

PRICE TARGET REVISION | COMMENT

JULY 25, 2007

Mincor Resources NL (ASX: MCR)
New Developments to Drive 35% Growth

Outperform
Above Average Risk

| | | | |
|------------------|-------|-------------------------|-------------|
| Price: | 3.98 | Price Target: | 5.00 ↓ 5.50 |
| Dividend: | 0.09 | Implied All-In Return: | 27.9% |
| Shares O/S (MM): | 196.0 | Market Cap (MM): | 780 |
| NAVPS: | 2.60 | Yield: | 2.3% |
| BVPS: | 0.36 | P/NAVPS: | 1.5x |
| ROE: | 41.0% | P/BVPS: | 11.1x |
| Float (MM): | 196.0 | Enterprise Val. (\$MM): | 729.4 |
| Debt to Cap: | 0.0% | Avg. Daily Volume (MM): | 1.38 |

Closing share price is of July 25, 2007.

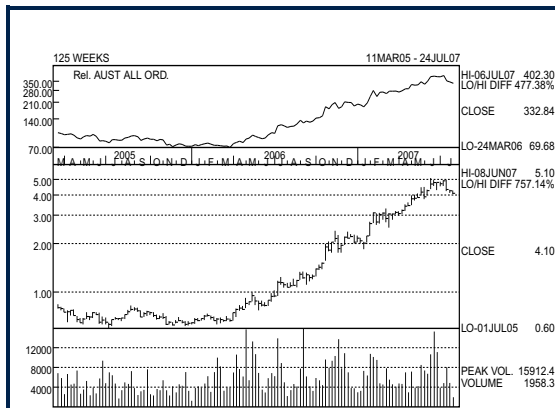
Event

Strong operational performance in the June Q, ahead of 35% production growth in FY08.

Investment Opinion

- The June Q feature, in our view, was the strong operational performance at most mines and very good progress on new developments, such as Carnilya Hill. Ore tonnes mined were a record in the Q and the year, which delivered to nickel guidance.
- We forecast production growth of 35% to 17.5kt versus FY08 guidance of 16-17kt of nickel in concentrates. Carnilya Hill begins in Jan 08, the GMM purchase has been completed and Otter-Juan contributed from 1 July 07. We estimate that this translates into a 30% increase in FY08 earnings and P/E of 6x.
- We consider Mincor to be trading on undemanding P/E multiples of 5-6x in FY08 & FY09, with a moderate dividend of ~5% ff, equating to a payout of only ~25%. We view targeted growth to 20ktpa as more secure and with longer mine lives.
- Net working capital is a healthy A\$77m and assuming US\$16/lb nickel price in FY08, Mincor generates A\$251m operating surplus and ends the year with A\$111m cash. With nickel struggling to get back over US\$15/lb, there may be continued pressure on the share price of nickel equities. However, on our forecasts, Mincor remains attractive at the current share price.

Valuation: Our price target of A\$5.00 is reduced from A\$5.50 and is based on an unchanged average of 7x P/E multiple and 6x P/CF multiple using FY08 & FY09. We expect the re-rating of Mincor to continue once the current weakness in the nickel price abates. We rate the shares Outperform, Above Average risk. Our target price of A\$5.00 implies an all-in return of 28%.



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| FY Jun | 2006A | 2007E | 2008E | 2009E |
|----------------------|-------|-----------|-------|-----------|
| EPS (Op) - FD | 0.15 | 0.50 | 0.66 | 0.78 |
| Prev. | | | 0.69 | 0.81 |
| P/E | 26.5x | 8.0x | 6.0x | 5.1x |
| CFPS - FD | 0.28 | 0.66 | 0.85 | 0.96 |
| Prev. | | | 0.87 | 0.99 |
| P/CFPS | 14.2x | 6.0x | 4.7x | 4.1x |
| EPS (Op) - FD | | H1 | | H2 |
| 2006 | | 0.05A | | 0.10A |
| 2007 | | 0.21A | | 0.29E |
| 2008 | | 0.32E | | 0.34E |
| Prev. | | 0.34E | | 0.35E |
| 2009 | | 0.44E | | 0.34E |
| Prev. | | | | 0.37E |
| CFPS - FD | | | | |
| 2006 | | 0.12A | | 0.16A |
| 2007 | | 0.30A | | 0.36E |
| 2008 | | 0.41E | | 0.44E |
| Prev. | | 0.42E | | 0.45E |
| 2009 | | 0.53E | | 0.43E |
| Prev. | | 0.54E | | 0.45E |

June Year-end
 All values in AUD unless otherwise noted.

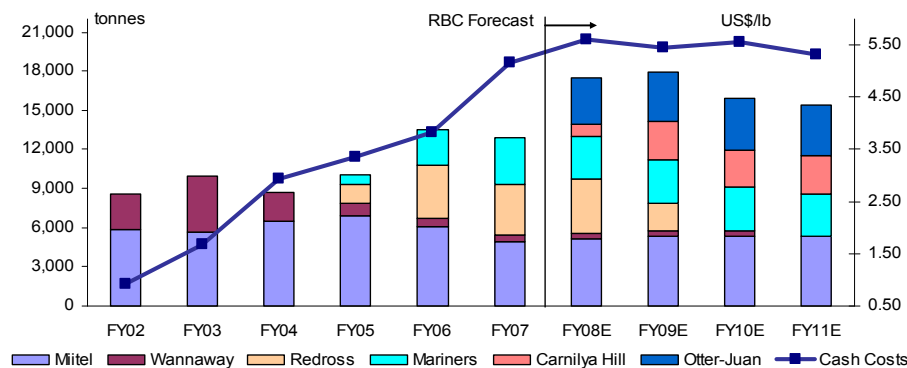
16-17kt nickel in FY08, up 35%

Mincor pre-empted its June Q report with a release on 11 July 07 stating FY07 nickel in concentrate production of 12.9kt, implying June Q output of 3.2kt. It duly delivered to these figures in the June Q report. Production was near the middle of its long-standing guidance for the year of 12.5-13.5kt and thus was no surprise to the market. The June Q report elaborated on detailed production by mine and discloses unit cash costs etc and overall operations are performing very well.

Much more interesting from the release on 11 July was the statement that Mincor is targeting **16-17kt nickel in concentrate** production in FY08, representing growth of between 23% and 32%. We note the company stated this was equivalent to almost 19kt nickel in ore, implying a recovery of 90% and is only marginally short of its long-term stated target of 20kt pa nickel in ore. Putting it simply, the company aims to produce a sustainable 18ktpa nickel in concentrate in the long-term and we calculate is well on the way to achieving this target.

A re-rating of Mincor has followed its improving fortunes over the past 15 months resulting in the share price rallying from a low of under A\$0.70 in April 06 to a peak of >A\$5.00 in June 07 and currently closer to A\$4.00.

Exhibit 1: Historical and Forecast Nickel in Concentrate Production

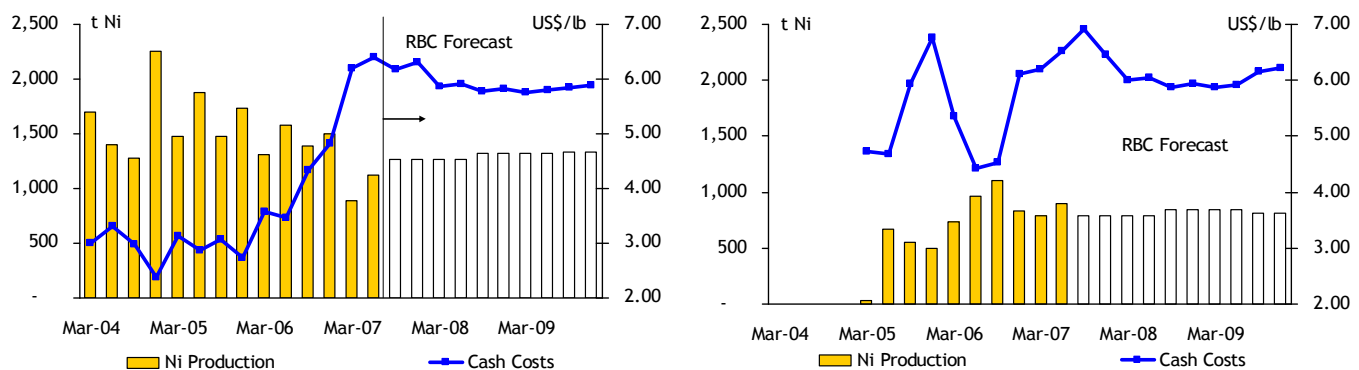


Source: Company reports and RBC Capital Markets estimates

June Q - Strong Performance All Round

Mincor's good June Q production of 3.2 kt nickel-in-concentrate was as expected and up on the 2.8kt produced in the March Q 07 with cash costs of A\$7.02/lb (US\$6.18/lb) being in line with the March Q at A\$7.01/lb. The feature of the June report in our view, is the strong operational performance at most mines and very good progress on new developments, such as Carnilya Hill. Ore tonnes mined were a record in the Q and the year. FY07 revenue was A\$324m.

Exhibit 2: Miitel (LHS) & Mariners (RHS) Production vs Cash Costs

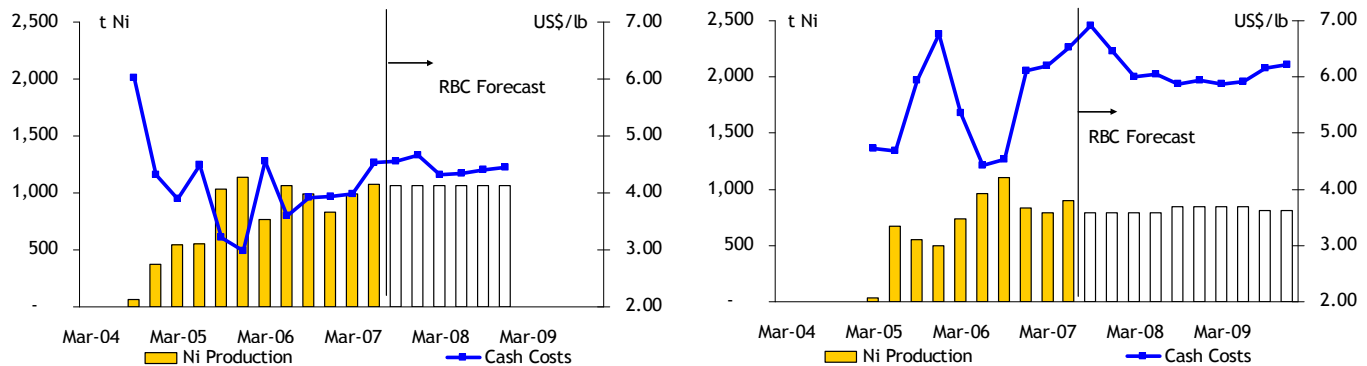


Source: Company reports and RBC Capital Markets estimates

- **Redross** – the owner operator exceeds expectations with record tonnes mined. Long hole stoping increased this Q and is to be maintained at the current level through FY08.
- **Wannaway** – mining continues satisfactorily as a remnant operation using owner operator.

- **Carnilya Hill** – this A\$28m mine (Mincor 70%) is to commence production in Jan 08 and ramp up to 5ktpa (Mincor share 3.5ktpa). The contractor, RUC, is mobilised on site.
- **North Dordie Open Pit** – operations commenced and all ore to be mined during Sept Q

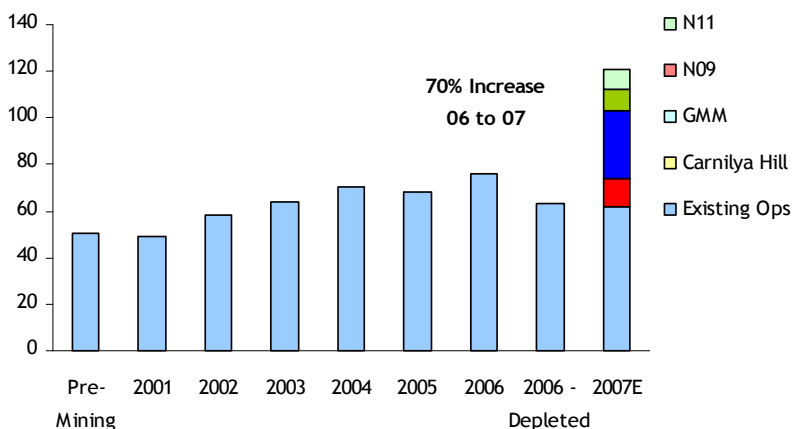
Exhibit 3: Redross (LHS) & Wannaway (RHS) Production vs Cash Costs



Source: Company reports and RBC Capital Markets estimates

- **McMahon Project** – GMM acquisition was settled on 2 July and the feasibility study is a priority for McMahon. Detailed engineering and costing is underway. The first drill hole was 14m at 3% nickel. Similar work is underway for Durkin Deeps.
- **RAV 8 JV** – two holes drilled down plunge of RAV 8 did not intersect significant mineralization.
- **Cash** – cash and receivables rose to A\$238m and net working capital on 2 July was A\$77.4m after most of A\$68.5m GMM purchase was paid. Mincor has no debt and the A\$10m facility with CBA was terminated. We forecast A\$55m cash as at 2 July following the payment of the balance owed for GMM.
- **Hedging** – Mincor has sold forward 4,876t of payable nickel to Aug 09 at an average A\$32,404/t, or A\$14.70/lb (US\$12.94/lb).
- **Sales revenue and PP** – June Q operating surplus was A\$45m and for FY07, A\$192m, up from A\$69m. A\$13m additional revenue was recognised for the March Q based on final settlement of outstanding shipments. For the June Q, outstanding sales are to be priced at a 20% discount to spot rather than 10% normally.
- **Other** – Mincor is now in the ASX 200 index.

Exhibit 4: Mincor Resource Increase to June 2007E



Source: Company reports and RBC Capital Markets estimates

Earnings Revisions

Our forecast earnings for FY07 are only very slightly altered as a result of updating for the June Q. However, we have reduced our FY08 and FY09 earnings forecasts due to slightly higher A\$/US\$ forecasts and cash costs. The NPV eases by 12% to A\$2.60 per share for a similar reason.

Exhibit 5: Earnings Revisions for Mincor Resources

| Fiscal 2007 | | Revised | Previous | % Change |
|---------------------------|---------|-------------|-------------|--------------|
| Normalised NPAT | A\$m | 97.5 | 97.9 | (0%) |
| EPS | ¢ | 49.9 | 50.1 | (0%) |
| DPS | ¢ | 12.0 | 12.0 | 0% |
| Gross Cashflow | A\$m | 130.1 | 129.8 | 0% |
| Cashflow/share | ¢ | 66.1 | 65.9 | 0% |
| Nickel Production | kt | 12.9 | 12.9 | 0% |
| Cash Costs | US\$/lb | 5.18 | 5.09 | 2% |
| Realised Nickel Price | US\$/lb | 14.28 | 14.25 | 0% |
| Fiscal 2008 | | | | |
| NPAT | A\$m | 130.4 | 135.6 | (4%) |
| EPS | ¢ | 66.2 | 68.8 | (4%) |
| DPS | ¢ | 18.0 | 18.0 | 0% |
| Gross Cashflow | A\$m | 168.4 | 171.9 | (2%) |
| Cashflow/share | ¢ | 85.5 | 87.3 | (2%) |
| Nickel Production | kt | 17.5 | 17.3 | 1% |
| Cash Costs | US\$/lb | 5.61 | 5.54 | 1% |
| Realised Nickel Price | US\$/lb | 14.16 | 14.08 | 1% |
| Valuation (A\$/sh) | | 2.60 | 2.95 | (12%) |

Source: RBC Capital Markets estimates

Exhibit 6: Mincor Resources Forecast Financial & Operating Summary

| Mincor Resources | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------|--------------------|--------------|--------------|--------------|--------------|-----------------|--|----------------|---------------|----------------|--|---------------|---------------|------------|--|--|--|--|--|--|--|
| ASX: MCR | Share Price: (A\$) | 3.98 | Total Return | | 29% | Stock Rating: | Outperform | Price Target: | | A\$5.00 | | | | | | | | | | | |
| Issued Shares (m) | Mkt Cap: (A\$MM) | 783.9 | | | | Risk Qualifier: | Above Average | NAV: | | A\$2.60 | | | | | | | | | | | |
| Fiscal Year Ended June | | | | | | | | | | | | | | | | | | | | | |
| ASSUMPTIONS | | | | | | | | | | | | | | | | | | | | | |
| Exchange Rate | A\$/US\$ | FY06 0.75 | FY07 0.79 | FY08E 0.85 | FY09E 0.81 | FY10E 0.78 | ATTRIBUTABLE MINE STATS | | | | | | | | | | | | | | |
| Spot Nickel Price | US\$/lb | 7.05 | 17.37 | 16.35 | 14.33 | 12.50 | Nickel Production (100% ownership) | | | | | | | | | | | | | | |
| Spot Nickel Price | A\$/lb | 9.44 | 21.97 | 19.18 | 17.69 | 15.95 | Miitel | tonnes | 6,101 | 4,901 | 5,083 | 5,304 | 5,348 | | | | | | | | |
| Realised Nickel Price | US\$/lb | 6.43 | 14.28 | 14.16 | 14.19 | 12.50 | Wannaway | tonnes | 641 | 519 | 460 | 460 | 460 | | | | | | | | |
| Realised Nickel Price | A\$/lb | 8.84 | 18.12 | 16.65 | 17.53 | 15.95 | Redross | tonnes | 3,999 | 3,891 | 4,241 | 2,121 | 0 | | | | | | | | |
| Cobalt Price | US\$/lb | 14.91 | 23.39 | 21.50 | 17.50 | 12.50 | Mariners | tonnes | 2,754 | 3,616 | 3,174 | 3,374 | 3,257 | | | | | | | | |
| Realised Cobalt Price | US\$/lb | 14.91 | 23.39 | 21.50 | 17.50 | 12.50 | Carmilya Hill (70% interest) | tonnes | | | 946 | 2,923 | 2,873 | | | | | | | | |
| Realised Cobalt Price | A\$/lb | 19.94 | 29.64 | 25.26 | 21.57 | 15.95 | Otter-Juan | tonnes | | | 3,578 | 3,780 | 4,032 | | | | | | | | |
| Hedged % of Sales | % | | 36% | 21% | 14% | 0% | TOTAL | tonnes | 13,496 | 12,927 | 17,481 | 17,962 | 15,970 | | | | | | | | |
| Hedged Price | US\$/lb | | 6.58 | 8.33 | 10.41 | | Cash Costs (including Credits): | | | | | | | | | | | | | | |
| RATIO ANALYSIS | | | | | | | | | | | | | | | | | | | | | |
| Shares outstanding | MM | FY06A 195 | FY07E 196 | FY08E 197 | FY09E 197 | FY10E 197 | Miitel | A\$/lb | 4.26 | 6.77 | 7.15 | 7.15 | 7.25 | | | | | | | | |
| Reported Net profit | A\$MM | 29.3 | 97 | 130 | 153 | 106 | Wannaway | A\$/lb | 6.83 | 9.64 | 8.62 | 8.89 | 9.09 | | | | | | | | |
| Significant Items | A\$MM | 5 | 0 | 0 | 0 | 0 | Redross | A\$/lb | 4.68 | 5.24 | 5.25 | 5.40 | 0.00 | | | | | | | | |
| Profit excl. one-offs | A\$MM | 24 | 97 | 130 | 153 | 106 | Mariners | A\$/lb | 7.23 | 7.35 | 7.47 | 7.28 | 7.64 | | | | | | | | |
| EPS | A¢ | 15.0 | 49.9 | 66.2 | 77.7 | 54.0 | Carmilya Hill | A\$/lb | | | 5.31 | 5.72 | 5.84 | | | | | | | | |
| P/E | x | 26.5x | 8.0x | 6.0x | 5.1x | 7.4x | Otter-Juan | A\$/lb | | | 6.71 | 6.94 | 7.17 | | | | | | | | |
| CFPS | A¢ | 27.8 | 66.1 | 85.5 | 95.7 | 71.1 | Average Cash Costs | A\$/lb | 5.11 | 6.59 | 6.60 | 6.74 | 7.11 | | | | | | | | |
| P/CF | x | 14.3x | 6.0x | 4.7x | 4.2x | 5.6x | Average Cash Costs | US\$/lb | 3.82 | 5.18 | 5.61 | 5.46 | 5.55 | | | | | | | | |
| Dividend per share | A¢ | 5.0 | 12.0 | 18.0 | 20.0 | 15.0 | Cash Margin | A\$/lb | 3.73 | 11.54 | 10.61 | 10.79 | 8.84 | | | | | | | | |
| Dividend yield | % | 1.3% | 3.0% | 4.5% | 5.0% | 3.8% | Cash Margin | US\$/lb | 2.79 | 9.07 | 8.55 | 8.74 | 6.90 | | | | | | | | |
| Franking Level | % | 100% | 100% | 100% | 100% | 100% | Reserves & Resources - Contained Nickel | | | | | | | | | | | | | | |
| Payout Ratio | % | 33% | 24% | 27% | 26% | 28% | Reserves Ni | %Ni | Rscs Ni* | %Ni | | | | | | | | | | | |
| Effective Tax Rate | % | 28% | 31% | 33% | 33% | 33% | South Miitel | | | | 14.8 | 2.6 | 29.8 | 3.8 | | | | | | | |
| Book value per share | A\$ | 0.36 | 0.63 | 1.16 | 1.73 | 2.07 | Wannaway | | | | 9.8 | 2.6 | 11.26 | 3.8 | | | | | | | |
| P/Book value | x | 11.0x | 6.3x | 3.4x | 2.3x | 1.9x | Mariners | | | | 1.0 | 2.7 | 4.4 | 3.2 | | | | | | | |
| R.O.E | % | 41% | 78% | 57% | 45% | 26% | Redross | | | | 8.3 | 3.0 | 12.5 | 4.2 | | | | | | | |
| R.O.A | % | 18% | 35% | 36% | 33% | 21% | Mariners | | | | 10.9 | 2.7 | 15.7 | 4.5 | | | | | | | |
| EBITDA | A\$MM | 71 | 171 | 229 | 257 | 181 | Carmilya Hill | | | | 14.0 | 2.9 | 16.1 | 4.6 | | | | | | | |
| EBITDA per share | A\$ | 0.36 | 0.87 | 1.16 | 1.30 | 0.92 | McMahon/Durkin | | | | 0.0 | 0.0 | 28.8 | 4.3 | | | | | | | |
| EV/EBITDA | x | 10.5 | 4.3 | 2.9 | 2.3 | 3.0 | Reserves - Contained Nickel | | | | 58.7 | 2.7 | 118.6 | 4.1 | | | | | | | |
| EV/EBIT | x | 18.3 | 5.3 | 3.5 | 2.7 | 3.6 | Reserves - Contained Nickel | | | | 129 | | 261 | | | | | | | | |
| PROFIT & LOSS | | | | | | | | | | | | | | | | | | | | | |
| Revenue | A\$MM | FY06A 175 | FY07E 324 | FY08E 417 | FY09E 450 | FY10E 365 | Enterprise Value/tonne Reserve | | | | 13,204 | | 6,537 | | | | | | | | |
| Operating costs | " | (96) | (124) | (166) | (171) | (161) | Enterprise Value/tonne Reserve | | | | 10,299 | | 5,099 | | | | | | | | |
| Mine Operating Profit | " | 79 | 199 | 251 | 279 | 204 | EARNINGS SENSITIVITY | | | | | | | | | | | | | | |
| Exploration Expense | " | (5) | (10) | (12) | (12) | (12) | Nickel Price US\$/oz | +10% | 3 | 12 | 4% | 23% | | | | | | | | | |
| DD&A | " | (30) | (33) | (38) | (35) | (34) | -10% | (3) | (11) | -4% | -21% | | | | | | | | | | |
| Corporate & Other Costs | " | (4) | (18) | (10) | (10) | (11) | Exchange Rate | +10% | (5) | (10) | -8% | -20% | | | | | | | | | |
| Operating Income (EBIT) | A\$MM | 41 | 138 | 191 | 221 | 147 | -10% | 6 | 13 | 10% | 26% | | | | | | | | | | |
| Net Interest | " | (0.0) | 2 | 3 | 7 | 11 | NICKEL PRODUCTION PROFILE - 100% | | | | | | | | | | | | | | |
| Pre Tax Profit | " | 41 | 140 | 195 | 228 | 159 | | | | | | | | | | | | | | | |
| Tax Expense | " | (11) | (43) | (64) | (75) | (52) | | | | | | | | | | | | | | | |
| Net profit - as reported | A\$MM | 29.3 | 97 | 130 | 153 | 106 | SHARE VALUATION | | | | | | | | | | | | | | |
| Significant Items after tax | " | 5 | 0 | 0 | 0 | 0 | Projects | | | | | | | | | | | | | | |
| Net Profit excl one-offs | A\$MM | 24.4 | 97 | 130 | 153 | 106 | % Ownership | | | | | | | | | | | | | | |
| EPS | A¢ | 15.0 | 49.9 | 66.2 | 77.7 | 54.0 | Miitel 100% A\$MM 117 A\$/Shr 0.59 % 30% | | | | | | | | | | | | | | |
| DPS | A¢ | 5.0 | 12.0 | 18.0 | 20.0 | 15.0 | Wannaway 100% A\$MM 8 A\$/Shr 0.04 % 2% | | | | | | | | | | | | | | |
| CASH FLOWS | | | | | | | | | | | Redross 100% A\$MM 62 A\$/Shr 0.32 % 16% | | | | | | | | | | |
| Operating Cash Flow | A\$MM | FY06A 52 | FY07E 172 | FY08E 229 | FY09E 257 | FY10E 181 | Mariners 100% A\$MM 78 A\$/Shr 0.40 % 20% | | | | | | | | | | | | | | |
| Net Interest | " | 0 | 2 | 3 | 7 | 11 | Carmilya Hill 70% A\$MM 45 A\$/Shr 0.23 % 11% | | | | | | | | | | | | | | |
| Tax Paid | " | 0 | (22) | (64) | (75) | (52) | Otter-Juan 100% A\$MM 82 A\$/Shr 0.41 % 21% | | | | | | | | | | | | | | |
| Retained Op. Cash Flow | A\$MM | 52 | 152 | 168 | 188 | 140 | Total Operating Assets | | | | | | | | | | | | | | |
| Exploration | " | (4) | (12) | (16) | (16) | (16) | 392 | | | | | | | | | | | | | | |
| Capital Expenditure | " | (28) | (46) | (58) | (48) | (35) | Exploration & Other 110 0.56 | | | | | | | | | | | | | | |
| Loan Repayments | " | (1) | 0 | 0 | 0 | 0 | Debt 0 0.00 | | | | | | | | | | | | | | |
| Funding Surplus/(Deficit) | A\$MM | 19 | 95 | 94 | 125 | 89 | Cash 55 0.28 | | | | | | | | | | | | | | |
| Dividends Paid | " | (8) | (18) | (28) | (39) | (39) | Corporate (44) (0.22) | | | | | | | | | | | | | | |
| Borrowings | " | 0 | 0 | 0 | 0 | 0 | Net Asset Value - \$A | | | | | | | | | | | | | | |
| Equity Issues | " | 0 | 1 | 0 | 0 | 0 | 513 | | | | | | | | | | | | | | |
| Other | " | 16 | (68) | (10) | 0 | 0 | 2.60 | | | | | | | | | | | | | | |
| Total Funds Provided | A\$MM | 8 | (85) | (37) | (39) | (39) | 153% | | | | | | | | | | | | | | |
| Net change in cash | " | 27 | 9 | 57 | 85 | 50 | | | | | | | | | | | | | | | |
| Cash at start of year | " | 18 | 45 | 55 | 112 | 197 | | | | | | | | | | | | | | | |
| Cash at end of year | A\$MM | 45 | 55 | 112 | 197 | 247 | | | | | | | | | | | | | | | |
| Net Op. CFPS | A\$ | 0.27 | 0.88 | 1.16 | 1.30 | 0.92 | | | | | | | | | | | | | | | |
| BALANCE SHEET | | | | | | | | | | | | | | | | | | | | | |
| Cash & equivalents | A\$MM | FY06A 45 | FY07E 55 | FY08E 112 | FY09E 197 | FY10E 247 | | | | | | | | | | | | | | | |
| Other current assets | " | 55 | 74 | 74 | 74 | 74 | | | | | | | | | | | | | | | |
| PP&E & Other Mining Assets | " | 63 | 145 | 169 | 185 | 190 | | | | | | | | | | | | | | | |
| Other Non Current Assets | " | 1 | 3 | 3 | 3 | 3 | | | | | | | | | | | | | | | |
| Total assets | A\$MM | 165 | 277 | 358 | 459 | 514 | | | | | | | | | | | | | | | |
| Total liabilities | " | 94 | 152 | 130 | 118 | 106 | | | | | | | | | | | | | | | |
| Total Net Assets | A\$MM | 71 | 125 | 228 | 342 | 409 | | | | | | | | | | | | | | | |
| Total Debt | " | 4 | 0 | 0 | 0 | 0 | | | | | | | | | | | | | | | |
| Net Debt (Cash) | A\$MM | (41) | (55) | (112) | (197) | (247) | | | | | | | | | | | | | | | |
| Gearing (net debt : nd+ equity) | % | -134% | -77% | -96% | -136% | -153% | | | | | | | | | | | | | | | |
| Gearing (net debt:equity) | % | -57% | -44% | -49% | -58% | -61% | | | | | | | | | | | | | | | |

Source: Company Reports and RBC Capital Markets estimates

Valuation

We have reduce our price target to **A\$5.50** (A\$6.00) using an average P/E multiple for FY08 & FY09 of 7x and a P/CF multiple of 6x. These multiples are unchanged but we previously used FY07 and FY08 multiples. The company should deliver on its growth target of 20kt pa nickel in ore within 18 months with Carnilya Hill and the GMM assets. We maintain our Outperform, Above Average Risk rating.

Price Target Impediment

Earnings are most sensitive to the nickel price and the A\$/US\$ exchange rate. Ore is processed through BHP's Kambalda concentrator under ~65% profit sharing agreement and so is not susceptible to operating plant failures. The main operational risk is mining but we do not believe head grade is high risk because of the district's long history of mining. However, a mine life based on reserves of only 4-5 years is a risk. Finally, a severe downturn in global economies, especially in China, would cause the nickel price to fall and hurt Mincor's earnings. Mines are moderate to high cost.

Company Description

Mincor is a relatively small Australian nickel sulphide producer with four modest-sized, underground mines and sizable acreage around the Widgiemooltha Dome, south of Kambalda, Western Australia. It is the largest supplier of nickel ore to BHP Nickel West's concentrator at Kambalda and has an off-take agreement with the company. Mincor owns the Miitel, Redross, Mariners and Wannaway mines. It is debt-free and at June 2006 had resources of 2Mt grading 3.8% for 75.8kt of contained nickel metal, and reserves of 1.7Mt grading 2.7% for 44.7kt nickel. The company has a substantial exploration programme. Mines were first purchased in 2001 for A\$54m and production began in 2002. Beginning April 2006, Mincor earned 70% of Carnilya Hill, which is expected to be in production by year end 2007. It paid A\$2m to farm into RAV 8 by spending A\$5m over 3 years for 80%. In May 2006 it paid A\$68.5m cash to private group GMM for the 3.6ktpa Otter-Juna mine and former mines McMahon & Durkin which have 29kt nickel resources .

Required Disclosures

Explanation of RBC Capital Markets Rating System

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector.

Ratings

Top Pick (TP): Represents best in Outperform category; analyst's best ideas; expected to significantly outperform the sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Risk Qualifiers (any of the following criteria may be present):

Average Risk (Avg): Volatility and risk expected to be comparable to sector; average revenue and earnings predictability; no significant cash flow/financing concerns over coming 12-24 months; fairly liquid.

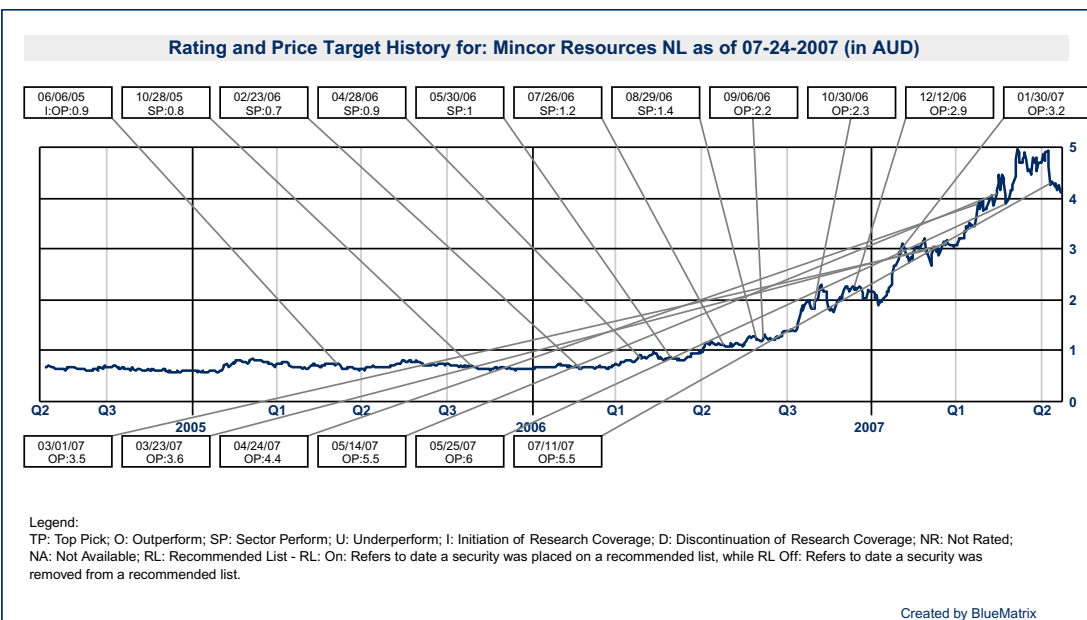
Above Average Risk (AA): Volatility and risk expected to be above sector; below average revenue and earnings predictability; may not be suitable for a significant class of individual equity investors; may have negative cash flow; low market cap or float.

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| Rating | Count | Percent | Investment Banking Serv./Past 12 Mos. | |
|-----------|-------|---------|--|---------|
| | | | Count | Percent |
| BUY[TP/O] | 435 | 42.48 | 184 | 42.30 |
| HOLD[SP] | 497 | 48.54 | 151 | 30.38 |
| SELL[U] | 92 | 8.98 | 22 | 23.91 |



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