



COMPANY UPDATE | COMMENT

AUGUST 19, 2010

**Mincor Resources NL (ASX: MCR)**  
**Solid A\$28m FY10 Profit, Underpins Growth Phase**

**Outperform**  
**Average Risk**

|                  |       |                         |       |
|------------------|-------|-------------------------|-------|
| Price:           | 1.89  | Price Target:           | 2.40  |
| Shares O/S (MM): | 200.2 | Implied All-In Return:  | 32%   |
| Dividend:        | 0.09  | Market Cap (MM):        | 378   |
| NAVPS:           | 2.16  | Yield:                  | 4.8%  |
| BVPS:            | 1.02  | P/NAVPS:                | 0.9x  |
| ROE:             | 14.0% | P/BVPS:                 | 1.9x  |
| Float (MM):      | 200.2 | Enterprise Val. (\$MM): | 252.0 |
| Debt to Cap:     | 0%    | Avg. Daily Volume (MM): | 1.37  |

Share price as at close on the ASX on 19 August 2010.

**Event**

FY10 profit of A\$28.1m in line, final A6c DPS ahead of our A5c forecast. Maintain A\$2.40 target, Outperform.

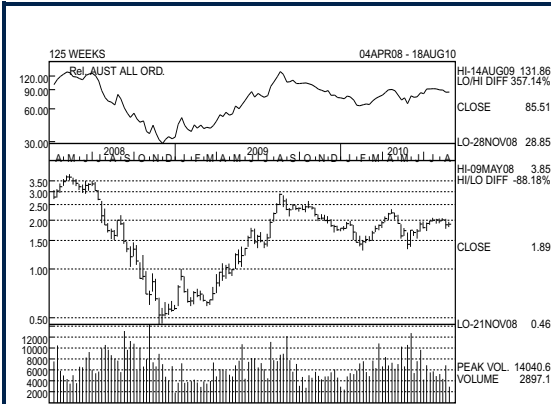
**Investment Opinion**

Mincor delivered a solid A\$28.1m FY10 profit, in line with our A\$27m estimate. The company also struck a A6c fully franked final dividend, which together with the A3c interim, represents an FY10 payout ratio of 64%. The company plans to deliver 35% production growth over the next two years and, in our view, remains undervalued compared to peers. Maintain Outperform.

- **Strong Cash Generation:** Mincor finished the year with A\$126.8m in cash or A63c per share, generating an impressive A\$51m in cash after capital and exploration expenditure of A\$35m and dividend payments of A\$14m.
- **Margin Expansion on Higher Nickel:** In FY10 Mincor was able to keep costs under control at A\$5.66/lb (FY09: A\$5.37/lb), against a backdrop of a 32% increase in the nickel price. As a result, Mincor's cash operating margins increased by an impressive 80% to A\$5.45/lb.
- **Mincor Entering Growth Phase:** The company has provided guidance for 35% production growth over the next two years. Guidance is for FY11 production of 13.5-14.5kt of Ni-in-ore and for FY12 production of 15-16kt of Ni-in-ore. We endorse the company's growth plans and forecast production of 13.9kt of Ni-in-ore in FY11 and 16.3kt of Ni-in-ore in FY12.
- **Undervalued in our view:** On our forecasts Mincor is trading on 0.88 P/NAV compared to comparable ASX nickel peers currently trading on 1-1.2x and we believe a catch-up is due. The company also has several ambitious exploration projects underway due for completion in the next few months, which in our view have the potential to deliver a 'step-change' in value.
- **Increased Dividends:** The final dividend of A6c was ahead of our A5c forecast, as 'excess cash' is paid out. With A\$76m in franking credits, we believe this trend will continue and we increase our FY12E and FY13E dividends in to A10c and A12c, respectively.
- **Valuation:** We retain our Outperform rating and A\$2.40 target on an unchanged ~1.1x multiple to NAV, a small premium to comparable peers to accommodate superior leverage and exploration upside. Maintain Average Risk.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Non-U.S. Analyst and Conflicts Disclosures, see page 4.



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| FY Jun            | 2009A  | 2010E | 2011E | 2012E |
|-------------------|--------|-------|-------|-------|
| EPS (Op) - FD     | (0.08) | 0.14  | 0.10  | 0.19  |
| Prev.             |        |       |       | 0.20  |
| P/E               | NM     | 13.5x | 18.9x | 9.9x  |
| CFPS - FD         | 0.37   | 0.34  | 0.35  | 0.44  |
| Prev.             |        | 0.36  | 0.36  |       |
| P/CFPS            | 5.1x   | 5.6x  | 5.4x  | 4.3x  |
| Annual Div.       | 0.06   | 0.09  | 0.08  | 0.10  |
| Prev.             |        | 0.08  |       | 0.08  |
| Payout Ratio - FD | NM     | 64%   | 80%   | 53%   |
| Prod.             | 16     | 11    | 12    | 14    |

All values in AUD unless otherwise noted.

Exhibit 1: Mincor Production & Financial Forecasts

| Mincor Resources                 |                    |             |                   |              |                 |             |  |                |               |               |               |                               |               |  |  |  |  |  |  |
|----------------------------------|--------------------|-------------|-------------------|--------------|-----------------|-------------|--|----------------|---------------|---------------|---------------|-------------------------------|---------------|--|--|--|--|--|--|
| ASX: MCR                         | Share Price: (A\$) | 1.89        | All-in-Return     | 31%          | Stock Rating:   | Outperform  | Price Target:  | A\$2.40        |               |               |               |                               |               |  |  |  |  |  |  |
| Issued Shares (m)                | Mkt Cap: (A\$MM)   | 378         | Ent Value (A\$MM) | 252          | Risk Qualifier: | Average     | NAV:   | A\$2.16        |               |               |               |                               |               |  |  |  |  |  |  |
| Fiscal Year Ended June           |                    |             |                   |              |                 |             |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| ASSUMPTIONS                      |                    |             |                   |              |                 |             |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Exchange Rate                    | A\$/US\$           | 0.75        | 0.88              | 0.84         | 0.82            | 0.79        | ATTRIBUTABLE MINE STATS  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Spot Nickel Price                | US\$/lb            | 6.04        | 8.80              | 8.25         | 8.00            | 8.25        | Attrib Ni in Conc Production   |                |               |               |               |                               |               |  |  |  |  |  |  |
| Spot Nickel Price                | A\$/lb             | 7.95        | 9.97              | 9.79         | 9.82            | 10.45       | Mittel   | tonnes         | 1,817         | -             | 4,180         | 5,108                         | 5,108         |  |  |  |  |  |  |
| Realised Nickel Price            | US\$/lb            | 6.95        | 8.98              | 8.47         | 8.22            | 8.25        | Wannaway   | "              | 25            | -             | -             | -                             | -             |  |  |  |  |  |  |
| Realised Nickel Price            | A\$/lb             | 9.39        | 10.17             | 10.05        | 10.09           | 10.45       | Redross  | "              | 1,550         | -             | -             | -                             | -             |  |  |  |  |  |  |
| Cobalt Price                     | US\$/lb            | 22.55       | 20.79             | 13.96        | 11.50           | 11.50       | Mariners   | "              | 5,123         | 3,651         | 2,795         | 4,128                         | 4,162         |  |  |  |  |  |  |
| Realised Cobalt Price            | US\$/lb            | 22.55       | 20.79             | 13.96        | 11.50           | 11.50       | Carnilya Hill (70%)  | "              | 2,128         | 2,541         | 1,552         | 619                           | -             |  |  |  |  |  |  |
| Realised Cobalt Price            | A\$/lb             | 29.65       | 23.56             | 16.52        | 14.12           | 14.56       | Otter-Juan   | "              | 4,261         | 3,769         | 3,418         | 2,930                         | 3,255         |  |  |  |  |  |  |
| Hedged Sales                     | tonnes             | 1,890       | 1,383             | 1,950        | 960             | 0           | McMahon  | "              | 864           | 712           | 393           | 1,529                         | 2,730         |  |  |  |  |  |  |
| Hedged % of Sales                | %                  | 12%         | 13%               | 16%          | 7%              | 0%          | <b>Total Nickel in Conc</b>  | <b>tonnes</b>  | <b>15,768</b> | <b>10,673</b> | <b>12,337</b> | <b>14,314</b>                 | <b>15,256</b> |  |  |  |  |  |  |
| Hedged Price                     | US\$/lb            | 10.80       | 9.89              | 9.15         | 10.25           | 0.00        | <b>Cash Costs (incl credits)</b>   |                |               |               |               |                               |               |  |  |  |  |  |  |
| RATIO ANALYSIS                   |                    |             |                   |              |                 |             |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Shares outstanding               | MM                 | 197         | 200               | 200          | 200             | 200         | Mittel   | A\$/lb         | 6.20          | -             | 5.83          | 5.57                          | 5.57          |  |  |  |  |  |  |
| Reported Net profit              | A\$MM              | 2           | 28                | 21           | 39              | 57          | Wannaway   | "              | -             | -             | -             | -                             | -             |  |  |  |  |  |  |
| Significant Items                | A\$MM              | (14)        | 0                 | 0            | 0               | 0           | Redross  | "              | 5.84          | -             | -             | -                             | -             |  |  |  |  |  |  |
| <b>Underlying Net Profit</b>     | <b>A\$MM</b>       | <b>16</b>   | <b>28</b>         | <b>21</b>    | <b>39</b>       | <b>57</b>   | Mariners   | "              | 5.48          | 6.38          | 6.51          | 5.47                          | 5.43          |  |  |  |  |  |  |
| EPS                              | Ac                 | (8.4)       | 14.1              | 10.4         | 19.5            | 28.6        | Carnilya Hill  | "              | 4.62          | 4.95          | 5.48          | 5.05                          | -             |  |  |  |  |  |  |
| <b>P/E</b>                       | <b>x</b>           | <b>n.m.</b> | <b>13.4x</b>      | <b>18.2x</b> | <b>9.7x</b>     | <b>6.6x</b> | Otter-Juan   | "              | 4.36          | 5.38          | 5.53          | 5.54                          | 5.55          |  |  |  |  |  |  |
| CFPS                             | Ac                 | 36.7        | 34.1              | 35.4         | 44.4            | 49.5        | McMahon  | "              | 5.00          | 6.36          | 7.71          | 5.83                          | 4.69          |  |  |  |  |  |  |
| <b>P/CF</b>                      | <b>x</b>           | <b>5.1x</b> | <b>5.5x</b>       | <b>5.3x</b>  | <b>4.3x</b>     | <b>3.8x</b> | <b>Average Cash Costs</b>  | <b>A\$/lb</b>  | <b>5.37</b>   | <b>5.66</b>   | <b>5.92</b>   | <b>5.54</b>                   | <b>5.37</b>   |  |  |  |  |  |  |
| Dividend per share               | Ac                 | 6.0         | 9.0               | 8.0          | 10.0            | 12.0        | <b>Average Cash Costs</b>  | <b>US\$/lb</b> | <b>4.05</b>   | <b>5.00</b>   | <b>4.99</b>   | <b>4.51</b>                   | <b>4.24</b>   |  |  |  |  |  |  |
| <b>Dividend yield</b>            | <b>%</b>           | <b>3.2%</b> | <b>4.8%</b>       | <b>4.2%</b>  | <b>5.3%</b>     | <b>6.3%</b> | Cash Margin  | A\$/lb         | 4.02          | 4.52          | 4.13          | 4.55                          | 5.08          |  |  |  |  |  |  |
| Franking Level                   | %                  | 100%        | 100%              | 100%         | 100%            | 100%        | Cash Margin  | US\$/lb        | 3.01          | 3.99          | 3.48          | 3.71                          | 4.01          |  |  |  |  |  |  |
| Payout Ratio                     | %                  | 547%        | 64%               | 77%          | 51%             | 42%         | <b>Reserves &amp; Resources - Contained Nickel</b>   |                |               |               |               |                               |               |  |  |  |  |  |  |
| Effective Tax Rate               | %                  | -129%       | 30%               | 30%          | 30%             | 30%         | * Resources are inclusive of Reserves  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Book value per share             | A\$                | 1.00        | 1.02              | 1.04         | 1.14            | 1.33        | P+P Reserve  | %Ni            | 16.4          | 2.7           | -             | M+I Resource                  | %Ni           |  |  |  |  |  |  |
| P/Book value                     | x                  | 1.9x        | 1.8x              | 1.8x         | 1.7x            | 1.4x        | Mittel   | kt             | 16.4          | 2.7           | -             | Mittel                        | kt            |  |  |  |  |  |  |
| <b>R.O.E</b>                     | <b>%</b>           | <b>1%</b>   | <b>14%</b>        | <b>10%</b>   | <b>17%</b>      | <b>21%</b>  | Wannaway   | kt             | 1.1           | 2.9           | -             | Wannaway                      | kt            |  |  |  |  |  |  |
| R.O.A                            | %                  | 1%          | 11%               | 8%           | 14%             | 18%         | Redross  | kt             | 1.2           | 3.5           | -             | Redross                       | kt            |  |  |  |  |  |  |
| EBITDA per share                 | A\$                | 0.34        | 0.39              | 0.37         | 0.50            | 0.58        | Mariners   | kt             | 16.3          | 3.1           | -             | Mariners                      | kt            |  |  |  |  |  |  |
| <b>EV/EBITDA</b>                 | <b>x</b>           | <b>3.8x</b> | <b>3.2x</b>       | <b>3.4x</b>  | <b>2.5x</b>     | <b>2.2x</b> | Carnilya Hill  | kt             | 2.8           | 3.3           | -             | Carnilya Hill                 | kt            |  |  |  |  |  |  |
| EV/EBIT                          | x                  | (28.1)      | 7                 | 9.7          | 3.8             | 0.0         | Otter Juan   | kt             | 6.9           | 3.2           | -             | Otter Juan                    | kt            |  |  |  |  |  |  |
| EBITDA Margin                    | %                  | 35%         | 43%               | 38%          | 44%             | 47%         | McMahon, Coronet, McCloy, etc  | kt             | 5.6           | 2.3           | -             | McMahon, Coronet, McCloy, etc | kt            |  |  |  |  |  |  |
| <b>PROFIT &amp; LOSS</b>         |                    |             |                   |              |                 |             |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Revenue                          | A\$MM              | 188         | 180               | 195          | 224             | 247         | <b>Total</b>   |                | <b>50.2</b>   | <b>2.9</b>    | -             | <b>119.6</b>                  | <b>3.7</b>    |  |  |  |  |  |  |
| Operating costs                  | "                  | (100)       | (83)              | (104)        | (109)           | (117)       | Contained Nickel (mlbs)  |                |               |               |               | 111                           | 264           |  |  |  |  |  |  |
| <b>Mine Operating Profit</b>     | <b>"</b>           | <b>88</b>   | <b>97</b>         | <b>90</b>    | <b>116</b>      | <b>129</b>  | Enterprise Value / tonne (A\$'000/t)   |                |               |               |               | 5.0                           | 2.1           |  |  |  |  |  |  |
| Exploration Expense              | "                  | (8)         | (6)               | (11)         | (11)            | (9)         | Enterprise Value / tonne (US\$'000/t)  |                |               |               |               | 4.4                           | 1.9           |  |  |  |  |  |  |
| Corporate & Other Costs          | "                  | (14)        | (13)              | (5)          | (5)             | (5)         | <b>EARNINGS SENSITIVITY</b>  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>EBITDA</b>                    | <b>"</b>           | <b>67</b>   | <b>78</b>         | <b>75</b>    | <b>100</b>      | <b>115</b>  | Nickel Price US\$/oz   | +10%           | 29            | 18%           |               |                               |               |  |  |  |  |  |  |
| DD&A                             | "                  | (77)        | (40)              | (50)         | (50)            | (42)        | Exchange Rate  | +10%           | (26)          | -16%          |               |                               |               |  |  |  |  |  |  |
| <b>Operating Income (EBIT)</b>   | <b>"</b>           | <b>(11)</b> | <b>38</b>         | <b>25</b>    | <b>50</b>       | <b>73</b>   | -10%   | 32             | 20%           |               |               |                               |               |  |  |  |  |  |  |
| Net Interest Income              | "                  | 3           | 2                 | 5            | 6               | 8           | <b>NICKEL PRODUCTION PROFILE - 100%</b>  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Pre Tax Profit                   | "                  | (7)         | 40                | 30           | 56              | 82          | A bar chart showing Nickel Production Profile from FY02 to FY12E. The chart displays production in tonnes (left axis, 0 to 20,000) and US\$/t (right axis, 0.00 to 7.00) for various mines: Mittel, Wannaway, Redross, Carnilya Hill, Otter-Juan, and McMahon. Cash costs are shown as a line graph. Production peaks in FY08 and FY10E. |                |               |               |               |                               |               |  |  |  |  |  |  |
| Tax Expense                      | "                  | 10          | (12)              | (9)          | (17)            | (25)        | A line chart showing Realised Nickel Price vs Cash Cost from FY03 to FY12E. The chart plots Realised Nickel Price (US\$/lb, red line) and Cash Costs (US\$/lb, blue line). The price generally stays above the cash cost, with a significant peak in FY07.   |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Reported NPAT</b>             | <b>A\$MM</b>       | <b>2</b>    | <b>28</b>         | <b>21</b>    | <b>39</b>       | <b>57</b>   | <b>SHARE VALUATION</b>   |                |               |               |               |                               |               |  |  |  |  |  |  |
| Significant Items after tax      | "                  | (14)        | 0                 | 0            | 0               | 0           | Projects: Mittel (100% ownership, \$79 A\$/Shr, 30%); Mariners (100% ownership, \$89 A\$/Shr, 33%); Otter-Juan (100% ownership, \$61 A\$/Shr, 23%); Carnilya Hill (70% ownership, \$12 A\$/Shr, 5%); McMahon (100% ownership, \$26 A\$/Shr, 10%). Total Operating Assets: \$268 A\$/Shr. Net Asset Value: \$431 A\$/Shr, 0.88x.          |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Underlying Net Profit</b>     | <b>A\$MM</b>       | <b>16</b>   | <b>28</b>         | <b>21</b>    | <b>39</b>       | <b>57</b>   |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| EPS                              | Ac                 | (8.4)       | 14.1              | 10.4         | 19.5            | 28.6        |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| DPS                              | Ac                 | 6.0         | 9.0               | 8.0          | 10.0            | 12.0        |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>CASH FLOWS</b>                |                    |             |                   |              |                 |             |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Operating Cash Flow              | A\$MM              | 40          | 99                | 85           | 111             | 124         |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Net Interest                     | "                  | 0           | 0                 | 5            | 6               | 8           |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Tax Paid                         | "                  | 0           | 0                 | (9)          | (17)            | (25)        |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Retained Op. Cash Flow</b>    | <b>A\$MM</b>       | <b>40</b>   | <b>99</b>         | <b>81</b>    | <b>100</b>      | <b>108</b>  |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Exploration                      | "                  | (10)        | (5)               | (15)         | (15)            | (12)        |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Capital Expenditure              | "                  | (44)        | (28)              | (35)         | (15)            | (9)         |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Loan Repayments                  | "                  | (1)         | 0                 | 0            | 0               | 0           |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Funding Surplus/(Deficit)</b> | <b>A\$MM</b>       | <b>(14)</b> | <b>66</b>         | <b>31</b>    | <b>71</b>       | <b>87</b>   |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Dividends Paid                   | "                  | (16)        | (14)              | (18)         | (18)            | (20)        |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Borrowings                       | "                  | 0           | 0                 | 0            | 0               | 0           |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Equity Issues                    | "                  | 0           | 1                 | 0            | 0               | 0           |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Other                            | "                  | (7)         | (2)               | 0            | 0               | 0           |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Total Funds Provided</b>      | <b>A\$MM</b>       | <b>(22)</b> | <b>(15)</b>       | <b>(18)</b>  | <b>(18)</b>     | <b>(20)</b> |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Net change in cash</b>        | <b>"</b>           | <b>(37)</b> | <b>51</b>         | <b>13</b>    | <b>53</b>       | <b>67</b>   |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Cash at start of year            | "                  | 112         | 76                | 127          | 140             | 193         |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Cash at end of year</b>       | <b>A\$MM</b>       | <b>76</b>   | <b>127</b>        | <b>140</b>   | <b>193</b>      | <b>260</b>  |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Net Op. CFPS                     | A\$                | 0.20        | 0.50              | 0.43         | 0.55            | 0.62        |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>BALANCE SHEET</b>             |                    |             |                   |              |                 |             |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Cash & equivalents               | A\$MM              | 76          | 127               | 140          | 193             | 260         |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Other current assets             | "                  | 65          | 31                | 31           | 31              | 31          |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| PP&E & Other Mining Assets       | "                  | 108         | 96                | 86           | 54              | 24          |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Other Non Current Assets         | "                  | 2           | 6                 | 8            | 8               | 8           |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Total assets</b>              | <b>A\$MM</b>       | <b>251</b>  | <b>260</b>        | <b>265</b>   | <b>286</b>      | <b>323</b>  |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Total liabilities                | "                  | 52          | 55                | 57           | 57              | 57          |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| <b>Total Net Assets</b>          | <b>A\$MM</b>       | <b>199</b>  | <b>205</b>        | <b>208</b>   | <b>229</b>      | <b>266</b>  |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Total Debt                       | "                  | 1           | 1                 | 1            | 1               | 1           |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Net Debt (Cash)                  | A\$MM              | (74)        | (126)             | (139)        | (192)           | (259)       |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Gearing (net debt:nd+equity)     | %                  | -59%        | -159%             | -203%        | -519%           | -3661%      |  |                |               |               |               |                               |               |  |  |  |  |  |  |
| Gearing (net debt:equity)        | %                  | -37%        | -61%              | -67%         | -84%            | -97%        |  |                |               |               |               |                               |               |  |  |  |  |  |  |

Source: Company, RBC Capital Markets estimates



## Valuation

We retain our Outperform rating and A\$2.40 target on an unchanged ~1.1x multiple to NAV, a small premium to comparable peers to accommodate superior leverage and exploration upside. Maintain Average Risk.

## 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 a ~65% profit sharing agreement, so it 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 3-4 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.

## 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 program. Mines were first purchased in 2001 for A\$54m and production began in 2002. In April 2006, Mincor increased its share of Carnilya Hill to 100%. It paid A\$2m to farm into RAV 8 by spending A\$5m over three years for 80%. In May 2006 it paid A\$68.5m cash to private group GMM for the 3.6ktpa Otter-Juan mine and former mines McMahon & Durkin, which have 29kt nickel resources. The decision to open Miitel was made on 7 May - 4.5-55kt at A\$5.50-6.00/lb is forecast by the company.

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**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.

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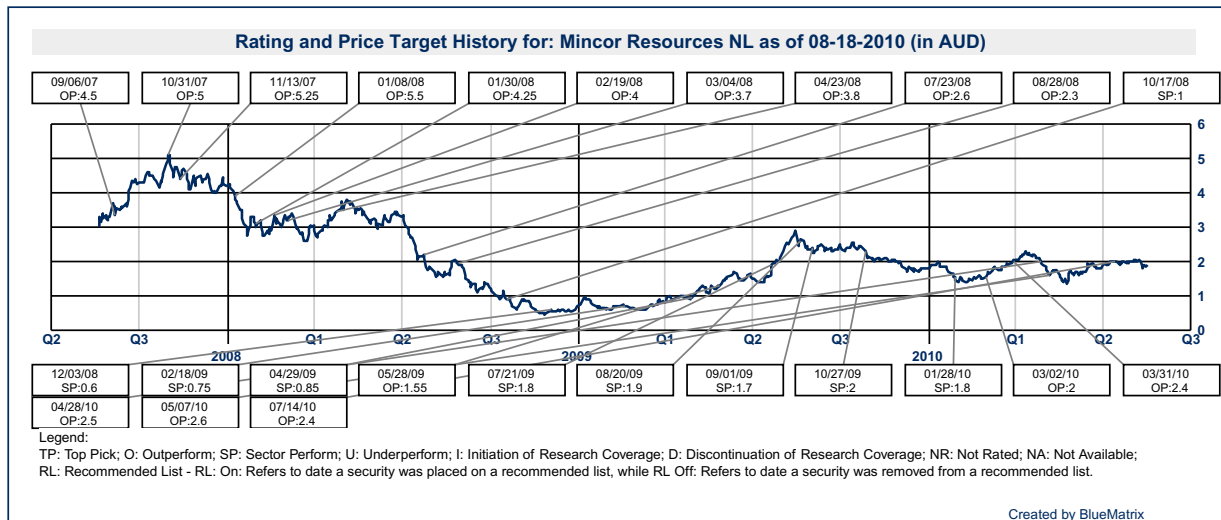
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