

15 May 2007

4 New Mines and 20,000t Nickel from FY08

MINCOR TO ACQUIRE OTTER-JUAN NICKEL MINE

- MCR has reached agreement for the purchase of GMM Pty Ltd, a privately owned mining company, for \$69M in cash. This represents an adjustment to an earlier agreement to buy the McMahon and Durkin areas for \$30M and includes the operating Otter-Juan Mine, surrounding exploration ground, mining equipment, surface and underground equipment, infrastructure and workforce. This acquisition will see MCR produce 20,000tpa of nickel in concentrate in FY08. **MCR's production growth into this nickel price environment means it is STILL CHEAP!**
- Did not pay too much!** The acquisition of GMM Pty Ltd presents MCR with skilled personnel, infrastructure and the bolt on production of 2,800tpa nickel in concentrate from Otter-Juan from July '07. We had previously viewed the \$30M price for the McMahon/Durkin ground positively and consolidating the region gives us greater confidence in timely production coming from these resources, taking advantage of the current nickel prices. We believe GMM will add at least 30kt of nickel in concentrate to MCR's production profile over the next 5 years.
- 4 new higher grade mines:** No other nickel producer can offer the addition of 4 new nickel mines in the next 12 months. This will bring MCR's operations to 7 (+ the 2 short life assets in North Dordie and Wannaway) spreading MCR's operational risk. All 4 mines will produce higher grade ore than the current Widgiemooltha operations.
- At 20,000tpa MCR will be the largest Australian nickel sulphide producer (ex-BHP):** With Otter-Juan production from July '07, Carnilya Hill ramping up from Dec '07 and McMahon and Durkin from 1H CY08, MCR will be a 20,000tpa (nickel in concentrate) producer from FY08.
- With MCR trading on 6.9 times FY07 and 3.1 times FY08 earnings and trading at a 37% discount to our \$5.59/sh price target, we retain our BUY.

Company	
Stock code:	MCR
Share price:	\$4.09
Recommendation:	BUY

\$5.05 \$6.14

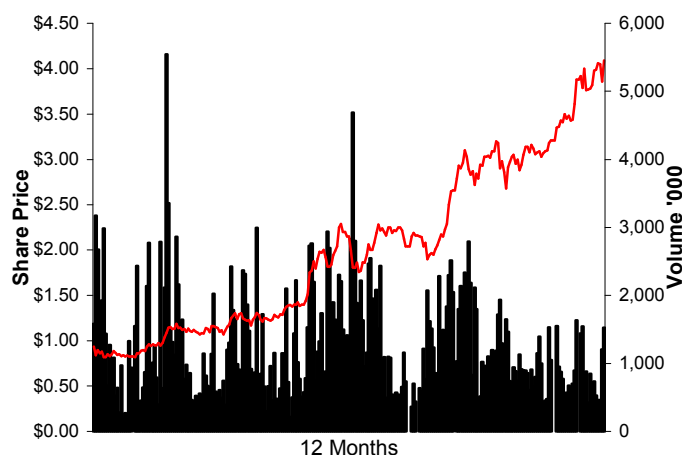


S&P/ASX 300 = 6360

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Company Statistics & Performance

Shares on Issue	201.7m	Daily Vol.	1,206,000
Market Cap.	\$824.8m	Debt	\$0.0m
52 Week Range	\$0.82 - \$4.09	Cash est.	\$107.4m



Investment Summary

Year End June 30	2006A	2007F	2008F	2009F
Reported Earnings				
Net Profit (\$m)	30.2	117.2	260.3	320.9
EPS (cents)	15.0	58.1	129.1	159.1
EPS growth (%)	n.a.	288.8	122.0	23.3
PER (x)	27.3	7.0	3.2	2.6
EBITDA				
EBITDA (\$m)	71.4	198.5	409.3	499.1
EV/EBITDA (x)	10.6	3.6	1.3	0.6
Cashflow Multiples				
Gross Cashflow (\$m)	74.3	154.7	296.7	360.5
GCFPS (cents)	38.2	78.9	151.4	184.0
PGCF (x)	10.7	5.2	2.7	2.2
Free Cashflow (\$m)	35.2	60.1	228.6	327.4
FCFPS (cents)	18.1	30.7	116.7	167.1
PFCF (x)	22.6	13.3	3.5	2.4
Dividend				
Dividend (cents)	5.0	17.0	33.0	40.0
Yield (%)	1.2	4.2	8.1	9.8
Franking (%)	100	100	100	100

4 New Nickel Mines:

1. **Otter-Juan:** Continuation of GMM's operations will see 2,800tpa of nickel in concentrate bolted on to MCR's production profile from July '07. The mine is very deep (1,400m) and operations are becoming more challenging however it is highly profitable in this price environment.
2. **Carnilya Hill JV:** With a development decision due at end of June and all required infrastructure in place, development will commence in the September Q and production will ramp up from the December Q.
3. **Durkin:** With resources of 285kt at 4.6% nickel we have assumed a 4 year mine life at 1,920tpa ramping up from Sept Q '08.
4. **McMahon:** With resources of 310kt at 3.3% nickel we have assumed a 4 year mine life at 2,400tpa ramping up from June '08.
5. **And maybe a 5th.....**We believe the **Rav 8 JV** represents a strong prospect for further bolt on production in an 18-24 month time frame.

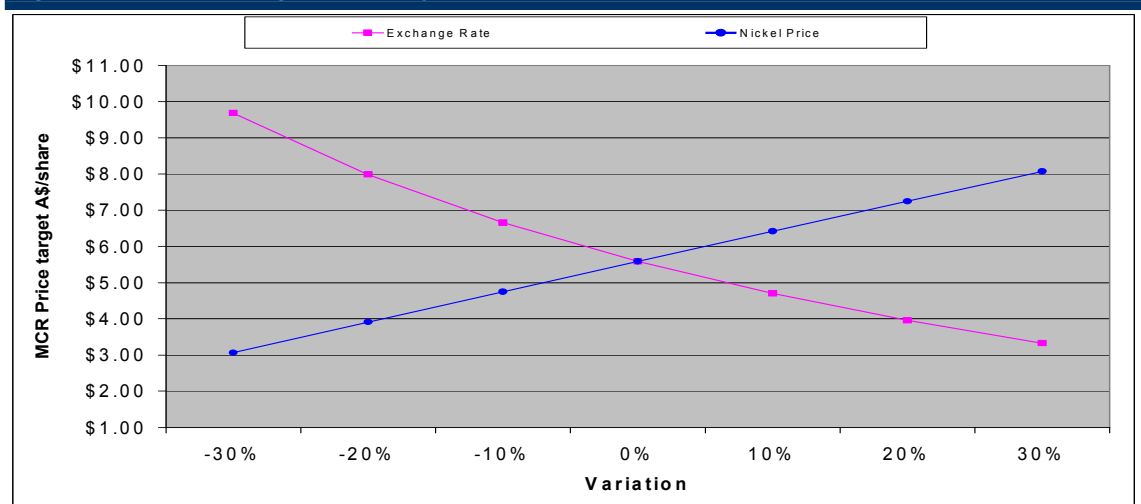
Active and Aggressive Exploration Program

- **Growing nickel inventory:** We are particularly positive on the exploration prospects for MCR's new projects Carnilya Hill, Otter-Juan, McMahon, Durkin and Rav 8. With rigs about to arrive at McMahon/Durkin and Rav 8 projects, news flow will be regular. Meanwhile drilling continues for mine life extensions for the Widgiemooltha operations. Together these exploration programs will continue to grow MCR's nickel inventory, allaying fears over MCR's perceived short mine life.

MCR Sensitivity

- **Hedging:** MCR have 4,026t of payable nickel metal hedged to April 2009 at an average price of A\$24,242t. This represents 16% of forecast production over the period and leaves MCR highly leveraged to a continued high nickel price. We believe this may be increased to 25% of production in keeping with the MCR hedging policy.

Figure 1: MCR price target sensitivity



Source: Patersons Estimate

Mincor Resources NL

\$4.09

Year End June 30

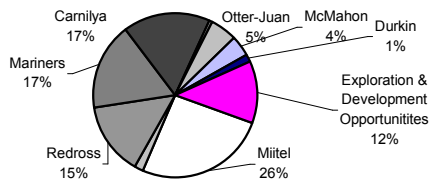
Valuation	A\$m	A\$/sh	
Miitel	227	1.13	
Wannaway	14	0.07	
Redross	128	0.63	
Mariners	150	0.74	
Carnilya	151	0.75	
North Dordie	5	0.03	
Otter-Juan	46	0.23	
McMahon	38	0.19	
Durkin	11	0.05	
Forward Sales	(70)	(0.35)	
Corporate	(56)	(0.28)	
Exploration & Development Opportunities	108	0.54	
Unpaid Capital	6	0.03	
Cash	107	0.53	
Debt	0	0.00	
Total @ 8% discount rate	866	4.30	
Price Target	1,126	5.59	
Sensitivity Price Target	+10%	0	
-10%			
Nickel Price	\$6.42	\$5.59	\$4.75
A\$: \$US	\$4.70	\$5.59	\$6.66

Commodity Assumptions	2006A	2007F	2008F	2009F
A\$:US\$	\$0.75	\$0.78	\$0.78	\$0.75
Copper (US\$/lb)	\$2.29	\$3.22	\$3.21	\$2.84
Lead (US\$/lb)	\$0.49	\$0.75	\$0.80	\$0.73
Zinc (US\$/lb)	\$0.96	\$1.65	\$1.50	\$1.33
Nickel (US\$/lb)	\$7.03	\$17.29	\$18.00	\$15.17
Tin (US\$/lb)	\$3.36	\$5.18	\$6.04	\$5.17
Palladium (US\$/oz)	\$232	\$340	\$308	\$314
Iron Ore Lumps (US\$/t)	\$41	\$48	\$51	\$50

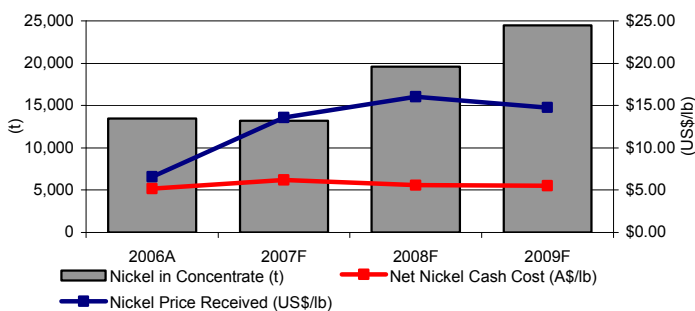
Production Summary	2006A	2007F	2008F	2009F
Nickel in Concentrate (t)	13,496	13,224	19,595	24,491
Copper in Concentrate (t)	1,194	1,155	1,472	1,731
Cobalt in Concentrate (t)	258	254	326	386

Per Pound of Payable Metal	2006A	2007F	2008F	2009F
Net Nickel Cash Cost (A\$/lb)	5.16	6.19	5.58	5.51
Nickel Total Cost (A\$/lb)	6.68	7.85	6.91	6.67
Nickel Price Received (US\$/lb)	6.57	13.57	16.05	14.78
Spot Nickel Price (US\$/lb)	7.03	17.29	18.00	15.17
Average FX Received (US\$/A\$)	0.75	0.78	0.77	0.75

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

Profit & Loss (A\$m)	2006A	2007F	2008F	2009F
Sales Revenue	175.2	357.9	592.9	710.1
Other Income	10.3	-7.2	6.9	17.5
Operating Costs	98.1	125.0	167.1	204.8
Exploration Exp.	5.0	11.0	6.9	7.0
Corporate/Admin	10.9	16.2	16.4	16.7
EBITDA	71.4	198.5	409.3	499.1
Depn & Amort	29.3	31.4	37.5	40.6
EBIT	42.1	167.1	371.8	458.4
Interest	0.7	0.3	0.0	0.0
Operating Profit	41.4	166.8	371.8	458.4
Tax expense	11.3	49.5	111.5	137.5
Abnormal Losses / Minorities	0.0	0.0	0.0	0.0
NPAT	30.2	117.2	260.3	320.9
Normalised NPAT	29.0	116.7	260.3	320.9

Cash Flow (A\$m)	2006A	2007F	2008F	2009F
Adjusted Net Profit	30.2	117.2	260.3	320.9
+ Interest/Tax/Expl Exp	17.0	60.8	118.4	144.6
- Interest/Tax/Expl Inc	9.0	54.8	119.5	145.5
+ Depn/Amort	29.3	31.4	37.5	40.6
+/- Other	6.9	0.0	0.0	0.0
Operating Cashflow	74.3	154.7	296.7	360.5
- Capex (+asset sales)	28.4	98.2	68.0	33.1
- Working Capital Increase	10.7	(3.6)	0.0	0.0
Free Cashflow	35.2	60.1	228.6	327.4
- Dividends (ords & pref)	7.8	17.5	43.1	74.5
+ 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	39.2	185.5	252.9
Cash at End Period	45.0	84.2	269.7	522.7
Net Cash/(LT Debt)	40.7	84.2	269.7	522.7

Balance Sheet (A\$m)	2006A	2007F	2008F	2009F
Cash/Bullion	45.0	84.2	269.7	522.7
Total Assets	164.8	274.2	533.6	801.2
Total Debt	4.4	0.0	0.0	0.0
Total Liabilities	93.8	157.3	199.6	220.7
Shareholders Funds	71.1	190.2	407.4	653.8

Ratios	2006A	2007F	2008F	2009F
Net Debt/Equity (%)	na	na	na	na
Interest Cover (x)	60.3	565.5	na	na
Return on Equity (%)	42.4	61.6	63.9	49.1

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