



Australian
24/07/2007
Page: 25
Business News
Region: National Circulation: 129000
Type: National
Size: 151.19 sq.cms
MTWTF

CRITERION

with TIM BLUE
Mincor Resources
(MCR) \$4.13

NOW that nickel has decided to bounce, focus is turning back to the miners, among whom Mincor Resources catches the eye. It produces nickel concentrate from Miitel near Kambalda, has good prospects elsewhere and, provided it works out how to handle the currency risk, it seems to justify a buy recommendation from Patersons Securities analyst Levi Spry.

Nickel rose \$US1150 a tonne at the weekend to close at \$US35,050 — a 3.4 per cent rise that somewhat eases the pain of the 35 per cent fall since May. Apparently short covering kicked in but, whatever the reason, the price has at least paused in its fall. Continued strong demand from the stainless steel industry could be the

reason.

It is a minor shame that Mincor's production at Miitel of 12,900 tonnes of concentrate in the 2006-07 financial year was lower than forecast, and therefore failed to catch the higher prices when they were around. Its share price moved a little lower — about 12 per cent — but not as far as the nickel price fell. Patersons remain positive on growth prospects.

“With bolt-on production from Otter-Juan since July, Carnilya Hill and possibly McMahon by the June quarter 2008 and an active exploration program, we believe MCR presents a buying opportunity once the nickel price settles,” Patersons’ Spry says.

Mincor believes it has a substantial new discovery at Carnilya Hill (nearly 11m of intersection at 6.95 per cent nickel). MCR has a 70 per cent interest in the prospect. The

mining contractor is on site rehabilitating the mine and first development is on target for the end of the month. Production is forecast to ramp up from the June quarter of 2008.

Site preparations have begun for an open pit mine at its small North Dordie ore body, a stone’s throw west of the Miitel underground nickel mine, which Mincor is hoping could produce 60,000 tonnes of ore at 1.2 per cent nickel.

Mincor unashamedly says the North Dordie work is in direct response to the rising nickel price.

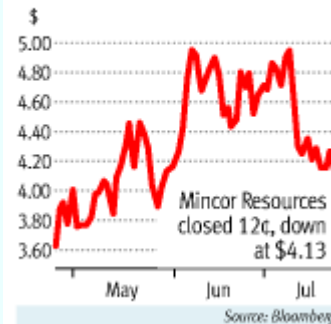
Mincor recently bought Goldfields Mine Management, and production of 3000 tonnes a year of nickel from Otter-Juan has been attributed to MCR since July. Two rigs are verifying the resources at McMahon and Durkin (where there is 28 kilotonnes of contained nickel) and Patersons expects results

over the next six weeks.

MCR’s priority is to bring McMahon into production, perhaps as early as the June quarter of 2008.

Patersons has a price target on Mincor of \$4.79 a share, which is only four to five times earnings in 2007-08. Fair enough. *Criterion* rates Mincor a **BUY**.

GOOD ODDS



Source: Bloomberg