

12 July 2007

Targeting 28% increase to 17,000t contained nickel for FY08

12,911t contained nickel FY07

- MCR has reported FY07 nickel in concentrate production of 12,911t. This is 300t lower than our forecast due to lower grades mined at its flagship operation Miitel. While this result is disappointing particularly coinciding with the lower nickel price, we remain positive on MCR's growth prospects. With bolt-on production from Otter-Juan since July, Carnilya Hill and possibly McMahon by the June Q and an active exploration program we believe MCR presents a buying opportunity once the nickel price settles.
- Nickel price off 35% since May:** MCR has weathered the nickel price fall well (only off 12% from June high) as its production growth profile gains recognition. With continued strong demand for stainless steel we believe nickel prices will recover towards the end of the Q and the MCR share price will follow.
- Kambalda operations:** The purchase of GMM Pty Ltd is complete and production of 3,000tpa nickel in concentrate from Otter-Juan has been attributed to MCR since 1 July. Two rigs are verifying the resources at McMahon and Durkin (28kt contained nickel) and we expect results over the next 6 weeks. MCR's priority is to bring McMahon into production and we believe first production will commence as early as June Q '08.
- Carnilya Hill JV (MCR 70%):** The mining contractor is on site rehabilitating the mine and first development is on target for the end of the month. Production is forecast to ramp up from the June Q '08.
- Rav 8 JV (MCR 80%):** Drilling at the Rav 8 project is underway with the rig on the 3rd hole. MCR is targeting depth extensions to the mineralisation with the success at Carnilya Hill providing its model. First results can be expected in two weeks.
- Price Target:** MCR is trading on 4.5 times FY08 earnings and at a 12% discount to our \$4.79/sh price target. We continue to rate the stock a BUY.

Company

Stock code:	MCR
Share price:	\$4.24
Recommendation:	BUY

\$4.31 \$5.27



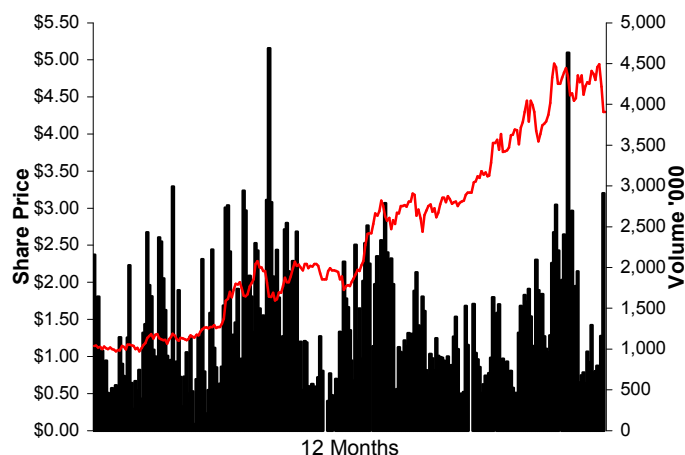
S&P/ASX 300 = 6344

Analyst

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Company Statistics & Performance

Shares on Issue	201.7m	Daily Vol.	1,214,000
Market Cap.	\$859.1m	Debt	\$0.0m
52 Week Range	\$1.07 - \$4.95	Cash est.	\$70.8m



Investment Summary

Year End June 30	2006A	2007F	2008F	2009F
Reported Earnings				
Net Profit (\$m)	30.2	104.0	188.8	245.4
EPS (cents)	15.0	51.6	93.6	121.7
EPS growth (%)	n.a.	244.9	81.6	30.0
PER (x)	28.5	8.3	4.5	3.5
EBITDA				
EBITDA (\$m)	71.4	179.4	304.2	386.8
EV/EBITDA (x)	11.0	4.3	2.2	1.2
Cashflow Multiples				
Gross Cashflow (\$m)	74.3	141.3	222.1	280.7
GCFPS (cents)	38.2	72.1	113.3	143.2
PGCF (x)	11.2	5.9	3.8	3.0
Free Cashflow (\$m)	35.2	46.7	131.8	229.4
FCFPS (cents)	18.1	23.8	67.3	117.0
PFCF (x)	23.6	17.9	6.3	3.6
Dividend				
Dividend (cents)	5.0	12.0	12.0	12.0
Yield (%)	1.2	2.8	2.8	2.8
Franking (%)	100	100	100	100

Mincor Resources NL

\$4.25

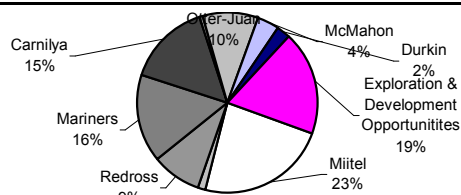
Year End June 30

Valuation	A\$m	A\$/sh	
Miitel	178	0.88	
Wannaway	10	0.05	
Redross	69	0.34	
Mariners	121	0.60	
Carnilya	114	0.56	
North Dordie	4	0.02	
Otter-Juan	75	0.37	
McMahon	31	0.16	
Durkin	17	0.09	
Forward Sales	(43)	(0.21)	
Corporate	(54)	(0.27)	
Exploration & Development Opportunities	143	0.71	
Unpaid Capital	6	0.03	
Cash	71	0.35	
Debt	0	0.00	
Total @ 8% discount rate	744	3.69	
Price Target	967	4.79	
Sensitivity Price Target	+10%	0	-10%
Nickel Price	\$5.52	\$4.79	\$4.06
A\$: \$US	\$3.98	\$4.79	\$5.78

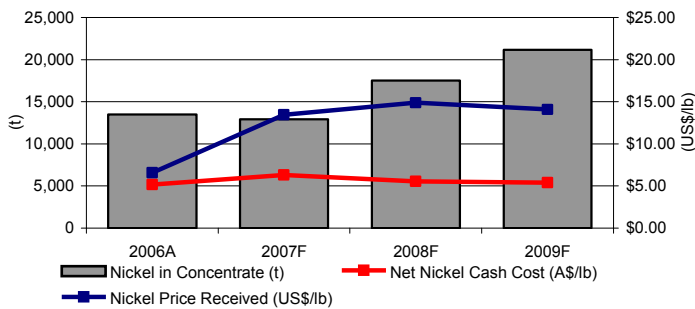
Commodity Assumptions	2006A	2007F	2008F	2009F
A\$:US\$	\$0.75	\$0.79	\$0.82	\$0.77
Copper (US\$/lb)	\$2.29	\$3.21	\$3.23	\$2.82
Lead (US\$/lb)	\$0.49	\$0.77	\$1.02	\$0.94
Zinc (US\$/lb)	\$0.96	\$1.67	\$1.50	\$1.31
Nickel (US\$/lb)	\$7.03	\$17.21	\$16.72	\$14.46
Cobalt (US\$/lb)	\$12.64	\$21.33	\$23.26	\$20.36

Production Summary	2006A	2007F	2008F	2009F
Miitel	6,102	4,935	5,692	5,049
Wannaway	641	489	528	612
Redross	3,999	3,661	3,235	1,541
Mariners	2,754	3,511	3,816	4,274
Carnilya	0	0	643	4,226
North Dordie	0	315	315	0
Otter-Juan	0	0	3,063	3,063
McMahon	0	0	219	2,078
Durkin	0	0	0	306
Nickel in Concentrate (t)	13,496	12,911	17,510	21,148
Copper in Concentrate (t)	1,194	1,149	1,308	1,495
Cobalt in Concentrate (t)	258	252	293	325

Valuation Summary of Operating Assets



Nickel Production Summary



Reserves & Resources

Reserves	Mt	Ni %	Ni kt
Miitel (incl. Nth Miitel)	0.58	2.6	15.0
South Miitel	0.38	2.6	9.8
Wannaway	0.04	2.7	1.0
Redross	0.27	3.0	8.2
Mariners	0.41	2.7	11.0
Total	1.67	2.69	44.9
Resources	Mt	Ni %	Ni kt
Miitel (incl. Nth Miitel)	0.80	3.8	30.2
South Miitel	0.30	3.8	11.3
Wannaway	0.14	3.2	4.5
Redross	0.30	4.2	12.5
Mariners	0.35	4.5	15.6
North Dordie	0.14	1.5	2.1
McMahon North	0.31	3.3	10.3
Ken North	0.08	6.6	5.3
Durkin Deepes	0.28	4.6	13.1
Total	2.69	3.89	104.9

Directors

Name	Position
David Humann	Non Executive Chairman
David Moore	Managing Director
Jack Gardener	Non Executive Director
Ian Burston	Non Executive Director
Jim Reeve	Non Executive Director

Substantial Shareholders

Substantial Shareholders	Shares (m)	%
Barclays Global Investors	15.60	7.94

Per Pound of Payable Metal

Net Nickel Cash Cost (A\$/lb)	5.16	6.29	5.53	5.42
Net Nickel Cash Cost (US\$/lb)	3.86	4.95	4.51	4.18
Nickel Price Received (US\$/lb)	6.57	13.44	14.89	14.08
Spot Nickel Price (US\$/lb)	7.03	17.21	16.72	14.46

Profit & Loss (A\$m)	2006A	2007F	2008F	2009F
Sales Revenue	175.2	337.8	469.9	571.6
Other Income	10.3	-7.2	5.4	12.7
Operating Costs	98.1	124.0	147.8	173.7
Exploration Exp.	5.0	11.0	6.9	7.0
Corporate/Admin	10.9	16.2	16.4	16.7
EBITDA	71.4	179.4	304.2	386.8
Depn & Amort	29.3	31.2	34.4	36.2
EBIT	42.1	148.2	269.8	350.6
Interest	0.7	0.3	0.0	0.0
Operating Profit	41.4	147.9	269.8	350.6
Tax expense	11.3	43.9	80.9	105.2
Abnormal Losses / Minorities	0.0	0.0	0.0	0.0
NPAT	30.2	104.0	188.8	245.4
Normalised NPAT	29.0	103.5	188.8	245.4

Cash Flow (A\$m)	2006A	2007F	2008F	2009F
Adjusted Net Profit	30.2	104.0	188.8	245.4
+ Interest/Tax/Expl Exp	17.0	55.2	87.8	112.2
- Interest/Tax/Expl Inc	9.0	49.1	88.9	113.2
+ Depn/Amort	29.3	31.2	34.4	36.2
+/- Other	6.9	0.0	0.0	0.0
Operating Cashflow	74.3	141.3	222.1	280.7
- Capex (+asset sales)	28.4	98.2	90.3	51.3
- Working Capital Increase	10.7	(3.6)	0.0	0.0
Free Cashflow	35.2	46.7	131.8	229.4
- Dividends (ords & pref)	7.8	17.5	23.5	23.5
+ Equity raised	0.0	0.6	0.0	0.0
+ Debt drawdown (repaid)	(0.6)	(4.0)	0.0	0.0
Net Change in Cash	26.8	25.7	108.3	205.9
Cash at End Period	45.0	70.8	179.1	385.0
Net Cash/(LT Debt)	40.7	70.8	179.1	385.0

Balance Sheet (A\$m)	2006A	2007F	2008F	2009F
Cash/Bullion	45.0	70.8	179.1	385.0
Total Assets	164.8	257.3	446.4	686.7
Total Debt	4.4	0.0	0.0	0.0
Total Liabilities	93.8	153.6	177.4	195.7
Shareholders Funds	71.1	177.0	342.3	564.2

Ratios	2006A	2007F	2008F	2009F
Net Debt/Equity (%)	na	na	na	na
Interest Cover (x)	60.3	501.5	na	na
Return on Equity (%)	42.4	58.8	55.2	43.5

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