only 5% of the basal contact has been surveyed and half of this was ineffective. However the technology has advanced significantly in recent times and for this reason Mincor chose to carry out a trial of the latest systems.

An orientation survey using SQuID EM technology was carried out over a 2 km strike length of the basal contact over known mineralisation at Grimsby 2 and extending to the south.

The results were excellent, demonstrating low to moderate noise levels and delineating two well-defined conductors (anomalies), one of which is clearly related to the known mineralisation at Grimsby 2. Further work is planned.

### Bluebush Tenements – Cameron

The Cameron Prospect is located 7 km south of Stockwell. The prospect is sparsely drilled with recent intersection BCD003: 2.54 metres @ 7.75% nickel and historic intersection BD111 (4.83 metres @ 3.45% nickel). The prospect has a moderate southerly plunge defined by the overall mineralised trend and a sediment free prism above the basal contact. The prospect has a significant structural overprint with a number of oblique faults which appear to stack the basal contact.

Mincor completed two diamond holes, BCD004 and BCD005, for a total of 1,015 metres. Both holes were drilled to test the interpreted steeper plunge potential of the Cameron mineralised system with BCD004 positioned 130 metres down-plunge of BD111 and BCD005 a further 330 metres down-plunge. Both holes intersected sediment on contact but BCD005 returned nickeliferous sediment of 0.47 metres @ 1.13% nickel from 385.28 metres. The thickness of ultramafic and other vectors suggest a shallower plunge

and remains open. Further drill-testing of this shallower plunge is planned.

### Bluebush Tenements – Lawry

The Lawry prospect is located 8 km south of Stockwell. The sparsely drilled prospect was originally identified by WMC in the 1970s and includes historic intersections such as RHD212 (2 metres @ 3.75% nickel), RHD220 (1.63 metres @ 5.7% nickel) and BD312 (1.65 metres @ 4.3% nickel) possibly on the southern edge of embayed basal contact. The prospect has a moderate southerly plunge defined by the mineralised trend, thickened basal flow and sediment-free contact.

Mincor completed two reverse circulation and two diamond holes on a section testing the up-plunge extents of the embayment and confirmed channel-like features hosting nickel mineralisation. BLRC002 drilled within the embayment intersected 2 metres @ 1.83% nickel from 96 metres down-hole in disseminated sulphides on an open contact. The disseminated sulphide profile was thick but graded less than 1% nickel. Current interpretations indicate the plunge extent is only partially tested. High priority follow-up drilling is planned to test a plunge extent currently defined over 300 metres, which is open at depth.

### Kambalda West Joint Venture (Mincor 51%)

The drilling of 43 aircore holes was completed during the quarter, testing one VTEM anomaly over three Joint Venture tenements. The drilling intersected amphibolites, granites and mafic rocks in the basement. No ultramafic rocks were encountered and no significant nickel mineralisation was returned.

Mincor is still awaiting environmental approvals for drilling of the higher priority northern targets on E15/885 and E15/883, which contain nine untested VTEM anomalies.

On 31 October, Mincor completed its earn-in to a 51% interest in the JV tenements. Mincor elected to sole fund a further \$750 000 over 2 years. If this funding is completed, Mincor will have earned a 70% interest in the tenements.

## REGIONAL GOLD & BASE METAL EXPLORATION

### Gascoyne Tungsten/Uranium Prospect (Mincor 100%)

Uranium exploration continued at Cattle Pool, located 270 km east of Carnarvon in Western Australia. Follow-up rock chip and channel sampling of costeans was completed at the Junction, Dolerite and Maslin prospects and was followed by a program of aircore drilling comprising 122 holes for 1,037 metres. These programs have confirmed the widespread occurrence of both primary and secondary  $U_3O_8$  in a variety of settings. Soil and silcrete cover obscures large portions of the area, and radiometric anomalies (on which exploration has been targeted to date) are confined to areas of thinnest cover. This indicates strong potential for further discoveries well beyond the confines of the current drilling.

## Costean Results

Preliminary assays from 428 costean channel samples at Cattle Pool ranged from an average of 684ppm (parts per million)  $U_3O_8$  per linear metre at Dolerite (over an area of 15 metres x 3.6 metres) to 319ppm  $U_3O_8$  per linear metre at Maslin (over an area of 12 metres x 3.6 metres), as tabulated below (location of costeans is shown in Figure 3):

**Table 4:** Summary of costean channel sample results at Cattle Pool showing previously reported sampling (May 2008) plus additional sampling carried out this quarter.

Prospect Name	Average Assay $U_3O_8$ (ppm)	Cumulative Metres Sampled	Average Grade Thickness (metres x ppm)
Dolerite (May 2008)	608	73	684
Junction (May 2008)	481	82	547
Maslin (May 2008)	319	71	359
Zinger (May 2008)	157	14	181
Antex (May 2008)	326	16	345
Dolerite (this quarter)	184	105	207
Junction (this quarter)	313	99	353
Maslin (this quarter)	190	33	207
<b>Total/average – all costeans</b>	<b>349</b>	<b>481</b>	<b>392</b>

The follow-up and infill sampling was designed to test areas of lower radiometric response to assess the variability of the disequilibrium ratio (DR). Average assays returned from the low radiometric areas were 353ppm  $U_3O_8$  per linear metre at Junction (over an area of 15 metres x 3.6 metres) and 207ppm  $U_3O_8$  per linear metre at Dolerite and Maslin. This confirms a  $DR > 1$  at Junction and that the DR is close to 1 at Dolerite and Maslin, again indicating potential for mineralised zones to extend beyond the boundaries defined by radiometric anomalies alone.

## Drilling results

Assay results for the drilling were received immediately prior to the Christmas break and are still being assessed. Of the 122 holes drilled, 78 intersected anomalous radioactivity and returned assays in excess of 50ppm  $U_3O_8$  and of these 49 holes had assays above 100ppm  $U_3O_8$  (Figure 3). The analytical method used (ICP-MS61) is considered a cost effective technique for preliminary assessment, however more detailed follow-up in the future will use the XRF method for analysis, also incorporating a more complete digest. Several check XRF assays already carried out have returned uranium values 10-15% above the original ICP analyses.

Overall results are shown in Figure 3 with the best ICP results tabulated below, locations for quoted drill holes are also shown in Figure 3.

**Table 5:** Drilling Results

Drill hole ID	Location	From	Width	$U_3O_8$ (ppm)
CPA-012	Junction North	1-5m	4m	207
CPA-044	Junction	0-2m	2m	295
CPA-052	Junction West	2-6m	4m	166
CPA-073	Junction	1-3m	2m	431
CPA-120	Maslin	0-3m	3m	279
CPA-128	Zinger	1-2m	1m	1499
CPA-181	Mesa	0-2m	2m	319

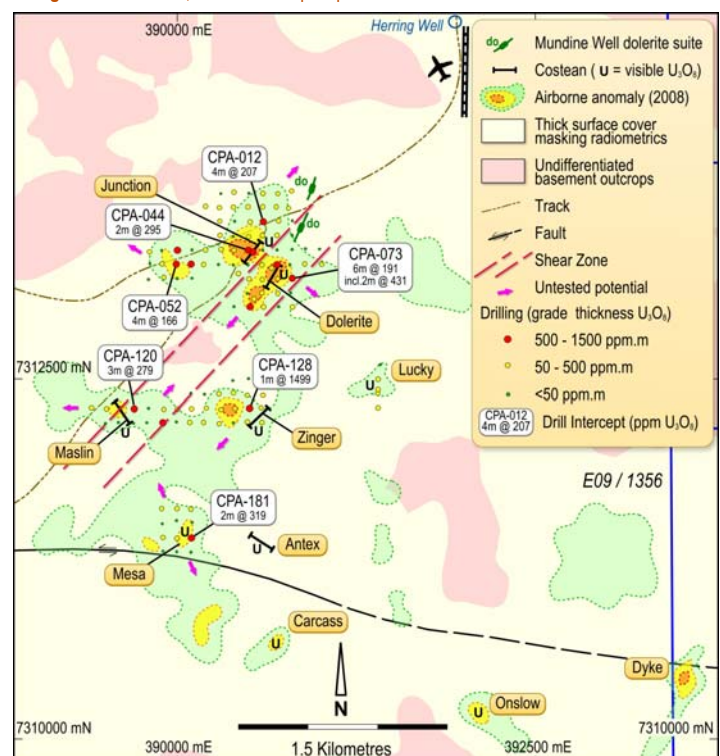
*Note: All holes drilled vertically and quoted down-hole widths approximate true widths using a cut off grade of 50ppm  $U_3O_8$  and allowing for a maximum of 1 metre of internal waste.*

*Analytical method used comprised a 4-acid digest followed by an ICP finish.*

Preliminary observations from the aircore drilling are as follows:

- The mineralised portion of the saprolite at the locations drilled varies between 1 and 6 metres thick and is generally within 2 metres of the surface;
- Average thickness of the mineralised zone defined to date is 2.5 metres, with an average grade of 218ppm  $U_3O_8$  - bearing in mind that only a small portion of the project area has been drill-tested;
- In areas of strong surface radiometrics the mineralisation tends to be within 0-2 metres of the surface, however, mineralisation has been intersected as deep as 8 metres in areas of low surface radiometrics (e.g. at Junction where mineralisation remains open to the north, west and southeast);
- The presence of deeper mineralisation, not detectable by surface radiometric methods, indicates further potential – deeper targets are yet to be evaluated;
- Drilling has also identified a series of sub-parallel northeast oriented structures which show strong shearing and potassic sericite-hematite alteration, commonly associated with uranium mineralisation in the area. This is most evident between Maslin and Zinger and represent new and untested targets;
- Initial observations suggest that secondary uranium mineralisation occurs marginal to these alteration zones thus forming additional basement targets which have yet to be evaluated;
- Tourmaline alteration is also associated with uranium mineralisation in a number of areas, but is particularly notable in granitic zones at Junction, Dolerite and Maslin.

**Figure 3:** Drill hole, costean and prospect locations at Cattle Pool



## Georgina Zinc Project

(Mincor 100%; JOGMEC sole-funding to earn up to 40%)

The Georgina project, located approximately 200 km northeast of Alice Springs in the Northern Territory, is a conceptual play targeting the discovery of an entirely new zinc-lead district. Work to date has built on the initial studies of the Northern Territory Geological Survey and has added detailed new gravity and stream sediment data, as well as detailed geological modelling in conjunction with the Commonwealth Scientific and Industrial Research Organisation (CSIRO), with the aim of generating targets to be evaluated during a sustained field program planned for the 2009 field season. Work completed during the quarter was carried out by Mincor and sole-funded by JOGMEC under the terms of its earn-in joint venture agreement. This work comprised the following:

- Final processing and normalisation of new detailed gravity coverage;
- Generation, analysis and incorporation of worm derivatives from these data to allow structural interpretation;
- Acquisition of 25 historic petroleum exploration seismic traverses across the southern Georgina Basin for inclusion in 3 dimensional models of the region;
- Interpretation of new stream sediment geochemistry, which has revealed seven areas of potentially anomalous zinc concentrations that warrant further examination;
- Acquisition of ASTER imagery and appropriate band ratio compilations;
- Analysis of rock samples and diamond drill core to obtain detailed ultra-trace element chemistry of selected points in the stratigraphy;
- Analysis of historical drill core using portable XRF equipment to identify base metal distribution in the Georgina Basin succession and the underlying basement;
- An initial empirical data framework for numerical modelling.

Compilation of all of the above is being completed together with the generation of 3-dimensional fluid flow models for the area (which will be continuously updated as new information is added). Planning and budgeting for the 2009 field program, which will include additional soil and stream sediment geochemistry, geophysics and drilling is underway. This will commence as soon as weather conditions allow and will mark the beginning of an exciting new phase of sustained on-ground exploration of an area that has the potential to host an entirely new base metal district.

## Tipperary Zinc Project (Mincor 51%)

No fieldwork was completed during the quarter. Following completion of drill hole FM-3782-1 during the September quarter 2008, work has focused on compiling results and planning of follow-up. FM-3782-1 intersected the best zinc results seen in the area to date.

## Tottenham Copper Project (Mincor 100%)

No new field work was completed at Tottenham during the quarter. A review of the structural setting of the project was undertaken as detailed aeromagnetic data suggest that the ore zones may be duplicated in some areas as a result of prospect scale refolding of stratigraphy, thus creating new untested targets. The results of this work will be incorporated into the planning of future soil surveys and drilling.

## CORPORATE MATTERS

### Hedging Arrangements

In line with its strategy of maintaining exposure to the nickel price while securing a minimum level of protection against adverse price movements, Mincor has sold forward a total of 1,700 tonnes of payable nickel metal to May 2010, at an average price of A\$37,259 per tonne.

This represents approximately 11% of Mincor's expected production over that period.

This hedging is distributed as follows:

<b>Jan 2009 to Jun 2009</b>	115 tonnes of payable nickel per month at a price of \$38,342/tonne
<b>Jul 2009 to Dec 2009</b>	115 tonnes of nickel per month at a price of A\$36,982/tonne
<b>Jan 2010 to May 2010</b>	64 tonnes of nickel per month at a price of \$35,522/tonne

### Cash and Debt

As at 31 December 2008, Mincor had cash and receivables of \$92.47 million and creditors and accruals of \$20.78 million, giving a net working capital position of **\$71.69 million**.

During the quarter Mincor paid provisional income tax of **\$4.7 million**, and incurred an **\$18.5 million** reduction in revenue received (compared to revenue booked as receivables in the previous quarter) due to provisional pricing adjustments.

Apart from minor leasing and bond commitments, Mincor has no debt.

The information in this Public Report that relates to Exploration Results is based on information compiled by Messrs Peter Muccilli and Richard Hatfield both of whom are Members of The Australasian Institute of Mining and Metallurgy. The information in this Public Report that relates to Mineral Resources is based on information compiled by Mr Robert Hartley who is a Member of the Australasian Institute of Mining and Metallurgy. Messrs Muccilli, Hatfield and Hartley are full-time employees of Mincor Resources NL. Messrs Muccilli, Hatfield and Hartley have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Messrs Muccilli, Hatfield and Hartley consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



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**APPENDIX 1 – Tabulation of Mineral Resources and Ore Reserves****Tabulation and Categorisation of Mineral Resources referred to in this report. Mineral Resources as at 30 June 2008:**

RESOURCE	MEASURED		INDICATED		INFERRED		TOTAL		
	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni Tonnes
Mariners	334,000	4.2	378,000	3.5			712,000	3.9	27,400
Redross	61,000	7.7	154,000	3.0	67,000	2.9	283,000	4.0	11,200
Miitel	278,000	3.4	457,000	3.6	115,000	3.7	850,000	3.6	30,200
Wannaway	2,000	1.4	123,000	2.6	16,000	6.6	142,000	3.0	4,300
Carnilya Hill			174,000	5.5			174,000	5.5	9,500
Otter Juan	258,000	5.2	289,000	3.0	207,000	3.1	754,000	3.8	28,400
McMahon/Ken			282,000	3.3	91,000	6.4	374,000	4.1	15,200
Durkin			251,000	5.2	127,000	5.0	378,000	5.1	19,400
Gellatly			29,000	3.4			29,000	3.4	1,000
Stockwell			195,000	2.4	435,000	3.7	630,000	3.3	20,800
<b>Grand Total</b>	<b>934,000</b>	<b>4.5</b>	<b>2,332,000</b>	<b>3.6</b>	<b>1,059,000</b>	<b>4.0</b>	<b>4,325,000</b>	<b>3.9</b>	<b>167,300</b>
	<i>892,000</i>	<i>4.2</i>	<i>1,874,000</i>	<i>3.9</i>	<i>953,000</i>	<i>3.8</i>	<i>3,720,000</i>	<i>3.9</i>	<i>146,300</i>

Note that Resources are inclusive of Reserves. Figures have been rounded and hence may not add up to the given totals. Resources shown for Carnilya Hill are those attributable to Mincor – that is, 70% of the total Carnilya Hill Resource.

The information in this Public Report that relates to Mineral Resources is based on information compiled by Mr Robert Hartley, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hartley is a permanent employee of Mincor Resources NL. Mr Hartley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hartley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Tabulation and Categorisation of Ore Reserves referred to in this report. Ore Reserves as at 30 June 2008:**

RESERVE		PROVED		PROBABLE		TOTAL		
		Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Ni Tonnes
Mariners	2008	272,000	3.0	172,000	3.3	444,000	3.1	13,700
Redross	2008	63,000	2.9	21,000	2.4	84,000	2.8	2,300
Miitel	2008	119,000	2.5	459,000	2.6	579,000	2.6	15,000
Wannaway	2008	2,000	1.4			2,000	1.4	30
Carnilya Hill	2008			220,000	2.8	220,000	2.8	6,300
Otter Juan	2008	209,000	3.8	111,000	3.7	320,000	3.8	12,100
McMahon	2008			322,000	2.4	322,000	2.4	7,600
<b>Grand Total</b>	<b>2008</b>	<b>666,000</b>	<b>3.1</b>	<b>1,299,000</b>	<b>2.8</b>	<b>1,965,000</b>	<b>2.9</b>	<b>57,000</b>
	2007	791,000	2.8	1,453,000	2.8	2,243,000	2.8	62,700

Figures have been rounded and hence may not add up to the given totals. \*Reserves for Carnilya Hill are those attributable to Mincor – that is, 70% of the total Carnilya Hill Reserve.

The information in this Public Report that relates to Ore Reserves is based on information compiled by Mr Dean Will, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Will is a permanent employee of Mincor Resources NL. Mr Will has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Will consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## APPENDIX 2 – Surface Drill Holes at Kambalda completed for Nickel Exploration during the Quarter

Following are the collar details for all surface drill holes at Kambalda during the quarter.

Hole ID	Prospect	Tenement	Grid	Hole Type	Northing	Easting	RL	Depth (m)	MAG Azi	Dip
BCD004	Cameron	ML15/508	MGA	Diamond	6499120	388466	332	396.4	90	-60
BCD005	Cameron	ML15/508	MGA	Diamond	6498683	388551	328	618.4	51	-64
BLRC001	Lawry	ML15/509	MGA	RC	6500304	387874	357	132	48	-60
BLRC002	Lawry	ML15/509	MGA	RC	6500279	387847	358	100	48	-60
BLD002	Lawry	ML15/509	MGA	Diamond	6500277	387846	358	303.5	48	-77
BLD003	Lawry	ML15/509	MGA	Diamond	6500196	387760	357	315.3	48	-60
MDD170W2	Anomaly C	M15/85	KNO	Diamond	507800	370990	300	801	265	-66
MDD170W3	Anomaly C	M15/85	KNO	Diamond	507800	370990	300	747	265	-63
RRD137	Redross East	M15/90	MGA	Diamond	6493480	372315	323	90	vert	-90
RRD138	Redross East	M15/90	MGA	Diamond	6493315	372340	322	96	vert	-90
RRC153	Redross East	M15/90	MGA	RC	6493660	372275	325	168	vert	-90
RRC154	Redross East	M15/90	MGA	RC	6493660	372315	325	150	vert	-90
MDD171	Anomaly C	M15/85	KNO	Diamond	508111	370861	300	819.4	240	-66
MDD171W1	Anomaly C	M15/85	KNO	Diamond	508111	370861	300	860	240	-70