

Mincor expands its resource base



Patersons'
perspective

with **TIM LARCOMBE**

ON THE back of recent announcements, a large increase to Mincor's resource base is in the pipeline.

The company's resource as of June 30, 2006, was 2.02 million tonnes at 3.8 per cent nickel for a total resource of 75,831t of nickel metal.

We believe this could increase by circa 60kt or 80 per cent to 139kt and slightly lift the overall grade to 4.0 per cent nickel.

While any future mine extensions will come on top of this, the recent developments contributing to this are:

1. \$30 million Kambalda acquisition:

The recent acquisition of historic mines on the Kambalda Dome added 28,300 tonnes of nickel resources at grade of 4.3 per cent nickel.

2. 09 Orebody at Mariners:

We estimate that the recent discovery at Mariners down dip from the 08 orebody could contain 300kt of 4 per cent nickel

for 12kt of contained nickel metal.

Higher grade intercepts included 4.6m true width at 7.8 per cent nickel and the presence of a higher proportion of massive sulphide ore than usually present on the Widgiemooltha Dome have us particularly positive.

3. Carnilya Hill joint venture:

Mincor's 70 per cent share has been confirmed by spending \$2.5 million on exploration activities. The company spent this in the first nine months of the required three years, indicating how positive the team is on the project.

Consequently, we estimate a further 20kt could be added to the nickel metal resource inventory for Mincor's share.

This financial year Mincor plans to produce more than 13,500 tonnes of nickel in concentrate from its four operations on the Widgiemooltha Dome.

Impact

● These additions to the resource base will see Mincor become cheap in terms of enterprise value to resource tonne of nickel.

● Importantly the higher grades should translate to lower unit mining costs.

● A long held criticism of Mincor has been the short life of its operations.

● This step change to its resource base should allay these fears and see Mincor revalued as a result.

● With an increased price target of \$2.40/sh we have upgraded our recommendation on Mincor to BUY from Hold.

● *Tim Larcombe is Kalgoorlie branch manager of stockbroker Patersons Securities Limited. Patersons receives commission from dealing in securities and may have acted corporately for companies mentioned in this article and earned a fee. Patersons and its associates may own shares in a recommended company.*