



52-wk Range: £0.57-0.86  
12 month target £0.94

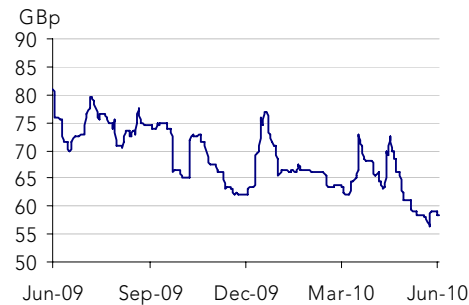
Market Cap (M): £40.1  
EV (M): £43.0

## Mining

## Initial quarterly profit release

### 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: 3.55  
Shares Outstanding (M): 85.6  
Current Price (GBP): £0.59  
Fully Diluted Shares (M): 97.8

### Event

Minera IRL has announced that its March quarter profit, unaudited, was \$0.242M after tax.

### Comment

One of the benefits of Minera's recent Toronto listing is that we now get quarterly profit and loss statements. Coming off the back of the March quarterly production figures which were released on the 4th of May, with cash on hand as of 31 March of US\$10.9M, we estimate that exploration spending in the March quarter was around \$4M.

Sales for the quarter were \$4.8M from the sale of 7.5koz at an average price of \$1,110/oz giving an EBITDA of \$2.3M and a pre-tax profit of \$0.566M

The other major point of interest is that the strike length of the breccia body named Escondido has grown from more than 500m in the 10<sup>th</sup> of May exploration update to some 700m currently. Escondido is immediately adjacent to Mariana Resources Dos Calandrias discovery, the two leases being contiguous. Given that Mariana is perceived as an exploration company, whereas Minera is more of a developer/producer, there is obviously potential for a deal here is exploration continues to give good results.

### Recommendation

We retain our buy recommendation but with an unchanged target price of £0.94/share. We have elected not to change the target price as in the next few days we will be reviewing our commodity and currency assumptions and all changes to target prices will be based on the new assumptions.

### 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 30 June 2010

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

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Fox-Davies corporate client & coverage universe as of 30 June 2010:

Company	Ticker	Recommendation	Date	Target Price	Last Price
Mining					
African Barrick Gold	ABG LN Equity	SELL	27.05.10	£5.18	£6.32
Angel Mining	ANGM LN Equity	BUY	03.03.10	£0.16	£0.05
Antofagasta	ANTO LN Equity	BUY	28.05.10	£10.33	£7.99
Atlantic Coal	ATC LN equity	BUY	21.01.10	£0.025	£0.005
Discovery Metals	DME LN Equity	BUY	24.05.10	£0.78	£0.40
EMED Mining	EMED LN Equity	BUY	28.06.10	£0.62	£0.08
Exco Resources	EXS AU Equity	BUY	22.06.10	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	£1.26
Hochschild Mining	HOC LN Equity	HOLD	21.04.10	£3.11	£3.10
KEFI Minerals	KEFI LN Equity	Spec. BUY	06.10.09	NA	£0.01
Kryso Resources	KYS LN Equity	BUY	21.04.10	£0.14	£0.14
Lydian International	LYD CN Equity	BUY	18.03.10	C\$1.22	C\$1.35
Minera IRL	MIRL LN Equity	BUY	30.06.10	£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	£64.25
Stratex International	STI LN Equity	BUY	03.03.10	£0.07	£0.03

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