

COMPANY UPDATE | COMMENT

APRIL 7, 2008

Mincor Resources NL (ASX: MCR)
Share Price Belies Strong Fundamentals on all Fronts

**Outperform
Above Average Risk**

Price:	2.89	Price Target:	3.70
Shares O/S (MM):	197.8	Implied All-In Return:	32.2%
Dividend:	0.12	Market Cap (MM):	572
NAVPS:	2.34	Yield:	4.2%
BVPS:	0.95	P/NAVPS:	1.2x
ROE:	44.0%	P/BVPS:	3.0x
Float (MM):	197.8	Enterprise Val. (\$MM):	464.0
Debt to Cap:	0.0%	Avg. Daily Volume (MM):	1.38

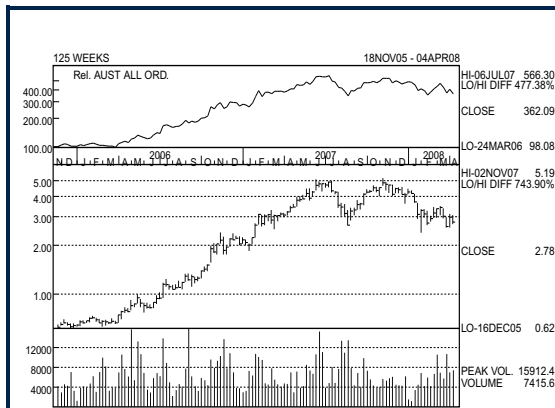
Share price as at 7 April 2008

Event

Mincor's underperformance is in the face of continued positive exploration and development results and guidance reiterated at 16-17kt

Investment Opinion

- Mincor's share price underperformance does not reflect positive developments on all fronts. Nickel resources are building strongly through acquisition and exploration success, production is on target for the upper end of 16-17kt in FY08, the balance sheet is strong with over A\$100m cash on hand, and on a relative basis we believe Mincor is excellent value.
- **Resource Growth** - within the last month, the company has demonstrated its ability to add significant resources and extend mine life: 1. Durkin Deeps' resources expanded 42% to 18.8kt; 2. Bluebush Line initial resource is 20.8kt; and 3. potential new high-grade ore body beneath Wannaway. We forecast total company resources of ~180kt nickel, or at least eight years mine life.
- **Nickel Inventory** - Mincor has discovered 89kt in five ore systems in seven years. It has added seven new ore systems over the past nine months and on historic discovery rates, we are very confident of continued nickel inventory build.
- **Share Price Performance** - Mincor is trading 21% above its 12-month low and 56% off its high versus the sector average of 72% above its low and 81% from its high. There is no fundamental explanation for this, in our assessment, aside from perhaps the general state of the market and impact on smaller cap stocks.
- **Strong Relative Value** - Mincor is attractive at FY08 PER of 6.8x (sector average 9.3x), FY09 at 6x (11x) and FY08 dividend yield of 4.3%. The share price has fallen 31% for CY08 year-to-date, the worst performer of comparable ASX nickels.
- **Valuation: Our price target is unchanged at A\$3.70** and is based on 7x P/E and 5.5x P/CF on FY08 & FY09. We have referenced RBC's global nickel universe, which has seen multiples contract in recent weeks. Our target implies a return of 28%, amongst the highest in RBC's ASX nickel coverage. We retain our Outperform, Above Average risk rating.



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FY Jun	2007A	2008E	2009E	2010E
EPS (Op) - FD	0.52	0.42	0.48	0.40
P/E	5.6x	6.9x	6.0x	7.2x
CFPS - FD	0.69	0.70	0.77	0.67
P/CFPS	4.2x	4.1x	3.8x	4.3x
EPS (Op) - FD		H1		H2
2007		0.19A		0.33A
2008		0.22E		0.21E
Prev.				0.20E
2009		0.24E		0.24E
2010		0.34E		0.06E
CFPS - FD				
2007		0.27A		0.42A
2008		0.37E		0.33E
2009		0.38E		0.39E
2010		0.48E		0.19E

June Year-end

All values in AUD unless otherwise noted.

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

For Required Disclosures, please see Page 7.

Exhibit 1: ASX Nickel Company Comparable Data

All in A\$

Company	ASX Code	Share Price	Shares Out	Market Cap (A\$MM)	12 month	12 month	% above low	% of high	NPV (A\$/sh)	P/NPV (x)	Nickel Price (US\$/lb)		
					Low	High					2007	2008E	2009E
Albidon	ALB	\$3.70	164.6	609	\$1.82	\$3.95	103%	94%	\$1.29	2.86	16.90	14.00	13.00
Independence	IGO	\$7.93	116.4	923	\$4.17	\$9.39	90%	84%	\$5.24	1.51	0.84	0.91	0.86
Minara	MRE	\$6.22	465.1	2893	\$4.47	\$9.67	39%	64%	\$1.88	3.30	A\$20.14	A\$15.44	A\$15.11
Mincor	MCR	\$2.89	197.8	572	\$2.39	\$5.19	21%	56%	\$2.34	1.24			
Mirabela	MBN	\$6.25	127.8	799	\$3.30	\$7.21	89%	87%	\$6.87	0.91			
Sally Malay	SMY	\$5.08	190.1	966	\$2.85	\$6.21	78%	82%	\$3.28	1.55	FY07	FY08E	FY09E
W. Areas	WSA	\$6.94	166.7	1157	\$3.80	\$6.97	83%	100%	\$2.55	2.72	13.68	13.68	13.56
Avg/Total				1,131			72%	81%		2.01	A\$17.40	A\$15.09	A\$15.76
			Total	7,918									

Company	Production (t)			PER (x)			CFM (x)			DPS 07 (A¢)	DPS 08 (A¢)	Yield 07 %	Yield 08 %
	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E				
Albidon	0	2,667	7,939	n.m.	22.9	5.6	n.m.	18.3	4.7	0	0	0.0	0.0
Independence	9,832	9,364	8,550	8.6	14.5	17.6	5.6	18.1	13.7	15	13	1.9	1.6
Minara*	16,541	20,384	22,169	10.2	11.4	11.9	8.9	9.9	10.0	40	29	6.4	4.6
Mincor	12,927	16,854	21,073	5.6	6.8	6.0	4.2	4.1	3.8	12	12	4.2	4.2
Mirabela**	0	0	9,600	n.m.	n.m.	14.7	n.m.	n.m.	8.6	0	0	0.0	0.0
Sally Malay	11,956	13,138	18,071	10.7	9.8	6.2	4.6	9.8	4.7	12	14	2.4	2.8
W. Areas	848	4,505	10,560	n.m.	n.m.	16.5	n.m.	n.m.	9.5	0	0	0.0	0.0
Avg	7,443	9,559	13,995	8.8	9.3	11.2	5.8	12.0	7.8			2.1	1.9
Total	52,103	66,911	97,962										

*Equity share (60%); **Mirabela Prod 2011

Average excludes ALB in 2009

Company	Cash (A\$MM)	Debt (A\$MM)	Net (Debt)/Cash (A\$MM)	Prospective			lbs prod/US\$1,000	Target (A\$/sh)	Upside to Target	Rating	EV/resv (per lb)	EV/resc (per lb)	EV/resc Payable
				EV (A\$MM)	EBITDA (A\$MM)	EV/EBITDA (x)							
Albidon	17	36	-19	629	37	17.0	56	\$4.30	16%	OP	2.80	2.34	3.34
Independence	152	2	150	773	99	7.8	45	\$6.50	-18%	UP	5.27	2.84	4.06
Minara	157	0	157	2736	435	6.3	16	\$6.00	-4%	SP	1.12	0.55	0.55
Mincor	111	3	108	464	169	2.7	53	\$3.70	28%	OP	13.94	7.60	11.69
Mirabela	216	0	216	582	33	17.6	-	\$8.50	36%	OP	0.69	0.81	1.16
Sally Malay	120	13	106	859	175	4.9	15	\$6.00	18%	OP	3.00	2.07	3.18
W. Areas	237	245	-8	1164	143	8.2	-	\$5.00	-28%	UP	7.97	2.53	3.75
Avg	144	43	101	1,030	156	9.2	37		13%		4.47	2.70	4.00
Total	1009	299	710	6,044	948								

Source: Company data, RBC Capital Markets estimates

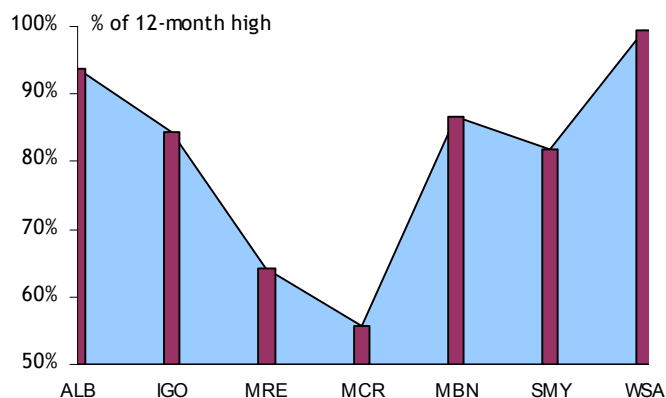
Share Price Underperformance Belies Strong Fundamentals

Mincor has been a gross underperformer amongst our ASX nickel universe despite reinforcing production **guidance of 16-17kt** in CY08 and positive project developments on several fronts.

Exhibit 1 above summarises key data for the seven ASX nickels covered by RBC highlighting the attractive relative features of Mincor:

- Mincor at A\$2.89 mere 21% above its 12-month low of A\$2.39 and 56% off its 12-month high of A\$5.19. On average, the sector is 72% above its low and 81% from its high
- Mincor at 1.24x P/NPV is well below the sector average of 2.0x
- Production is forecast to be 25% from 16.8kt in FY08 to 21.1kt in FY09
- Mincor's 6.8x PER for the current year is the lowest and compares with a sector average of 9.3x.
- Prospective FY09 PER of 6.0x is comparable to Albion and Sally Malay, discounted to 11.2x sector average
- Mincor's 4.2% FY08 dividend yield ranks amongst the highest in the sector
- Mincor is cash rich with >A\$100m cash and essentially debt-free
- Our target of A\$3.70 implies a capital return of 28%, amongst the highest in the group.

Exhibit 2: ASX Nickel Universe - Percentage off 12-month High



Source: IRESS and RBC Capital Markets estimates

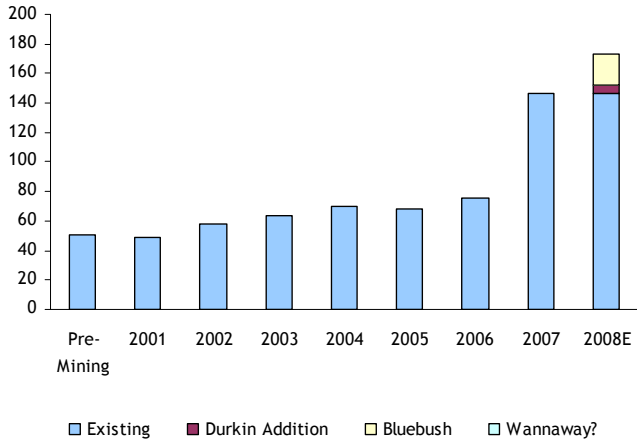
Pipeline of Projects

Mincor has made the following positive announcements within the last month:

1. **Durkin Deeps, 19 March** – a 42% increase in the resource to 18.8kt contained nickel, up from 13.2kt when purchased in mid-2007. Step-out drilling is underway and feasible work could lead to a development decision in early FY09
2. **Bluebush Line, 25 March** – initial resource of 20.8kt nickel at Stockwell Prospect following acquisition in Nov 07, less than 300m below surface. Bluebush line has 40km strike length, exciting the company. Drilling to commence within eight weeks
3. **Wannaway, 7 April** – new high-grade discovery beneath the existing mine demonstrating ore body is open at depth. Best intersections include 5m @ 4.7% nickel, true width 2.5m. This hand-to-mouth, relatively high-cost mine offers the potential for “a major new ore body” close to the existing underground infrastructure. Drilling to start very soon.

Exhibit 3 below shows a consistent increase in reserves from FY01-06 and the step change over the last two years. We have included our estimates for resource additions at the above three prospects. Thus on our judgement of ~180kt total nickel resources, Mincor has a **mine life exceeding eight years** at the current production rate of 17kt pa. Criticism of Mincor's short mine life is not substantiated by the facts!

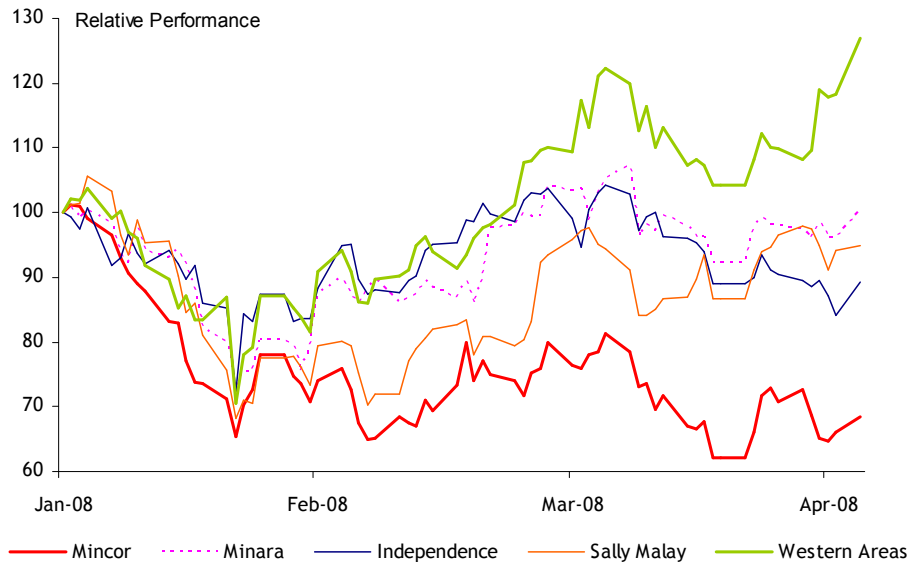
Exhibit 3: Mincor Historic and Forecast Total Nickel Resources



Source: Company reports and RBC Capital Markets estimates

Our final Exhibit highlights the gross underperformance of Mincor relative to its peers. **The stock has fallen 31% from A\$4.21 to A\$2.89 despite a satisfactory interim of A\$43m reported and confirmation of 16-17kt in FY08.**

Exhibit 4: Relative CY08 Share Price Performance of Comparable ASX Nickels



Source: IRESS

Exhibit 5: Mincor Mining Operating & Financial Summary

Mincor Resources													
ASX: MCR	Share Price: (A\$)	2.89				Stock Rating:	Outperform	Price Target:		A\$3.70			
Issued Shares (m)	Mkt Cap: (A\$MM)	571.7	Total Return	32%	Risk Qualifier:	Above Average	NAV:		A\$2.34				
Fiscal Year Ended June													
ASSUMPTIONS		FY06	FY07	FY08E	FY09E	FY10E	ATTRIBUTABLE MINE STATS						
Exchange Rate	A\$/US\$	0.75	0.79	0.89	0.88	0.85	Nickel Production (100% ownership)						
Spot Nickel Price	US\$/lb	7.05	17.37	13.09	12.21	11.00	Midtel	tonnes	6,101	4,901	4,293	4,740	4,987
Spot Nickel Price	A\$/lb	9.44	21.97	14.80	13.86	12.97	Wannaway	tonnes	641	519	512	464	464
Realised Nickel Price	US\$/lb	6.43	14.28	12.77	12.42	11.07	Redross	tonnes	3,999	3,891	3,678	3,509	1,754
Realised Nickel Price	A\$/lb	8.84	18.12	14.42	14.10	13.05	Mariners	tonnes	2,754	3,616	2,724	2,779	2,682
Cobalt Price	US\$/lb	14.91	23.39	38.73	42.00	30.00	Carnilya Hill	tonnes			1,200	3,411	3,739
Realised Cobalt Price	US\$/lb	14.91	23.39	38.73	42.00	30.00	Otter-Juan	tonnes			4,403	3,797	4,170
Realised Cobalt Price	A\$/lb	19.94	29.64	43.51	47.56	35.38	McMahon	tonnes			45	2,373	2,802
Hedged % of Sales	%		0%	32%	21%	0%	TOTAL	tonnes	13,496	12,927	16,854	21,073	20,599
Hedged Price	US\$/lb		0.00	12.24	13.29		Cash Costs (including Credits):						
RATIO ANALYSIS													
Shares outstanding	MM	195	195	196	196	196	Midtel	A\$/lb	4.26	6.77	8.11	8.75	8.63
Reported Net profit	A\$MM	29.3	101	83	95	78	Wannaway	A\$/lb	6.83	9.64	9.64	9.69	9.96
Significant Items	A\$MM	5	0	0	0	0	Redross	A\$/lb	4.68	5.24	5.43	6.19	6.40
Profit excl. one-offs	A\$MM	24	101	83	95	78	Mariners	A\$/lb	7.23	7.35	8.82	9.33	9.93
EPS	A¢	15.0	51.9	42.6	48.3	40.0	Carnilya Hill	A\$/lb			4.30	6.20	5.95
P/E	x	19.2x	5.6x	6.8x	6.0x	7.2x	Otter-Juan	A\$/lb			3.55	3.58	3.74
CFPS	A¢	27.6	68.9	70.5	76.9	67.2	McMahon	A\$/lb				5.52	5.47
P/C/F	x	10.5x	4.2x	4.1x	3.8x	4.3x	Average Cash Costs	A\$/lb	5.11	6.59	6.21	6.71	6.73
Dividend per share	A¢	5.0	12.0	12.0	15.0	12.0	Average Cash Costs	US\$/lb	3.82	5.18	5.50	5.91	5.69
Dividend yield	%	1.7%	4.2%	4.2%	5.2%	4.2%	Cash Margin	A\$/lb	3.73	11.54	8.21	7.39	6.32
Franking Level	%	100%	100%	100%	100%	100%	Cash Margin	US\$/lb	2.79	9.07	7.28	6.51	5.35
Payout Ratio	%	33%	23%	28%	31%	30%	Reserves & Resources - Contained Nickel						
Effective Tax Rate	%	28%	30%	31%	31%	31%	* Resources are inclusive of Reserves						
Book value per share	A\$	0.36	0.76	0.95	1.24	1.43	Reserves Ni	%Ni	24.7	2.5		39.9	3.8
P/Book value	x	8.0x	3.8x	3.0x	2.3x	2.0x	Wannaway		0.8	2.3		1.9	3.2
R.O.E	%	41%	67%	44%	39%	28%	Redross		5.3	2.9		10.3	4.2
R.O.A	%	18%	33%	24%	23%	18%	Mariners		10.6	2.7		31.1	4.5
EBITDA	A\$MM	71	176	169	189	159	Carnilya Hill		7.7	2.4		11.3	4.6
EBITDA per share	A\$	0.36	0.90	0.87	0.96	0.81	Otter Juan		11.1	3.9		19.8	4.9
EV/EBITDA	x	7.5	2.3	2.7	2.2	2.3	McMahon/Durkin +		0.0	0.0		29.9	4.3
EV/EBIT	x	13.1	2.9	4.1	3.1	3.5	Reserves - Contained Nickel		60.2	2.8		144.2	4.3
EBITDA Margin	%	40%	53%	49%	44%	41%	Reserves - Contained Nickel		133			318	
PROFIT & LOSS													
Revenue	A\$MM	175	330	349	426	391	Enterprise Value/tonne Reserve		6,732			2,812	
Operating costs	"	(96)	(124)	(157)	(215)	(210)	Enterprise Value/tonne Reserve		5,251			2,193	
Mine Operating Profit	"	79	206	191	211	181	EARNINGS SENSITIVITY						
Exploration Expense	"	(5)	(10)	(12)	(12)	(12)	Nickel Price US\$/oz	+10%	14	29	12%	18%	
DD&A	"	(30)	(35)	(56)	(58)	(55)	-10%	(14)	(29)	-12%	-18%		
Corporate & Other Costs	"	(4)	(20)	(10)	(10)	(11)	Exchange Rate	+10%	(12)	(26)	-10%	-16%	
Operating Income (EBIT)	A\$MM	41	141	113	131	104	-10%	14	32	13%	20%		
Net Interest	"	(0)	4	7	6	10	NICKEL PRODUCTION PROFILE - 100%						
Pre Tax Profit	"	41	145	121	137	114							
Tax Expense	"	(11)	(44)	(37)	(42)	(35)							
Net profit - as reported	A\$MM	29.3	101	83	95	78	SHARE VALUATION						
Significant Items after tax	"	5	0	0	0	0	Projects						
Net Profit excl one-offs	A\$MM	24.4	101	83	95	78	% Ownership						
EPS	A¢	15.0	51.9	42.6	48.3	40.0	Midtel						
DPS	A¢	5.0	12.0	12.0	15.0	12.0	Wannaway						
CASH FLOWS													
Operating Cash Flow	A\$MM	52	201	169	189	159	Redross						
Net Interest	"	0	0	7	6	10	Mariners						
Tax Paid	"	0	(8)	(37)	(42)	(35)	Otter-Juan						
Retained Op. Cash Flow	A\$MM	52	192	139	152	133	McMahon						
Exploration	"	(4)	(9)	(16)	(16)	(16)	Total Operating Assets						
Capital Expenditure	"	(28)	(29)	(70)	(58)	(37)	Exploration & Other						
Loan Repayments	"	(1)	0	0	0	0	Debt						
Funding Surplus/(Deficit)	A\$MM	19	154	53	78	80	Cash						
Dividends Paid	"	(8)	(18)	(23)	(25)	(29)	Corporate						
Borrowings	"	0	0	0	0	0	Net Asset Value - \$A						
Equity Issues	"	0	2	0	0	0	AS\$MM						
Other	"	16	(14)	(89)	0	0	A\$/Shr						
Total Funds Provided	A\$MM	8	(30)	(113)	(25)	(29)	%						
Net change in cash	"	27	124	(59)	53	51							
Cash at start of year	"	18	45	170	110	163							
Cash at end of year	A\$MM	45	170	110	163	214							
Net Op. CFPS	A\$	0.27	1.03	0.87	0.96	0.81							
BALANCE SHEET													
Cash & equivalents	A\$MM	45	170	110	163	214							
Other current assets	"	55	77	77	77	77							
PP&E & Other Mining Assets	"	63	58	155	160	146							
Other Non Current Assets	"	1	7	7	7	7							
Total assets	A\$MM	165	311	349	406	443							
Total liabilities	"	94	161	161	160	161							
Total Net Assets	A\$MM	71	150	188	246	283							
Total Debt	"	4	3	3	3	3							
Net Debt (Cash)	A\$MM	(41)	(166)	(107)	(160)	(211)							
Gearing (net debt : nd+ equity)	%	-134%	1044%	-131%	-186%	-292%							
Gearing (net debt:equity)	%	-57%	-111%	-57%	-65%	-75%							

Source: Company data, RBC Capital Markets estimates

Valuation

Our price target is unchanged at A\$3.70 and is based on 7x P/E and 5.5x P/CF on FY08 & FY09. We have referenced RBC's global nickel universe, which has seen multiples contract in recent weeks. Our target implies a return of 28%, amongst the highest in RBC's ASX nickel coverage. We retain 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 program. Mines were first purchased in 2001 for A\$54m and production began in 2002. Beginning April 2006, Mincor is increasing its share of Carnilya Hill to 100%, which is scheduled to be in production in January 2008. 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-Juan 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.

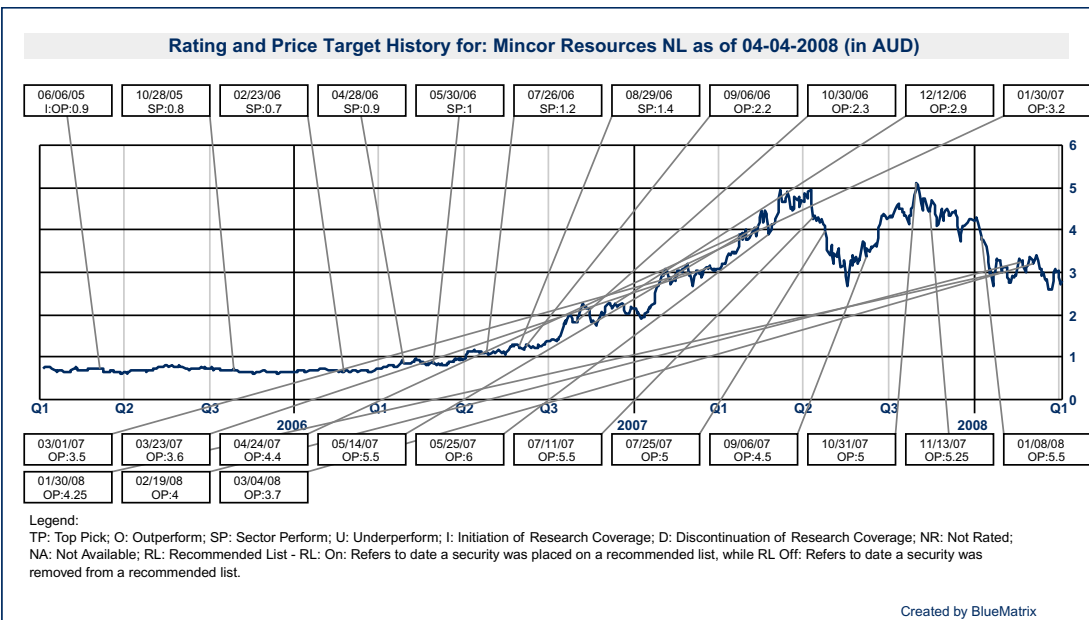
Above Average Risk (AA): Volatility and risk expected to be above sector; below average revenue and earnings predictability; may not be suitable for a significant class of individual equity investors; may have negative cash flow; low market cap or float.

Speculative (Spec): Risk consistent with venture capital; low public float; potential balance sheet concerns; risk of being delisted.

Distribution of Ratings, Firmwide

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Top Pick/Outperform, Sector Perform and Underperform most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis (as described above).

Distribution of Ratings/IB Services RBC Capital Markets				
Rating	Count	Percent	Investment Banking Serv./Past 12 Mos.	
			Count	Percent
BUY[TP/O]	514	46.51	210	40.86
HOLD[SP]	500	45.25	126	25.20
SELL[U]	91	8.24	18	19.78



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