



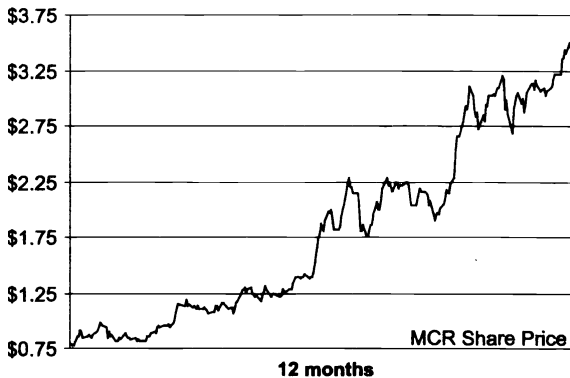
PATERSONS



THE AUSTRALIAN STOCKBROKER

Mincor Resources NL — MCR

Stock spotlight



Short term – BUY Long term – BUY

MINCOR'S core assets are its mines and tenement holdings in the Kambalda Nickel District, where it has been in production since 2001.

Mincor operates four mines in the Kambalda Nickel District, gold and base metals exploration throughout Australia.

With consistent production from its current operations, the bolting on of production from Carnilya Hill and North Dordie for FY08, and an exciting exploration program about to commence at the McMahon and Durkin orebodies (Kambalda Dome), MCR remains cheap.

It has modest hedging (2,982t FY07 and 2394t FY08); it is trading on 5.2 times FY07 and 3.5 times FY08 earnings and yield of 5.7% for FY07 and 7.1 per cent for FY08. MCR will be the largest WA (payable) nickel producer in FY07 (outside of LIM and BHP), making it best placed to capitalise on a continued higher nickel price. FY08 sees MCR and SMY in a battle for the top spot as both companies ramp up production. MCR remains the cheapest nickel sulphide producer in terms of Enterprise Value to FY07 and FY08 payable production tonne of nickel providing the greatest leverage to a continued strong nickel price. We believe concerns over mine life are over-done. With MCR growing its resources base every years since its listing in 1997 while at the same time growing its production base and exploring aggressively. We believe MCR is best placed to take advantage of the strength in the nickel price in the short to medium term. With MCR trading at a 40 per cent discount to our \$4.74/share are price target, MCR is cheap.

Stock watch

with
**Aaron
Cross**



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