

MINCOR APPROVES \$28M CARNILYA HILL NICKEL MINE DEVELOPMENT

Project Work to Commence Immediately with First Production Targeted for January 2008

Nickel producer Mincor Resources NL (**ASX: MCR**) has added further momentum to its production growth strategy in the Kambalda region after today announcing formal approval for a new **\$28 million** nickel mine development at its 70%-owned **Carnilya Hill Project** in Western Australia.

The Project – which has been given the go-ahead less than one year after the initial discovery – represents Mincor’s fifth new mine development in the Kambalda District since 2001.

“We are delighted with the outcome of our work at Carnilya Hill,” said Mincor’s Managing Director, David Moore.” This has been a remarkably successful enterprise to date and we are looking forward to the development of what we believe will be a robust and profitable mining operation.”

“We are also very happy with the support we have received from our joint venture partner, View Resources Ltd, and we look forward to continuing our strong relationship with them as we move the project into production.”

The Carnilya Hill Project is forecast to operate at a production rate of approximately 15,000 tonnes of ore per month, or 5,000 tonnes of nickel per annum, for an initial period of just under three years, based on current ore reserves (Mincor’s equity share 3,500 tonnes of nickel per annum). First production is targeted for January 2008.

Cash costs for the life of the current reserve are estimated at an average of A\$5.10 per pound nickel. Government royalties at an effective rate of 3.85% will be payable, as is the case on Mincor’s existing mines. All ore will be trucked to the BHP Billiton concentrator plant at Kambalda, where it will be toll treated and the resulting concentrate sold to BHP Billiton under a long-term off-take agreement. The terms of this agreement are similar to those that apply at Mincor’s existing operations.

Total capital costs for the life of the current ore reserve are estimated at \$28 million. The bulk of this will be for decline development, with a significant component relating to the re-instatement of surface infrastructure and the development of a new raise-bored ventilation shaft to surface. Mincor will be responsible for 70% of this capital cost, in line with the joint venture arrangement.

Based on the most recent nickel price forecasts by Royal Bank of Canada, the Project is forecast to generate more than **\$200 million net cash before tax**, with an internal rate of return (IRR) estimated at **more than 600%**. The feasibility study estimates suggest that the project breaks even on a full capital cost basis at a flat life-of-mine nickel price of A\$14,300 per tonne.

Mincor has received competitive bids from five companies for the Carnilya Hill mining contract. These bids confirm Mincor’s earlier cost estimates, and the Company is currently in the final stages of awarding the contract.

Mincor and View Resources have already placed orders for numerous critical long-lead time items. Site works will start immediately and full-scale development is expected to commence during July. Mincor has already sourced most of the senior personnel that will be required to manage the new operation.

Mr Moore said that the new development at Carnilya Hill continued the regeneration of the Kambalda Nickel District, which has rapidly regained its status as one of the world's great nickel districts. "This is a significant event for Kambalda and the Eastern Goldfields region," he said. "Carnilya Hill will employ up to 77 people, and will generate very substantial tax and royalty revenues, as well as strong profits for our shareholders".

"There is also tremendous upside at Carnilya Hill," Mr Moore continued. "As with our other Kambalda operations, we believe that the initial ore reserves are only the start, as the mineralised channel remains open down-plunge and our recent drilling has confirmed that high-grade mineralisation is present well beyond the end of the current reserves."

Carnilya Hill was discovered in 1974 and the original ore body was mined from 1980 as a joint venture between WMC and BHP. It closed once known reserves were exhausted in 1999. View Resources carried out limited remnant mining between 2004 and 2005.

Mincor negotiated a joint venture with View Resources in late 2005 and commenced drilling in March 2006. The discovery hole (10.70 metres @ 6.95% nickel) was drilled in late June 2006 – less than one year ago.

Since then Mincor's drilling has outlined a resource of **16,100 tonnes of nickel metal** down-plunge of the previously mined ore body. Feasibility studies conducted by Mincor have outlined a robust mining project based on extending the existing decline to a depth of 650 metres. Production will be via "short long-hole" stoping, a development-intensive method that will maximise the benefit of the competent basalt hanging wall – a positive feature that is unique to Carnilya Hill among the Kambalda nickel mines.

The ore reserve outlined by Mincor for Carnilya Hill is **483,500 tonnes @ 2.9% nickel for 14,000 tonnes of contained nickel metal**. This ore reserve is based on the previously announced mineral resource (328,400 tonnes @ 4.9% nickel) and incorporates all appropriate mining and dilution parameters.

Mincor has a multi-pronged growth strategy in nickel and is aggressively pursuing a pipeline of new development opportunities and exploration projects in the Kambalda Nickel District. The Company is also in the process of acquiring the operating Otter Juan Nickel Mine and the McMahon and Durkin nickel projects, and is targeting a sustainable production rate of 20,000 tonnes per annum of nickel metal in ore.

The information in this Public Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Jim Reeve, Peter Muccilli and Dean Will, all of whom are Members of The Australasian Institute of Mining and Metallurgy. Messrs Reeve, Muccilli and Will are permanent employees of Mincor Resources NL. Messrs Reeve, Muccilli and Will 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 a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Messrs Reeve, Muccilli and Will 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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