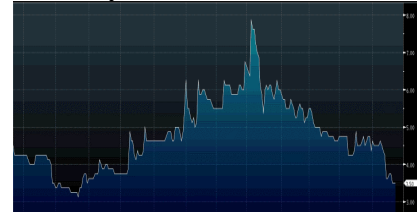


Mid Price on 21/7/2011	3.5p	Market Cap	£12.3m
Quotations	AIM	Shares Issued	350m
52 week High/Low	8.25p/3.13p	Free Float	82.9 %
Website	minco.ie		

Minco 2 year Share Chart



Source: Bloomberg

Xstrata offer for Minco's share of the Pallas Green project

Our report on Minco's 2010 annual report was about to be released when it was announced that Xstrata had offered US\$19.4 million for Minco's 23.6% in the Pallas Green Joint Venture to take its interest up to 100%. This offer is significantly lower than expected, even allowing for the discount that a minority interest would typically attract.

The RNS statements can be accessed via the accompanying hyperlinks.

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail.html?announcementId=10918843> (Minco)

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail.html?announcementId=10918871> (Xstrata)

Based on values at the 19th July 2011, Minco can be valued on the following market basis:-

XTIERRA	MARKET PRICE (C\$ cents per share)	43.00	
	SHARE CAPITAL ('M)	103.347	
	MARKET CAPITAL (C\$'M)	44.4	
	C\$ to GBP	1.53	
	MARKET CAPITAL (£'M)	29.05	
	MINCO STAKE IN XTIERRA (%)	29.25	
			Value per Minco share (based on share capital of 350 m shares)
	MARKET VALUE OF MINCO'S STAKE IN XTIERRA	£8.5m	2.4p
MINCO (PG)	VALUE OF XSTRATA'S OFFER FOR MINCO'S 23.6% STAKE IN PALLAS GREEN	US\$19.4m	
	Equivalent (at US\$1.614 / £) to	£ 12.0m	3.4p
	TOTAL VALUE		5.8p
MINCO	Current market capitalisation	£12.3 m	3.5p

Comment

It can be seen, even from this 'ground zero' computation, that Minco's shares are at an unreasonable discount in the market. Our estimated valuation for Xtierra is at a useful premium to the market and we have yet to see if a higher price will emerge for the Pallas Green stake. In assessing the implication of this news, the management team at Minco has yet to fully clarify the position. It is to be expected that further detailed information will accompany the notice of the AGM, expected to be issued in the next week or so.

We stand by our fundamental valuation for Minco but we recognise that the value of any asset is ultimately what someone will pay for it, taking account of the business politics involved and the negotiating process. There appears to be a marked disparity between the value of Xstrata's current offer and the likely value of the resource at Pallas Green if Minco is able to raise the funds to maintain its interest in the project. We think it is highly likely that shareholders will vote against acceptance of this offer. Indeed, it is conceivable that the situation has already drawn in third party interest.

The 2010 Annual Report

The following observations should be regarded as context for the offer which Xstrata announced subsequently. The Report and Accounts warrant careful reading and the hyperlink is provided below:-

[http://www.minco.ie/annualReports/MIO_DirectorsAnnualReport_Accounts%20\(Final\)%2020110630.pdf](http://www.minco.ie/annualReports/MIO_DirectorsAnnualReport_Accounts%20(Final)%2020110630.pdf)

The key points arising are as follows:-

At Pallas Green in Ireland, where Minco has a 23.6% interest in a joint zinc-lead exploration venture with Xstrata Zinc, 137 diamond drill holes were completed during 2010 for a total of over 60,000 metres using up to 21 drill rigs. For this, Minco contributed its required share of €1.85 million.

As reported in August 2010, Xstrata Zinc released a JORC-compliant inferred resource estimate as of 30.6.10 of 24.1 million tonnes at an average grade of 7.85% zinc and 1.35% lead using a 4% cut off for both the zinc and lead. Xstrata also indicated a potential start-up date for the Pallas Green project of 2017 at an indicative capital cost of US\$300million and indicated annual production of 160,000 tonnes of zinc. In February 2011, the inferred resource estimate at 4% cut off for zinc was revised up to 25.9 million tonnes.

For 2011, Xstrata Zinc has proposed a €13 million budget to include exploration drilling (about €3 million), infill drilling (about €7 million) and a pre-feasibility study (about €3 million). However, a degree of professional disagreement has arisen about what is the most appropriate focus of the drilling programme.

This is clearly described by the Minco Executive Chairman in the report; 'Minco believes that the lead-zinc deposits at Caherconlish have not yet been fully delineated and that the expected larger tonnage, and higher grade, parts of the deposit remain to be discovered. Minco has proposed that drilling in 2011 should focus on ongoing exploration in the prospective Caherconlish area and also within the wider Pallas Green property, where Minco believes the potential for additional mineral discoveries is high, and Minco has not agreed to the proposed 2011 programme and budget. Discussions with Xstrata on the resolution of the technical aspects relating to the proposed 2011 work programme have been ongoing during 2011. Minco has contributed part of the 2011 budget costs but has not paid all of its cash calls for the first half of 2011.'

However, there is no question of the exploration work being delayed while discussions take place. The report goes on; ‘Twenty one drill rigs are currently operating on the Pallas Green property, all within the Caherconlish area. Fourteen of the twenty one drills active on the property are employed in infill drilling of the existing Tobermalug and Northwest lenses. A total of 109 drill holes have been completed or are in progress as of May 31, 2011, for a total of 34,214 metres completed in 2011. Sixty percent of drill holes have been within or peripheral to the existing Tobermalug and Northwest Extension resource.’

Having no sources of income, Minco is reliant on equity or debt to finance its operations. The company’s 23.6% share of Xstrata’s €13 million 2011 budget amounts to just under €3.1 million. As Minco has not agreed to the proposed budget for Pallas Green for 2011 it has proposed to fund only certain parts of the proposed programme. The Company has contributed part of the 2011 budget costs but has not yet paid all of its cash calls for the first half of 2011.

Despite successfully raising almost £6 million through equity issues since 2008, Minco does not currently have sufficient funding to finance its full share of Xstrata’s proposed 2011 budget and, if it is to continue to participate in the joint venture, it will need to raise additional funding. As is well recognized, if Minco does not participate in some or all of the proposed 2011 programme, or subsequent programmes, the company’s interest in the Pallas Green joint venture will be diluted. However, the company has reached the borrowing limit of its authorized share capital and this cannot be extended before the next AGM later this year.

With this in mind, and not ruling out the possibility of a further equity or debt fund raise, the report indicates that Minco may consider selling all or part of its 30 million share holding in Xtierra which is currently valued at around C\$12.9 million. As indicated by Minco’s press release of 28th June 2011, Xtierra’s latest drilling results in terms of potential quantity and grading are very encouraging.

A feasibility study on Xtierra’s silver-zinc-lead-copper development project at Bilbao, 500km northwest of Mexico City, is expected to be completed in late-2011, prior to an immediate decision about final production. Xtierra is well funded to complete the feasibility study but additional funding will be required to take the Bilbao deposit into production.

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Company	Code	Relevant Disclosures
Minco plc	MIO	1,2,3,6

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