EMED Mining (EMED)

BUY

Maintained

2 February 2009

52-wk Range:	£0.04-0.32	Market Cap (M):	£11.3
12 month target	£0.32	EV (M):	£9.5 Est.

Mining

December quarter activities report

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

EV/EBITDA:	-1.1
Shares Outstanding (M):	238.8
Current Price (GBP):	0.04
Fully Diluted Shares (M):	275.2

Event

EMED has released its December quarter activities report.

Comment

The key point made in today's press release was that management has seen it prudent to reduce cash expenditure levels from the £12m spent in 2008 to a budgeted £5.6m in 2009. This will be achieved by halving expenditures at the Rio Tinto mine, slashing the amount spent on gold exploration in Slovakia from £2.7m to £1.0m and reducing head office expenses and expenditures on other projects. Personnel numbers have been reduced and the salaries of senior staff have been significantly reduced. It is intended that they will be compensated with enhanced incentive arrangements. Any changes under the incentive options scheme will be submitted to shareholders for approval as required.

It is planned to strengthen the capital base by establishing a £5 to £6 million (US$8.5 million) Convertible Debenture Facility with major shareholders. Negotiations are advanced with these shareholders and current convertible-debt provider YA Global and, should these negotiations be successful, a meeting of shareholders will be called to seek approval of the proposal

At Rio Tinto the company recently withdrew its formal submissions made to the regulatory authorities in order to update (and then re-submit) these documents to include a number of material changes to the project plans. The primary focus of the permitting process is no longer the legal documentation required for the transmission of the mineral rights. The process has now moved onto the Company's demonstration of its technical and financial competencies and the resolution of any remaining landholder-compensation issues. The one major unresolved issue is the compensation arrangements for the holders of lands directly adjacent to the mine and which include much of the land upon which the tailings dams are located. The Company nevertheless maintains all these facilities to ensure public safety and environmental compliance.

All the assay results from drilling at Biely Vrch have now been released and a JORC compliant resource is expected to be released soon. We understand that further drilling will be conducted in 2009, using staff and the company's own drill rig.

Valuation and Recommendation

We retain our BUY recommendation with an unchanged target price of £0.32 per share.

FYE Dec	2008E	2009E	2010E	2011E	2012E
Revenue (£M):	0.6	0.4	33.1	82.2	141.3
EBITDA (£M):	-8.3	-5.9	-5.9	9.3	29.4
NPAT (inc significant items):	-7.1	-4.4	-7.3	0.9	12.0
EPS (GBp):	-3.0	-1.6	-2.7	0.3	5.0
Cash Flow/Share (GBp):	-2.2	-0.3	0.8	6.2	15.6

Contact

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

Andrew Davidson
+44 (0)207 936 5242
Andrew.Davidson@fdcap.com

Flash Note

Research Disclosures

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

Andrew Davidson
Andy has had over 7 years experience as a geologist in the mining industry. He worked for Ashanti Goldfields on the exploration and development of Geita, one of the largest new gold mines in Africa of recent years. He was also involved in projects in other parts of Africa and Mongolia. Prior to joining Fox-Davies Capital, Andy enjoyed a successful 4-year period of self-employment as a commodity-focused analyst and trader. He holds a Bachelor of Science in Geology with First Class Honours from the University of Southampton and also a Master of Science/DIC from Imperial College London in Mineral Project Appraisal.
+44 (0)207 936 5242
Andrew.Davidson@fdcap.com

Investment analyst certification

All research is issued under the regulatory oversight of Fox-Davies Capital Limited. Each Investment Analyst of Fox-Davies Capital Limited whose name appears as the Author of this Investment Research hereby certifies that the recommendations and opinions expressed in the Investment Research accurately reflect the Investment Analyst's personal, independent and objective views about any and all of the Designated Investments or Relevant Issuers discussed herein that are within such Investment Analyst's coverage universe.

Fox-Davies Capital Limited provides professional independent research services and all Analysts are free to determine which assignments they accept, and they are free to decline to publish any research notes if their views change.

Research Disclaimers

Research disclosure as of 02 February 2009

Company Name	Disclosure
EMED Mining (EMED)	1, 2, 7, 8, 9

Investment Research Disclosure Legend:

1. In the past 12 months, Fox-Davies Capital Limited or its affiliates have had corporate finance mandates or managed or co-managed a public offering of the Relevant Issuer's securities or received compensation for Corporate Finance services from the Relevant Issuer.
2. Fox-Davies Capital Limited expects to receive or intends to seek compensation for Corporate Finance services from this company in the next six months.
3. The Investment Analyst or a member of the Investment Analyst's household has a long position in the shares or derivatives of the Relevant Issuer.
4. The Investment Analyst or a member of the Investment Analyst's household has a short position in the shares or derivatives of the Relevant Issuer.
5. As of the month end immediately proceeding the date of publication of this report, or the prior month end if publication is within 10 days following a month end, Fox-Davies Capital Limited and / or its affiliates beneficially owed 1% or more of any class of common equity securities of the Relevant Issuer.
6. A senior executive or director of Fox-Davies Capital Limited or a member of his or her household is an officer, director or advisor, board member of the Relevant Issuer and / or one of his subsidiaries.
7. Fox-Davies Capital Limited makes a market in the securities of the Relevant Issuer.
8. Fox-Davies Capital Limited acts as corporate broker for the Relevant Issuer.
9. Fox-Davies Capital Limited acts as an investment advisor to the Investment Manager of an Investment Fund that may have an interest in the securities of the Relevant Issuer.

The Investment Analyst who is responsible for the preparation of this Investment Research is employed by Fox-Davies Capital Limited, a securities broker-dealer.

The Investment Analyst who is responsible for the preparation of this Investment Research has received (or will receive) compensation linked to the general profits of Fox-Davies Capital Limited.

Research recommendations

Fox-Davies Capital uses a five-tier recommendation system for stocks under coverage:

Buy	Recommendation implies that expected total return of at least 15% is expected over 12 months between current and analysts' target price.
Trading Buy	Recommendation implies that the analysts' expected total return over the short term compared against the target price is positive.
Hold	Recommendation implies that expected total return of between 15% and zero is expected over 12 months between current and analysts' target price.
Trading Sell	Recommendation implies that the analysts' expected total return over the short term compared against the target price is negative.
Sell	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

Fox-Davies Capital Limited (FDC) has been advising and raising funds for the natural resource sector since February 2001. The firm specialises in assisting international resource companies gain access to the UK, European and North American capital markets and has a substantial background in emerging markets particularly in Africa, Asia, Russia and the CIS, raising over US$250mn in 2007.

FDC enjoys a successful track record in advising and undertaking fundraising transactions for its clients from private equity to IPO and secondary offerings and works with over 350 specialised institutional resource and emerging markets funds worldwide.

FDC provides professional advice based on effective analysis and research to assist its corporate clients in presenting their proposals to the investment community. Our strength lies in the oil & gas and mining sectors where as a company we have advised clients on AIM and ASX.

FDC is authorised and regulated by the Financial Services Authority (FSA) and is a member firm of the London Stock Exchange (LSE).

Fox-Davies Capital Coverage

Fox-Davies corporate client & coverage universe as of 02 February 2009:

Company	Ticker	Recommendation	Date	Target Price	Last Price
Mining					
Amur Minerals	AMC LN Equity	HOLD	18.12.08	£0.04	£0.005
Angus & Ross	AGU LN Equity	BUY	08.01.09	£0.06	£0.01
Atlantic Coal	ATC LN equity	BUY	19.01.09	£0.03	£0.003
Baobab Resources	BAO LN Equity	BUY	27.10.08	£0.18	£0.02
Discovery Metals	DME LN Equity	BUY	29.01.09	£0.26	£0.07
EMED Mining	EMED LN Equity	BUY	15.01.09	£0.32	£0.06
Exco Resources	EXS AU Equity	BUY	15.01.09	A$0.63	A$0.1
Gippsland Limited	GIP LN Equity	BUY	11.12.08	£0.12	£0.02
Hambledon Mining	HMB LN Equity	BUY	15.01.09	£0.18	£0.04
Highland Gold	HGM LN Equity	BUY	15.01.09	£0.87	£0.54
International Consolidated Minerals	ICMI LN Equity	BUY	24.11.08	£1.95	£0.23
Kryso Resources	KYS LN Equity	BUY	15.01.09	£0.51	£0.05
Lydian International	LYD CN Equity	BUY	29.10.09	C$1.30	C$0.48
Minera IRL	MIRL LN Equity	BUY	20.01.09	£0.80	£0.65
Neptune Minerals	NPM LN Equity	HOLD	15.01.09	£0.01	£0.01
Stratex International	STI LN Equity	BUY	26.01.09	£0.07	£0.02
Van Dieman Mines	VDM LN Equity	HOLD	21.11.08	£0.03	£0.01

Disclaimer - Important Information

This document was produced by Fox Davies Capital, a trading name of Fox Davies Capital Limited ("FDC"), Whitefriars House, 6 Carmelite Street, London EC4Y OBS. FDC is authorised and regulated by the Financial Services Authority ("the FSA").

This document is not independent and should not be relied on as an impartial or objective assessment of its subject matter. Given the foregoing this document is deemed to be a marketing communication and as such has not been prepared in accordance with legal requirements designed to promote the independence of investment research and FDC is not subject to any prohibition on dealing ahead of the dissemination of this document as it would be if it were independent investment research.

The research analyst is primarily responsible for the content of the research document. He/she certifies that all views expressed accords with his/her personal views about the issuer or securities covered in the research document. The contents are based upon sources of information believed to be reliable but no warranty or representation, expressed or implied, is given as to their accuracy or completeness. Any opinion reflects our judgment at the date of publication and neither FDC, nor any of its affiliated or associated companies, nor any of their directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice.

This is not an offer, nor a solicitation, to buy or sell any investment referred to in this document. The material is general information intended for recipients who understand the risks associated with investment. It does not take account of whether an investment, course of action, or associated risks are suitable for the recipient. FDC or its affiliated or associated companies and their directors or employees may, as principal or as agent, make purchases, sales and offers to purchase or sell in the open market or otherwise and may have positions in or options on any such investment(s). FDC may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese Wall. Accordingly, information may be available to FDC that is not reflected in this document.

This report has been approved in the UK by FDC solely for the purposes of section 21 of the Financial Services and Markets Act 2000. In the UK, this report is directed at and is for distribution only to persons who (i) fall within Article 19(5) (persons who have professional experience in matters relating to investments) or Article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) or (ii) are intermediate customers or market counterparties of FDC (all such persons together being referred to as "relevant persons"). This report must not be acted on or relied up on by persons in the UK who are not relevant persons.

FDC Capital Limited may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US Institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which FDC does not accept responsibility. By accepting this document you agree that you have read the above disclaimer and to be bound by the foregoing limitations / restrictions.

Please note that unless otherwise stated, the share price used in this publication is taken at the close of business for the previous business day.