



Stock:	Mincor Resources (MCR)
Recommendation:	BUY
Current Price:	\$1.93
Valuation:	\$2.30

EVENT: MIND THE VALUE GAP

Mincor (MCR) has achieved an exploration breakthrough at Miitel, where the first major step-out hole at South Miitel has intersected strong, wide nickel sulphides 420m beyond the current resource (5.8m true width @ 2.9% Ni).

In addition, strong mineralisation has been intersected at North Miitel, highlighting the potential for a new discovery (2.7m true width @ 4.9% Ni).

IMPACT

MCR's reinvigorated exploration effort (6 underground drill rigs, 2 surface rigs, annual budget \$16m) continues to deliver results that will translate into increased resources and reserves. The idled Miitel mine is a ~4-5ktpa swing factor that could re-start production later this year armed with 100kt fully developed ore and an increased mine life.

COMMENT

MCR has >\$100m cash, no debt and is currently generating ~\$15m free CF / Q.

A value gap currently exists with a divergence between the nickel price and the equity price since mid January (see over).



The nickel price may not be going much higher given the moderating impact of pig nickel and the potential for cessation of strike action in Sudbury. However equities such as MCR should not be so steeply discounted given the robust earnings and cash flow. Earnings will be enhanced with positive QP's from December flowing into earnings.

BUY

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- No assistance has been provided by MCR in writing this report.
- This report was produced by Troy Irvin an employee of Argonaut Securities Pty Limited. Troy has tertiary qualifications in mining engineering and finance.

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