



52-wk Range: £0.62-0.86
12 month target £0.94

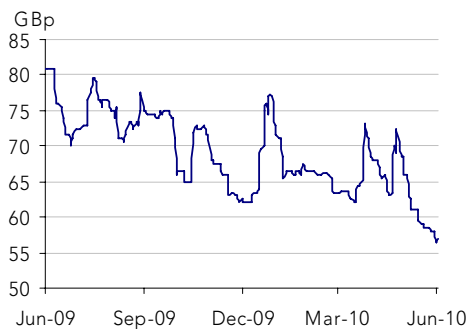
Market Cap (M): £48.8
EV (M): £41.7

Mining

Changing the plan

Summary

AIM-listed Minera IRL Limited is a mining group focused on precious metals mining, development and exploration in the Andean cordillera of South America. The company's flagship, Corihuarmi, is an operating gold mine and is complimented by the Ollachea project and two exploration projects situated in Chile and Peru. Minera are also listed on the Lima stock exchange. Minera recently took over Hidefield and acquired the Don Nicolas project in Argentina.



Key Metrics

EV/EBITDA: 5.54
Shares Outstanding (M): 85.6
Current Price (GBP): £0.57
Fully Diluted Shares (M): 97.8

Event

Minera IRL has announced that it has decided not to proceed with the proposed offering of its ordinary shares, as announced on 14 May 2010, due to unfavourable market conditions caused by the recent volatility in the equity markets.

The Board of the Company also announces yesterday that it had agreed to enter into a US\$20 million finance with Macquarie Bank Limited to fund principally the ongoing development at its Ollachea and Don Nicolas Projects.

Comment

The Facility comprises two tranches of US\$10M. The first tranche is committed by Macquarie, with the second tranche being subject to further due diligence and approvals prior to any drawdown of the second tranche. Each tranche has two drawdown's, thereby allowing the Company to access the funds in smaller amounts if and when required. The Company's existing US\$5M Feasibility Finance Facility with Macquarie, of which US\$2.5M is currently drawn down, is being refinanced as part of this Facility. In consideration of providing the Facility, Macquarie will be granted options whose aggregate exercise price into ordinary shares in the Company will be equivalent to the amount of the Facility drawn down. The price of the options will be set prior to each drawdown based on a set pricing mechanism. The options expire on 28 June 2013. The issuance of the options is subject to regulatory approval, including the approval of the Toronto Stock Exchange.

The interest rate is LIBOR plus 3.5% and 1% on the undrawn and available funds. There is also a facility fee before the draw down but the refinancing of the existing feasibility finance facility amount is excluded.

Given the current weakness in the Minera share price despite the ongoing production from Corihuarmi and the excellent drill results from Ollachea and a soaring gold price, we believe that it is better to obtain a finance facility rather than dilute the existing shareholders by issuing lowly priced shares. However, we understand that Minera still plan to list on the Toronto Stock exchange in the near future.

Recommendation

We retain our buy recommendation but with an unchanged target price of £0.94/share.

Contact

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FYE Dec	2008	2009	2010E	2011E	2012E
Revenue (US\$M):	43.6	31.9	36.9	35.4	46.9
EBITDA (US\$M):	21.0	11.3	16.7	15.8	25.2
NPAT (inc significant items):	12.5	3.0	8.3	7.1	10.2
EPS (USc):	20.2	4.2	9.7	8.3	11.9
Cash Flow/Share (USc):	35.7	13.0	15.7	16.8	24.5
Gold Price (US\$/oz):	872.6	973.7	1179.7	1325.0	1100.0
Ozs production/'000 shares	0.72	0.34	0.31	0.27	0.44
Ozs resources/'000 shares	2.1	13.5	16.7	16.3	15.8

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Peter Rose

Peter Rose has 20 years experience in equities as a resources analyst, most recently having spent 11 years with Deutsche Bank in Australia. Prior to this he spent three years with Prudential Bache and five years with James Capel. Peter's industry experience includes 16 years as a metallurgist, three years with De Beers in South Africa and eight years in the uranium industry, five of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 22 June 2010

Company Name	Disclosure
Minera IRL (MIRL)	1, 2, 7, 8

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Fox-Davies corporate client & coverage universe as of 22 June 2010:

Company	Ticker	Recommendation	Date	Target Price	Last Price
Mining					
African Barrick Gold	ABG LN Equity	SELL	27.05.10	£5.18	£6.43
Angel Mining	ANGM LN Equity	BUY	03.03.10	£0.16	£0.04
Antofagasta	ANTO LN Equity	BUY	28.05.10	£10.33	£9.00
Atlantic Coal	ATC LN equity	BUY	21.01.10	£0.025	£0.005
Discovery Metals	DME LN Equity	BUY	24.05.10	£0.78	£0.45
EMED Mining	EMED LN Equity	BUY	08.06.10	£0.62	£0.09
Exco Resources	EXS AU Equity	BUY	09.04.10	A\$0.67	A\$0.24
Gippsland Limited	GIP LN Equity	BUY	06.10.09	£0.02	NA
Hambledon Mining	HMB LN Equity	HOLD	20.05.10	£0.13	£0.07
Highland Gold	HGM LN Equity	BUY	20.05.10	£1.46	£1.47
Hochschild Mining	HOC LN Equity	HOLD	21.04.10	£3.11	£3.22
KEFI Minerals	KEFI LN Equity	Spec. BUY	06.10.09	NA	£0.01
Kryso Resources	KYS LN Equity	BUY	21.04.10	£0.14	£0.15
Lydian International	LYD CN Equity	BUY	18.03.10	C\$1.22	C\$1.47
Minera IRL	MIRL LN Equity	BUY	22.06.10	£0.94	£0.57
Oxus Gold	OXS LN Equity	BUY	21.04.10	£0.30	£0.08
Randgold Resources	RRS LN equity	BUY	02.06.10	£67.43	£64.40
Stratex International	STI LN Equity	BUY	03.03.10	£0.07	£0.03

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