



52-wk Range: £0.59-0.81
12 month target £0.94

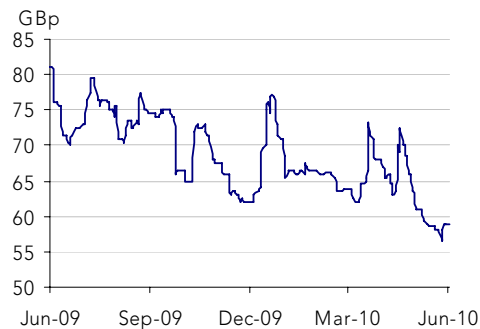
Market Cap (M): £50.6
EV (M): £43.5

Mining

Equity for debt

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.



Event

Minera IRL has announced that it has entered into an agreement with Resource Capital Fund III LP, or RCF, to exchange the \$1 million outstanding principal amount of the RCF working capital facility for the issue of 1.11 million new ordinary shares at \$0.90 per share.

Comment

This is an interesting move and we fully support. Equally, the transaction, which is expected to close before 30 June 2010, has been made at what is very close to the current share price allowing for exchange rate vagaries.

Recommendation

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

Key Metrics

EV/EBITDA: 3.85
Shares Outstanding (M): 85.6
Current Price (GBP): £0.59
Fully Diluted Shares (M): 97.8

Contact

Peter Rose
+44 (0)207 936 5246
Peter.Rose@fdcap.com

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.

+44 (0)207 936 5246

Peter.Rose@fdcap.com

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Research disclosure as of 28 June 2010

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

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Fox-Davies corporate client & coverage universe as of 28 June 2010:

Company	Ticker	Recommendation	Date	Target Price	Last Price
Mining					
African Barrick Gold	ABG LN Equity	SELL	27.05.10	£5.18	£6.35
Angel Mining	ANGM LN Equity	BUY	03.03.10	£0.16	£0.06
Antofagasta	ANTO LN Equity	BUY	28.05.10	£10.33	£8.47
Atlantic Coal	ATC LN equity	BUY	21.01.10	£0.025	£0.005
Discovery Metals	DME LN Equity	BUY	24.05.10	£0.78	£0.42
EMED Mining	EMED LN Equity	BUY	08.06.10	£0.62	£0.09
Exco Resources	EXS AU Equity	BUY	22.06.10	A\$0.67	A\$0.225
Gippsland Limited	GIP LN Equity	BUY	06.10.09	£0.02	NA
Hambledon Mining	HMB LN Equity	HOLD	20.05.10	£0.13	£0.08
Highland Gold	HGM LN Equity	BUY	20.05.10	£1.46	£1.44
Hochschild Mining	HOC LN Equity	HOLD	21.04.10	£3.11	£3.09
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\$1.45
Minera IRL	MIRL LN Equity	BUY	28.06.10	£0.94	£0.59
Oxus Gold	OXS LN Equity	BUY	21.04.10	£0.30	£0.07
Randgold Resources	RRS LN equity	BUY	02.06.10	£67.43	£65.55
Stratex International	STI LN Equity	BUY	03.03.10	£0.07	£0.03

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