



52-wk Range: 6.38-15.75p Market Cap (M): £35.1
 12 month target £0.62 EV (M): £38.0

Mining

Permitting Update: Further progress

Summary

EMED Mining is a copper-gold focused explorer and miner, targeting the historic mining centres of Europe and Eurasia, with projects in Cyprus and Spain, and a virgin gold discovery in Slovakia. It also has a 100% interest in the Rio Tinto copper project in Spain.



Key Metrics

Shares Outstanding (M): 424.9
 Current Price (GBP): £0.08
 Fully Diluted Shares (M): 493.2

Event

EMED has announced that it has settled the terms for extinguishing the liens against the principal landholdings of its wholly owned subsidiary EMED Tartessus S.L. These landholdings underlie the mine, minerals title area and plant site of Proyecto Rio Tinto.

Comment

The settlement agreement has been completed with Tesorería General de la Seguridad Social of Andalucía ('Department of Social Security') to whom a debt of €16.9 million has been owed by bankrupt previous owners, Minas de Rio Tinto ("MRT"). The debt relates to unpaid social security contributions incurred by MRT and includes interest accrued since MRT went into liquidation.

It is a very positive move for two reasons. Firstly, EMED Mining has always been aware of this lien and factored in full repayment of the past debt as part of the cost of the restart. Under the terms of the new arrangements, the Department of Social Security will not execute the liens it holds against the relevant assets owned by EMED Tartessus and the debt will be repaid in full over a 5 year period: €1.3M initially, followed by instalments of €1.1M, €2.9M, €3.6M, €4.2M and €5.9M, including interest.

This schedule for the repayments is actually good for EMED. Whilst the company had always budgeted this payment, the schedule as agreed actually better matches the cash flows of the project.

This transaction is important for the central government as they will recover 100% of a large, long outstanding debt with interest. It also assists the planned project financing arrangements for PRT's restart.

Secondly, it is the second very positive step towards production following the recent announcement that electricity was to be reconnected to the site.

Recommendation

We retain our Buy recommendation on the company with a target price of £0.62/share, or £0.46/share on a fully diluted basis.

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| FYE Dec | 2008 | 2009E | 2010E | 2011E | 2012E |
|-------------------------------|-------|-------|--------|-------|-------|
| Revenue (EURM): | 0.1 | 0.4 | 0.2 | 14.5 | 131.8 |
| EBITDA (EURM): | -16.8 | -5.8 | -3.6 | 4.2 | 60.7 |
| NPAT (inc significant items): | -16.6 | -5.2 | -3.2 | 0.8 | 40.6 |
| EPS (EUc): | -8.0 | -1.8 | -0.9 | 0.2 | 10.6 |
| Cash Flow/Share (EUc): | -4.7 | -1.5 | -0.7 | 0.8 | 11.7 |
| Gold Price (US\$/oz): | 872.6 | 973.7 | 1146.8 | 1250 | 1100 |
| Copper Price (USc/lb): | 314.5 | 233.9 | 333.7 | 345.0 | 300.0 |

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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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Ian Lucas

Ian Lucas joined the Fox-Davies Capital research team in December 2007. Prior to this, Ian gained a Bachelor of Arts (Hons) in Archaeology from University College London, and worked on a number of research excavations around Europe. He has passed the Securities and Investment Institute Certificate in Securities and is currently a Level 2 CFA candidate.

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Research disclosure as of 08 June 2010

| Company Name | Disclosure |
|--------------------|------------|
| EMED Mining (EMED) | 1, 2, 7, 8 |

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| | |
|---------------------|--|
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| Company | Ticker | Recommendation | Date | Target Price | Last Price |
|-----------------------|----------------|----------------|----------|--------------|------------|
| Mining | | | | | |
| African Barrick Gold | ABG LN Equity | SELL | 27.05.10 | £5.18 | £6.37 |
| Angel Mining | ANGM LN Equity | BUY | 03.03.10 | £0.16 | £0.04 |
| Antofagasta | ANTO LN Equity | BUY | 28.05.10 | £10.33 | £8.32 |
| Atlantic Coal | ATC LN equity | BUY | 21.01.10 | £0.025 | £0.005 |
| Discovery Metals | DME LN Equity | BUY | 24.05.10 | £0.78 | £0.39 |
| EMED Mining | EMED LN Equity | BUY | 08.06.10 | £0.62 | £0.08 |
| Exco Resources | EXS AU Equity | BUY | 09.04.10 | A\$0.67 | A\$0.27 |
| Gippsland Limited | GIP LN Equity | BUY | 06.10.09 | £0.02 | NA |
| Hambledon Mining | HMB LN Equity | HOLD | 20.05.10 | £0.13 | £0.06 |
| Highland Gold | HGM LN Equity | BUY | 20.05.10 | £1.46 | £1.35 |
| Hochschild Mining | HOC LN Equity | HOLD | 21.04.10 | £3.11 | £2.80 |
| KEFI Minerals | KEFI LN Equity | Spec. BUY | 06.10.09 | NA | £0.01 |
| Kryso Resources | KYS LN Equity | BUY | 21.04.10 | £0.14 | £0.10 |
| Lydian International | LYD CN Equity | BUY | 18.03.10 | C\$1.22 | C\$1.3 |
| Minera IRL | MIRL LN Equity | BUY | 14.05.10 | £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 | £59.55 |
| Stratex International | STI LN Equity | BUY | 03.03.10 | £0.07 | £0.03 |

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