Minera IRL Limited

ANNUAL INFORMATION FORM

For the 12 months ended 31 December 2010

31 March 2011

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GENERAL

All reference in this Annual Information Form ("AIF") to the Company (or Minera IRL) also includes references to all subsidiaries of the Company as applicable, unless the context requires otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Certain of the information contained in this AIF and documents incorporated herein by reference constitutes "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information include statements regarding: the future price of gold; targets for gold production; the estimation of mineral resources and reserves; cash operating costs and certain significant expenses; success of exploration activities; the timing and scope of future commencement of mining or production; anticipated grades and recovery rates; asset retirement obligation estimates; the ability to secure financing; title disputes or claims; and potential acquisitions or increases in property interests. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations (including grammatical variations) of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These risks, uncertainties or other factors include, but are not limited to, inherent speculative nature and hazards associated with exploration and development activities; uncertainties related to fluctuation in gold and silver prices; uncertainties related to actual capital costs, operating costs and expenditures, production schedules and economic returns; risks that the Company's title to its properties could be challenged; risks related to environmental regulations; risks related to legal proceedings; risks related to increased competition; the uncertainties related to surface rights in the countries in which the Company's material mineral projects are located; uncertainties related to the Company's resource and reserve estimates, which are based on detailed estimates and assumptions; assumptions regarding the need for financing and uncertainties related to the availability of such financing; uncertainties in government policies and regulations; and risks that the Company's directors and officers may have conflicts of interest.

Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actions, events or results not to be as

anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Also, many of the factors are beyond the control of the Company. Accordingly, readers should not place undue reliance on forward-looking statements or information. All forward-looking statements and information herein are qualified by this cautionary statement.

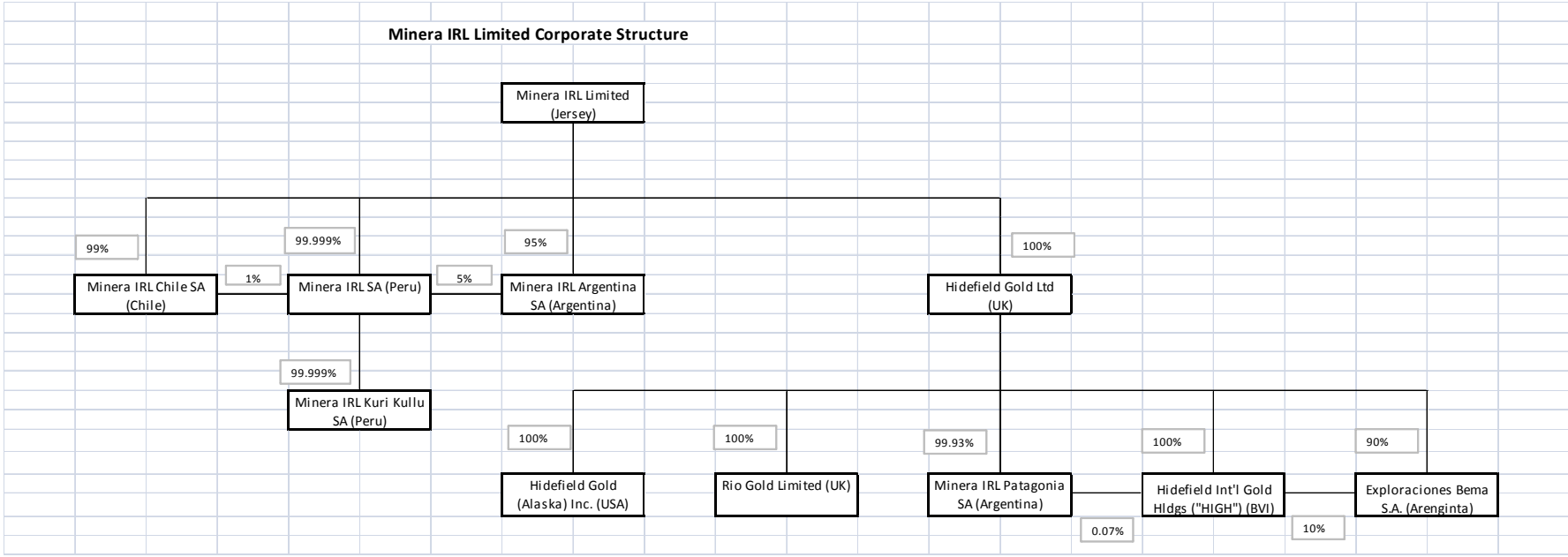
1 CORPORATE STRUCTURE

Name, Address and Incorporation

Minera IRL Limited ("Minera IRL", or the "Company") was incorporated in the Cayman Islands on 27 August 2003 as "Goldmin Holdings" under the Cayman Islands Companies Law (2003 Revision) as an exempted company.

On 20 October 2006, the Company applied pursuant to the Jersey Companies Law to the Jersey Registrar of Companies (the "Jersey Registrar") for continuance as a company incorporated under the Jersey Companies Law. On 25 October 2006, the Company applied, pursuant to the Cayman Islands Companies Law (2004 Revision), to the Cayman Islands Registrar of Companies (the "Cayman Registrar") to be de-registered as a Cayman Islands exempted company and to be registered by way of continuation as a company incorporated under the laws of Jersey. On 25 October 2006, the Cayman Registrar issued a certificate that the Company had been de-registered as an exempted company, as a result the Company ceased to be a "company" for all purposes under the Cayman Islands Companies Law (2004 Revision). On 25 October 2006, the Jersey Registrar issued a certificate of continuance as a result of which the Company became a public company incorporated under the Jersey Companies Law, under the name "Minera IRL Limited" registration number 94923.

The Company's registered office is located at Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW. The Company's corporate head office is located at Av Santa Cruz 826 – 830, Pisco 4, Miraflores, Lima 18, Peru.


Minera IRL Limited Corporate Structure
Minera IRL Limited (Jersey)
99%
Minera IRL Chile SA (Chile)
1%
99.999%
Minera IRL SA (Peru)
5%
95%
Minera IRL Argentina SA (Argentina)
100%
Hidefield Gold Ltd (UK)
99.999%
Minera IRL Kuri Kullu SA (Peru)
100%
Hidefield Gold (Alaska) Inc. (USA)
100%
Rio Gold Limited (UK)
99.93%
Minera IRL Patagonia SA (Argentina)
0.07%
100%
Hidefield Int'l Gold Hldgs ("HIGH") (BVI)
10%
90%
Exploraciones Bema S.A. (Arenginta)

2 GENERAL DEVELOPMENT OF THE BUSINESS

For approximately 10 years, commencing in 1997, a Melbourne, Australia based financial and technical advisory firm known as Investor Resources Limited ("IRL") provided high level consulting services to the mineral and oil resource industry. In October 2000, IRL began investigating building a portfolio of advanced gold properties in Peru that could form the basis for building a Latin American gold mining company.

As a continuation of the concept, an office was established in Lima in mid-2002 and a Peruvian company named Minera IRL SA was registered in (August) 2002. In October, an option was obtained to acquire 100% of the Corihuarmi tenements which, in 2008, became the group's first gold mine.

In 2003, the assets were moved into Goldmin Holdings, a Cayman company. In October 2006, the Company transferred its registered office from the Cayman Islands to Jersey, deregistered in the Cayman Islands, became a company incorporated under the laws of Jersey and changed its name to Minera IRL Limited.

Private equity funding was secured in 2003 and Minera IRL was supported by private equity until 2007. During this period, a number of projects were assessed. Corihuarmi was progressively advanced through the exploration, pre-feasibility, feasibility and environmental impact studies culminating in permitting approvals being granted by the Peruvian authorities in early 2007.

With a project ready to be developed, Minera IRL was listed on AIM in April 2007 and, in the process, raised £11.4 million from the issue of approximately 25.3 million ordinary shares of the Company (the "Ordinary Shares", each an "Ordinary Share"). The Company was subsequently dual listed on the Lima Ventures Exchange in December 2007; admission was granted to the main board of the Lima Stock Exchange in June 2008.

The funds raised in London were applied to the construction of the Corihuarmi Gold Mine, which commenced in June 2007 and the first gold was poured in March 2008 heralding the commencement of strong cash flows and a move into the ranks of a production company.

An option agreement to acquire 100% of the Ollachea Project in southern Peru was obtained from Rio Tinto Mining and Exploration Limited ("Rio Tinto") in 2006. Following protracted negotiations with the local community, a comprehensive Surface Rights Agreement was signed in November 2007 and exploration commenced in early 2008 with drilling beginning in October 2008. A significant discovery was announced in early 2009 and a positive scoping study was completed in November 2009; at that point the project moved into pre-feasibility status.

In July 2009, the Company completed a placement of 13.6 million Ordinary Shares to raise £9.1 million. The principal use of the proceeds were to advance the Ollachea Project, to continue the Company's exploration program and for general working capital.

Minera IRL mounted a take-over bid, via a Scheme of Arrangement, of AIM listed Hidefield Gold Plc ("Hidefield") during 2009. This acquisition was completed in December 2009 at which time the Hidefield group of companies became wholly owned subsidiaries of Minera

IRL. The acquisition was an all share transaction which resulted in the issue of approximately 9.8 million Ordinary Shares to shareholders of Hidefield Gold Plc. The principal asset was a large tenement holding in Santa Cruz Province, Argentina, which included the Don Nicolàs Project. A scoping study had been completed over this project by Hidefield and, in early 2010, Minera IRL commenced a full feasibility study.

In November 2010, the Company completed an equity offering of 32,641,600 ordinary shares at C$1.15 per ordinary share to raise approximately C$37.5 million. The principal use of the net proceeds of the equity offering were to advance the Company's Ollachea and Don Nicolas projects in Peru and Argentina, to assist the Company in funding exploration programs on its portfolio of properties and for working capital and general corporate purposes.

3 DESCRIPTION OF BUSINESS

The Company is a fully integrated Latin America, publicly listed gold mining company based in Lima, Peru. The Corihuarmi Gold Mine located in the high Andes, produces approximately 30,000 ounces of gold per annum at a cash operating cost of between US$350 and US$450 per ounce. Corihuarmi provides the cash flow to run the Company's business plan.

There are two pre-development projects in the Company's portfolio, namely the Ollachea Project in Peru and the Don Nicolàs Project in Patagonia. Both projects are being aggressively advanced through the stages required to demonstrate a viable mining operation and followed by the subsequent development.

Minera IRL also carries out exploration in an attempt to discover new, high quality projects. Currently the Company has active exploration projects in Peru and Argentina. Targets are expected to have a minimum of 500,000 ounces of gold, preferably larger.

The Company maintains a very active community management program, which is an extremely important aspect of a successful mining company in Peru. The Company's community policy places priority on building relationships with local stakeholders through well-developed programs of community involvement, benefits and long term sustainability.

The Minera IRL head office is located in Lima, Peru and houses the executive team and support services. As at 31 December 2010, the Company had 390 employees, which excludes people on full time contracted services.

The Company's business requires specialized skills and knowledge in the areas of geology, drilling, planning, implementation of exploration programs, project development and operating of mines. To date, the Company has been able to locate and retain such professionals in Peru and Argentina, and believes it will be able to continue to do so.

The Company operates in a very competitive industry and competes with other companies, many of which have greater technical and financial facilities for the acquisition and development of mineral properties, as well as for the recruitment and retention of qualified employees. However, the Company also believes that it has greater technical and financial skills than many of its competitors.

4 PROJECTS

4.1 Corihuarmi

The following summary is taken from the technical report entitled "Corihuarmi Gold Project, Technical Report" (the "Corihuarmi Report") dated 6 April 2010, which technical report is incorporated by reference herein. This summary is not complete and the full Corihuarmi Report can be accessed on the Company's SEDAR profile at www.sedar.com.

Project Description, Logistics, Infrastructure and Climate

The Corihuarmi Gold Mine is located in the high Andes of central Peru, approximately 160km southeast of the capital city of Lima (-75.57 longitude and -12.57° latitude). Access to the project is via 330km on the sealed main highway east from Lima, over the Andean divide to Yauli, then southeast to the city of Huancayo, the regional capital of Junin Department. From Huancayo, access is gained via the Andean plateau by travelling southwest on formed gravel roads for a further 115km through the villages of Chupuro and Vista Alegre to the mine.

The Corihuarmi Project lies at elevations between 4,500m and 5,050m above sea level, straddling the main Andean divide. Despite the elevation, the topography is relatively subdued, comprising a series of hills and ranges that rise approximately 500m above an undulating alpine plateau.

Figure 1
Location Plan of Corihuarmi Gold Mine

The Corihuarmi Project experiences a high mountain dry tundra climatic regime. Precipitation is markedly seasonal and total annual precipitation averages 730mm. The vegetation is solely comprised of alpine tussock grassland across the plateau, with the

adjacent hills and ridges essentially barren of vegetation, particularly in areas of argillic alteration. Agricultural activities are confined to extensive livestock grazing, principally sheep, cattle and camelids (alpaca and llama).

A camp to accommodate approximately 140 employees has been constructed to the east of the plant facilities. Additional accommodation of approximately the same size is available from the construction camp. Existing buildings include the offices, warehouse, messing facilities, a soccer field and other buildings. Power is provided by a 44km power line, constructed by Minera IRL as part of the development, from the national grid. Water is abundantly available from a large lake. The principal mining related infrastructure comprise the waste dump, haul roads, mining contractor workshop and related infrastructure, fuel farm and explosives storage facility.

History and Tenure

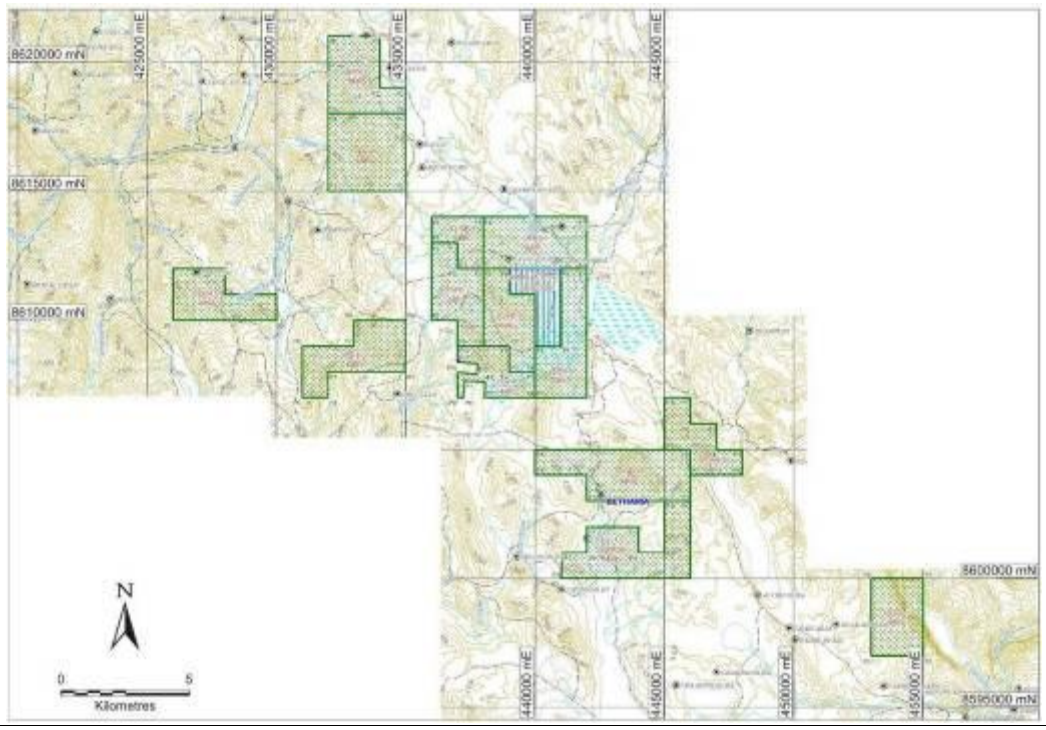
Minera IRL SA acquired the project from Minera Andina de Exploraciones ("Minandex") in 2002. Between 2003 and 2005, the company completed a programme, primarily concentrating on the Susan and Diana zones, comprising geological mapping, extensive horizontal and vertical chip-channel sampling, three phases of diamond core drilling (53 holes; 3,551.95m), metallurgical testwork, geotechnical studies, internal and independent resource estimates and an internal pre-feasibility study. An external bankable feasibility study was subsequently commissioned and completed by Kappes Cassiday and Associates (KCA) in April 2006.

Minera IRL also completed investigations into the potential for additional low grade mineralization comprising a veneer of scree on the slopes directly beneath the Diana and Susan deposits. The mineralization was delineated in 2 programs of reverse circulation ("RC") drilling and an inferred resource estimated. It is planned that this will be treated on the heap leach pads.

The Corihuarmi property consists of 14 concessions totalling 9,315.83ha. These consist of 6 mining concessions totalling approximately 3,418.65ha and 8 exploration concessions or petitorios (application stage for mining concession), totalling 5,897.18ha.

The mining concessions are in good standing. No litigation or legal issues related to the project are pending.

Figure 2
Plan showing Corihuarmi Project Tenements



The 14 mining and exploration concessions that comprise the property are held 100% by Minera IRL. In October, 2005 the Company fulfilled the terms of an option agreement with Minandex to acquire 100% interest in the Tupe 2, 3 and 4 mining concessions. The terms of the agreement called for Minera IRL to make a series of quarterly cash payments (totalling US$903,309) over a three year period which Minera IRL completed in 2007. Mindanex retains a sliding scale net smelter royalty based on the price of gold as follows:

- Gold price less than US$300/oz, a sales royalty of 1.5%;
- Gold price from US$300/oz to US$350/oz, a sales royalty rate of 2.0%; or
- Gold price over US$350/oz, a sales royalty rate of 3.0%.

The Corihuarmi Gold Mine is subject to the permitting and environmental laws of Peru. This includes an approved mine closure plan. There are no other environmental liabilities at the date hereof.

Minera IRL has in place a mining exploitation contract with the community of Atcas for a surface area of 1,900 hectares and an expiration date of 2014, which attracts an annual payment of US$15,000. This is renewable for a further 5 years.

There is also a surface rights agreement in place with the community of Huantan for a total area of 1,400 hectares and an expiry date of 2014. The annual payment is US$32,730. In addition, sustainable development projects in the two communities total US$50,000 per year.

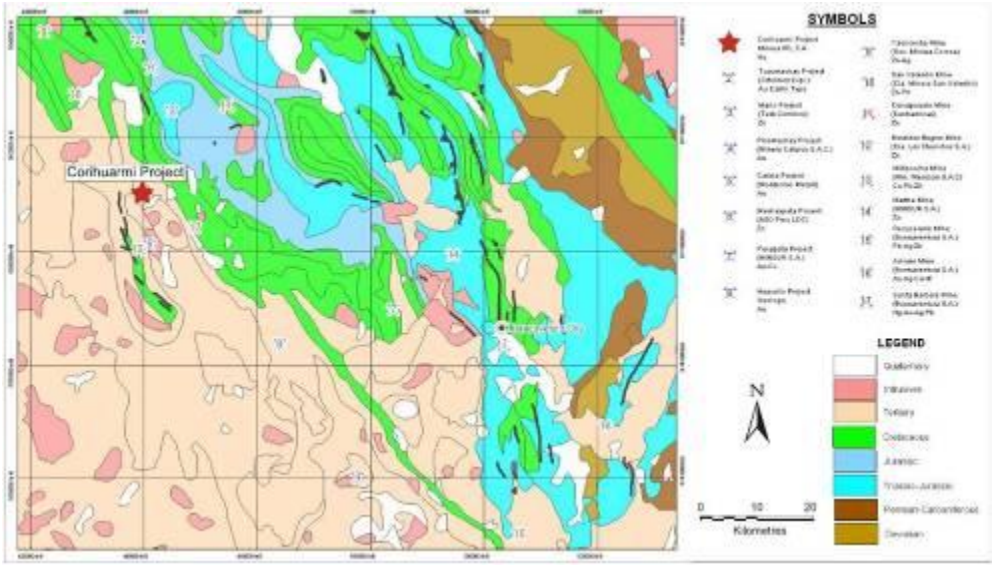
If the surface rights agreements expire, their extension can be renegotiated.

Geological Setting and Mineralization

The Corihuarmi Project is situated within the Andean Cordillera, which lies between the Peru-Chile oceanic trench to the west and the Brazilian Craton to the east. The Andes Range formed as a result of the convergence between the oceanic Nazca Plate (of the Pacific Basin) and the South American continent. The denser lower portion of the Nazca Plate was subducted beneath the South American continent along the Peru-Chile Trench, resulting in crustal melting and magmatic (volcanic) activity, while the lighter marine sediments of the upper Nazca Plate were obducted onto the continental landmass, resulting in collision and compression.

The Andean Cordillera consists of two parallel ranges, with the younger Western Cordillera corresponding to a Cenozoic magmatic arc, while the Eastern Cordillera represents a zone of progressive uplift since Permian times. The intervening zone is occupied by the Altiplano, a high plateau of relatively subdued relief where inter-montaine basins were developed during the Cenozoic period. The Western Cordillera and Altiplano host the majority of Peru's economically significant precious and base metal deposits, occurring in a series of metallogenically distinct belts or domains as shown in Figure 3.

Figure 3
Corihuarmi Project – Regional Setting



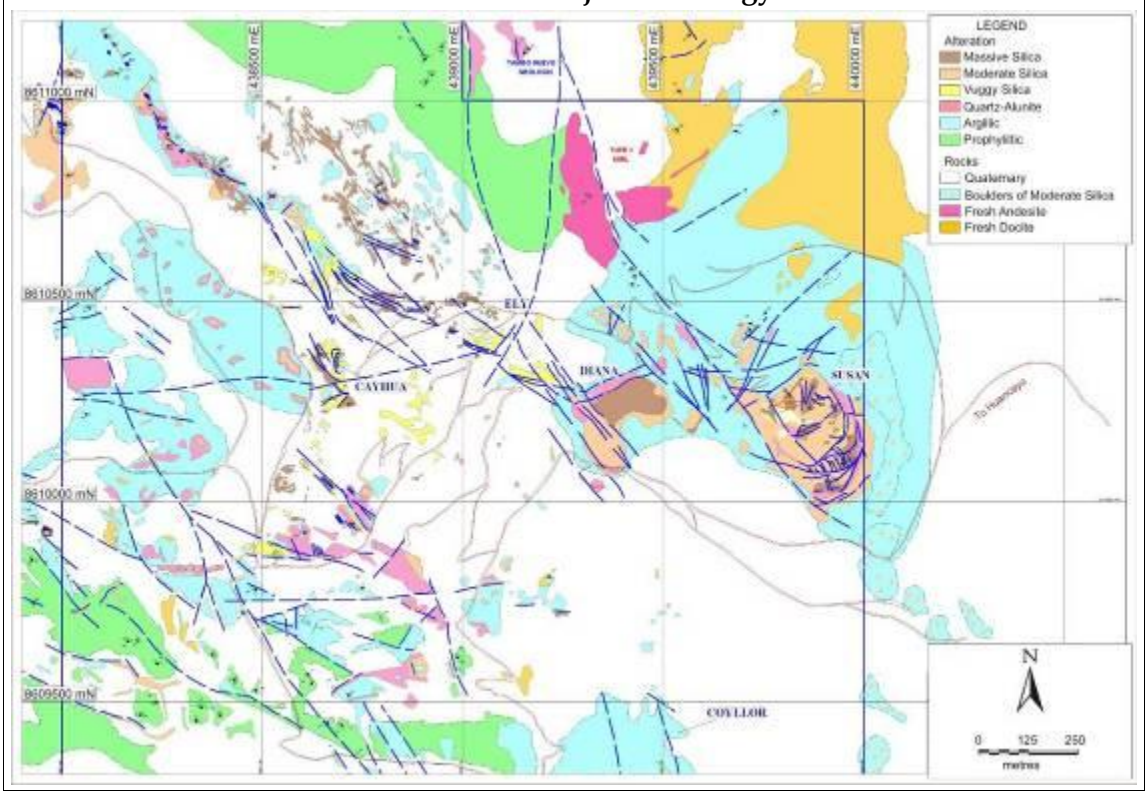
The Corihuarmi property is located at the northern extremity of the Southern Peru Epithermal Au-Ag Belt, associated with middle to upper Tertiary volcanics and intrusives of the Western Cordillera. These are separated from deformed Mesozoic sediments of the Altiplano immediately east of the project area by a major northwest trending thrust.

The geological understanding of the Corihuarmi Project is essentially confined to the central group of tenements, referred to as the Main Block, which host all known resources and reserves, and the majority of significant prospects.

The geology of the Main Block is dominated by a significant volcanic centre of Miocene to Pliocene age, comprising a series of dacite and rhyodacite domes of the Caudalosa Formation and broadly coeval volcanics of the overlying Astobamba Formation (Figure 4). The dacite domes broadly define the margins of a collapsed caldera structure, measuring some 4.5km by 3.5km and elongate in a north-northwest orientation. The overlying volcanics variously comprise dacitic and andesitic flows, ignimbrites and pyroclastic tuffs that conform to the dome margins.

The general structural orientation within the Corihuarmi area is consistent with the northwest Andean trend, mimicked by fold axes within Mesozoic sediments to the east, the major thrust separating these sediments from the younger volcanics, and the general orientation of the alteration system and associated caldera structure within the volcanics themselves. A series of east-west and northeast trending tensional structures appear to provide the focus for breccia development, alteration and mineralization within the vicinity of dacite domes. These high angle faults are variously characterised by either normal vertical or dextral horizontal displacements.

Figure 4
Corihuarmi Project – Geology

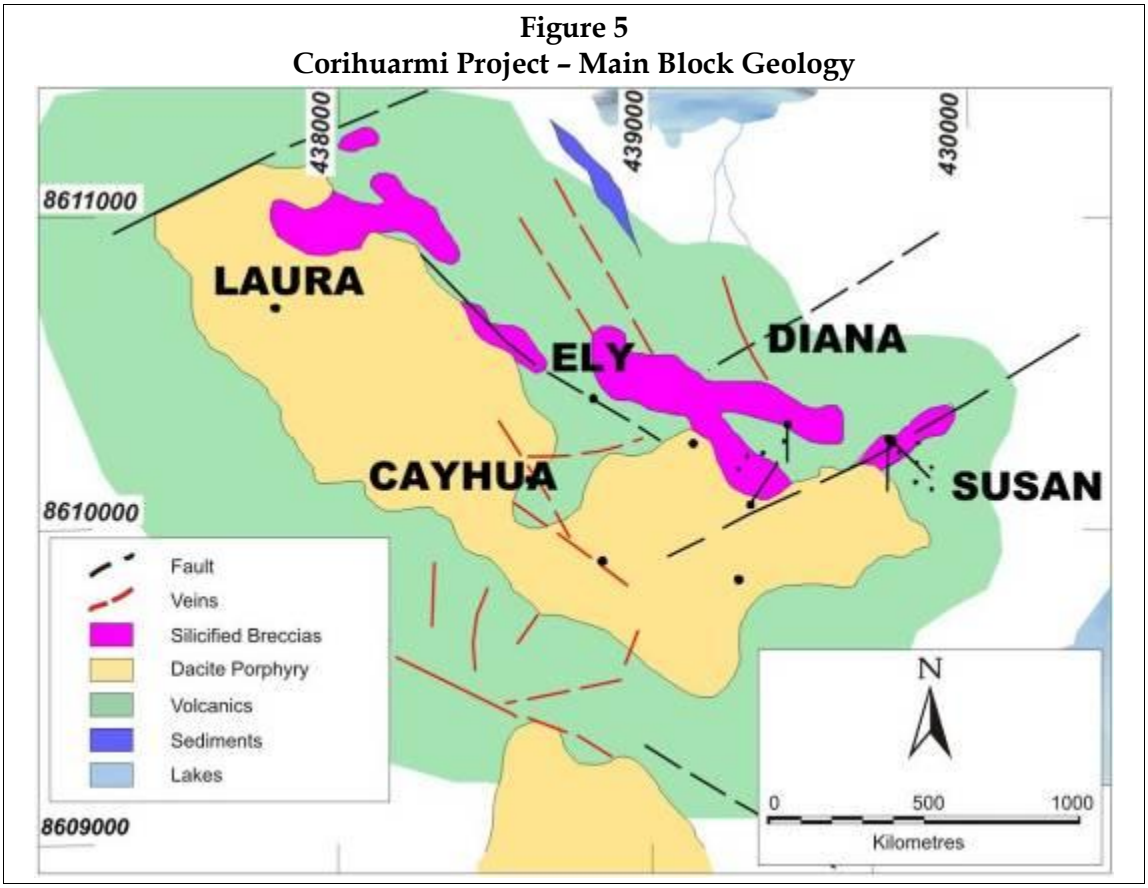


Mineralization identified to date within the Corihuarmi Project comprises a high sulphidation epithermal precious metal system that formed at relatively shallow depth. Gold and silver mineralization is essentially confined to remnant zones of silicification and brecciation that dominantly lie along the northeast margin of the volcanic complex. Horizontal metallogenic zonation provides evidence that this siliceous layer was once continuous, effectively capping the hydrothermal system.

The most significant mineralization is associated with the Susan and Diana zones, which has been mined since the beginning of 2008 and comprises resistant remnant mineralized silicified bluffs separated by some 180m. The Susan deposit measures approximately 200m by 350m in size, being confined at the margins by cliffs. The smaller Diana deposit is approximately 150m by 250m in area, and to some extent remains open to the northwest and southeast along the ridge-line. The siliceous layer is shallow dipping to sub-horizontally disposed, ranging in thickness from 10m to 75m, and averaging approximately 45m.

Drilling before 2008 defined a zone of higher relative grade (>1g/t Au) near the top of the Diana deposit and immediately below a barren siliceous cap at the Susan deposit. These zones ranged from 5m to 50m in thickness and their attitude is consistent with the sub-horizontal morphology of the exposures. The tenor of mineralization diminishes rapidly below these higher grade zones, the exception being isolated intersections of higher grade that are interpreted to represent a series of northwest and northeast trending faults that acted as feeder structures for multiple hydrothermal mineralizing events.

Figure 5
Corihuarmi Project – Main Block Geology



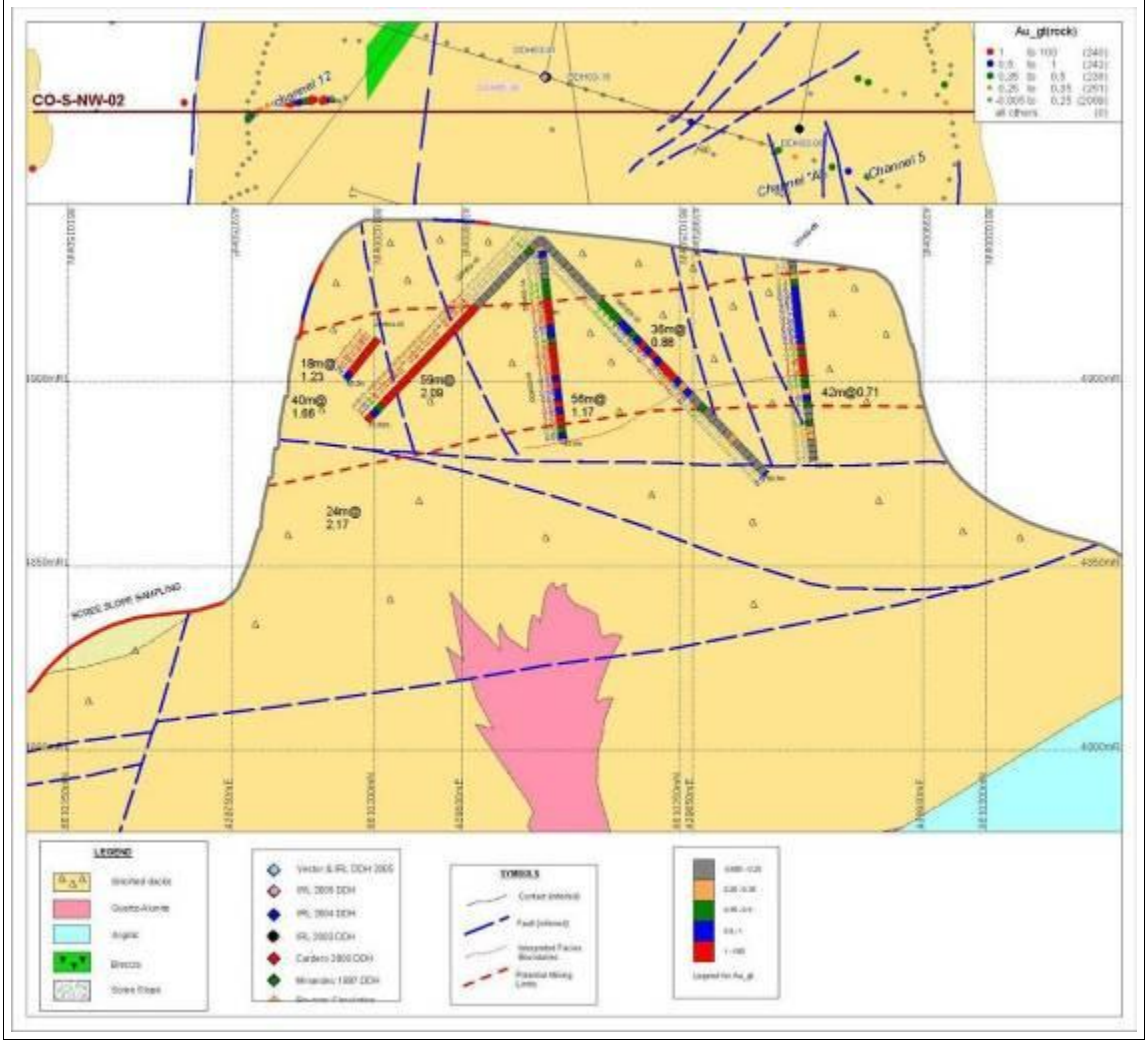
Figures 6 and 7 are photos of the Susan and Diana orebodies; the former figure shows these outcrops before mining started in January 2008 and the second photo illustrates the open pits 2 years into the mine life.

Figures 8 and 9 illustrate a pre-mining cross section of Susan and Diana. This shows the drill intersections and mineralized zones destined for mining.

Figure 6
Corihuarmi Project – Susan (right) and Diana (left) Zones (pre-mining)

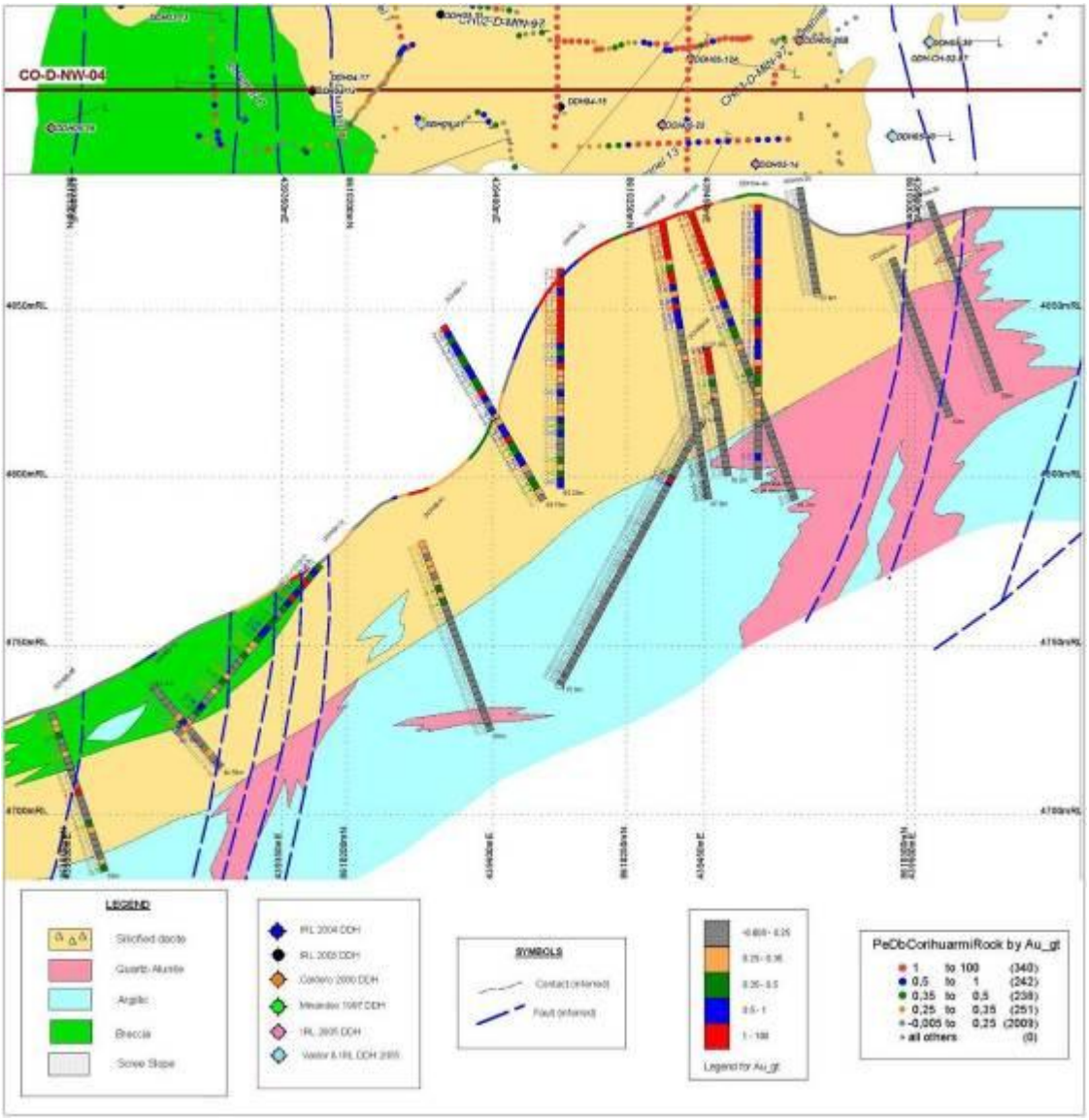
Figure 7
Corihuarmi Project – Susan (right) and Diana (left) Zones in January 2010

Figure 8
Corihuarmi Project - Susan Deposit – Representative Drill Section



The mineralized material is almost exclusively comprised of amorphous vuggy silica with the dacite protore generally being modified beyond textural or mineralogical recognition. Subordinate interstitial alunite increases in abundance towards the base of the mineralized zones, while zones of annealed breccias and quartz veining attest to multiple episodes of hydrothermal activity. The massive siliceous material grades laterally downwards into a zone of intense silica-alunite alteration.

Figure 9
Corihuarmi Project - Diana Deposit – Representative Drill Section



While the project resources and reserves are confined to the Susan and Diana zones, a series of other siliceous exposures have been recognised elsewhere within the main block tenements. These include the prospective Ely, Cayhua, Laura, Coyllor and Elena areas.

Drilling

All diamond drilling was completed by the drilling contractor, MDH SAC. Most diamond core holes were drilled HQ diameter (63.5mm diameter).

Based upon inspection of various core trays available on site and review of the available reports, Coffey Mining Pty Ltd ("Coffey") considered that diamond core drilling has been carried out to expected industry standards. Sample recoveries were not recorded by Minera IRL although were reportedly high.

Blasthole drilling is used for blasting and also for grade control sampling, as standard industry practice. The holes are all vertical to approximately 5m depth and are rotary air blast samples which effectively result in wall contamination.

Drillhole collars were surveyed by Minera IRL surveyors using total station. Survey accuracy is reported as +/-0.5m. Coffey reports that accuracy of the survey measurements meets acceptable industry standards. No downhole surveys have been undertaken. The deviation is however expected to be limited as the holes are generally less than 100m.

Sampling & Assaying

HQ (63.5mm diameter) and NQ (47.6mm diameter) diamond core was sampled at lengths on average of 2m. Samples were numbered and collected in individual plastic bags with sample tags inserted inside.

RC samples were collected at 5m intervals and quartered in riffle splitters. Sub-samples weighed approximately 1kg and were collected in cloth-lined sample bags. The samples for the scree RC drilling were collected on 1m and 2m intervals.

Diamond core was logged in detail for geological, structural and geotechnical information, including rock quality designation ("RQD") and core recovery. Whole core was routinely photographed. Review by Coffey of selected geological logs against actual core showed no significant discrepancies or inconsistencies. Diamond core and RC chip logging have been conventional and appropriate.

Sample Preparation, Analysis and Security

Reference material is retained and stored in Lima, including half-core and photographs generated by diamond drilling, duplicate pulps and residues of all submitted samples. All pulps are stored in Lima at the Minera IRL storage base.

The CIMM laboratory in Lima was responsible for the preparation and analysis of the resource holes. Samples were digitally weighed, dried to a maximum of 120ºC (for wet samples), crushed to 70% < 2mm (10 mesh), riffle split to 250g, and pulverised to 85% < 75µm (200 mesh). 50g pulps were submitted for chemical analysis. Chemical analysis consisted of fire assay (FA) with atomic absorption spectrometry (AAS) finish, using 50g sub-samples. Those samples that analysed ≥ 5 g/t Au were analysed using gravimetric methods.

The mine operates a modern laboratory where 100 fire assays per day are carried out for grade control purposes.

Mineral Resource and Mineral Reserve Estimates

The resource and reserve drilling for the feasibility study was all HQ diamond core. Subsequent drilling has been a combination of diamond and reverse circulation drilling.

The grade estimates for the Diana and Susan deposits have been classified by Coffey as a combination of Measured and Indicated Mineral Resources in accordance with the criteria laid out in the Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") guidelines. No material has been classified as Inferred.

The feasibility study upon which the Corihuarmi Gold Mine was predicated (before mining commenced in 2008) upon a Proven and Probable Reserve (as defined in NI 43-101) totalled 4 million tonnes grading 1.1g/t Au containing 144,000 ounces.

Using cutoff grades of 0.3g/t Au cut-off at the Susan deposit and a 0.25g/t Au cut-off at the Diana deposit, a total of 5.3Mt at an average gold grade 0.6g/t Au for 103 koz Au are reported from the combined deposits, remaining in-situ as of December 31, 2009, as estimated by independent consultants Coffey.

Table 1
Corihuarmi Gold Mine
Minable Reserve Summary
As of 31 December 2009

Cut off (g/t)	Deposit	Mineral Reserves								
		Proven			Probable			Total		
		Tonnes	Grade	In-situ Au	Tonnes	Grade	In-situ Au	Tonnes	Grade	In-situ Au
		Mt	g/t Au	koz	Mt	g/t Au	koz	Mt	g/t Au	koz
0.30	Diana	0.7	0.54	11.9	-	-	-	0.7	0.54	11.9
0.25	Susan	4.4	0.67	93.9	-	-	-	4.4	0.67	93.9
	Total	5.1	0.65	105.9	-	-	-	5.1	0.65	105.9

A total Inferred Mineral Resource for the scree mineralization has been estimated by Coffey at 3.765Mt at 0.45 g/t Au containing 54,600 ounces with no lower grade cutoff applied (as at 28 February 2010). Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

A comparison of the mining figures against the current resource model on a bench by bench basis, for the period January 1, 2009 to June 30, 2009 has been analysed by Coffey. The Diana deposit has consistently returned higher grades and more contained metal from mining blocks than shown from the current resource model for the corresponding volumes. Globally, the current mining at Diana has reported 154% of the gold ounces, delineated by the resource model.

The Susan deposit is performing well on the comparison of current mining against resource model figures. Globally, the mining at Susan is reporting 106% of the gold ounces delineated by the resource model.

Operations

The environmental conditions at the Corihuarmi Gold Mine, located at up to 5,000 meters in elevation, is surrounding peaks generally barren of vegetation with open grassland meadows and wetlands. There is snow and rain in the summer months, October to April, and is generally dry the remainder of the year. The Company policy is to comply with World Bank

Standard environmental practices. Figure 10 illustrates the pristine wetland in close proximity with the operation.

Figure 10
Plant and heap leach, January 2010, showing wetlands in the foreground

Corihuarmi is fully permitted to mine and treat up to 4,500 tonnes per day.

The operation comprises a conventional open pit benching mine and treatment by a single stage crush, heap leach operation.

Mining is carried out under contact to CyM Contratistas Generales SAC ("CyM"), who supplies and operates all the mining equipment under Minera IRL staff supervision.

The geotechnical evaluation was completed by Vector in 2005. The evaluation was based on existing geological data, field structural and geotechnical mapping and drill hole core logging. In summary, the evaluation resulted in the recommendation of 70^{o} batters and 8.5m berms for every 20m in vertical wall height.

The life of mine ("LOM") pit design was completed by AMC to conventional industry standards during the feasibility study.

Both the Diana and Susan pits require blasting prior to loading. The drilling is performed with a Sandvik DX-700 Ranger, the holes diameter is 127mm (4½in). The drill pattern generally varies from 3m x 3m to 5m x 5m depending on rock hardness. The blast are loaded with emulsion based explosives and initiated with NONEL type detonators.

For grade control purposes a representative sample of the drill cuttings produced from blast holes is used for grade determination (blast hole sampling).

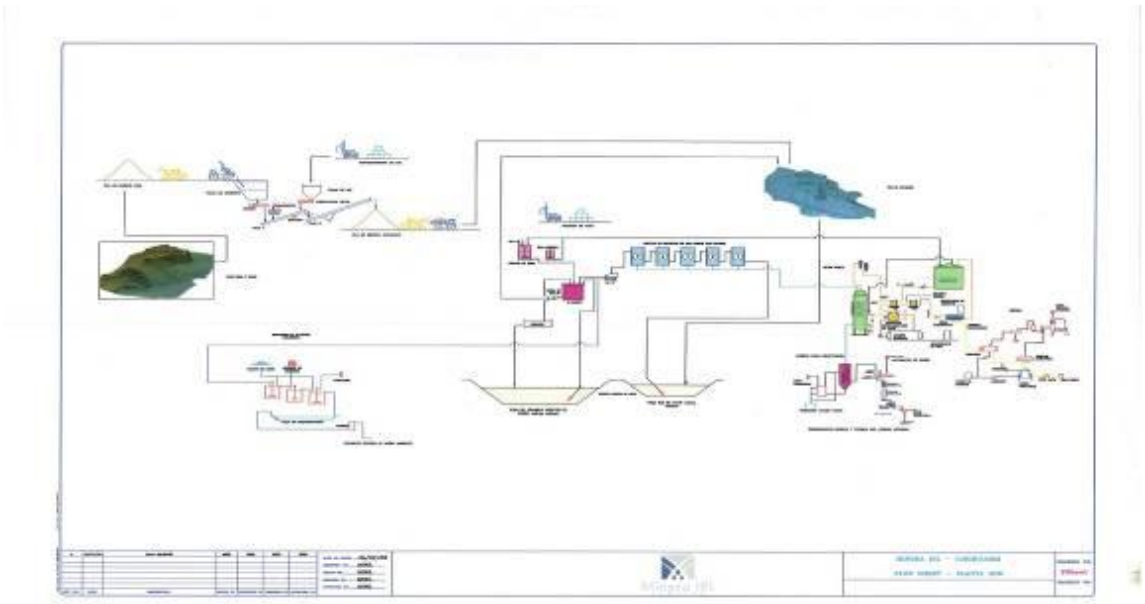
Loading is performed using either a Caterpillar 320C (20t) excavator or a Hyundai R360LC (36t) excavator. Both of these machines are considered suitable for the project. The truck fleet comprises 14 Volvo FM12 carrying on average 27t per load (truck factor).

CyM is employed to carry out the mining activities and, as such, the capital depreciation of the mining equipment is incorporated into the mine operating unit rates.

The Corihuarmi Project process is a heap leach operation utilizing a multiple-lift, single-use leach pad. Prior to placing the ore onto the leach pad the ore is primary crushed. Processing of ore began on the Corihuarmi heap leach project in January 2008 when irrigation of the heaps was started.

A current flowsheet for the Corihuarmi heap leach project is illustrated in Figure 11 below.

Figure 11
Corihuarmi Project – Current Flowsheet for Heap Leach Processing



Ore from the mine is transported by trucks to the run of mine ("ROM") pad. The ore is then either dumped directly into the coarse ore bin ("COB") or can be placed on the ROM pad and fed into the COB by front end loader.

Ore is crushed in open circuit to minus 100mm thought a primary jaw crusher. As the ore travels along the conveyor it is weighted and lime is added. From this conveyor the ore is discharged onto a stacking conveyor and is stockpiled. The crushed material is reclaimed using a front end loader and trucks and transported to the heap leach pad where it is stacked on 8 meter high lifts and levelled.

Heap leaching with dilute cyanide solution is carried out in a single stage system. Pregnant leach solution is delivered to activated carbon contactors to remove the gold after which the solution is pumped back to the heap leach pad. The activated carbon in the contactors is stripped from the carbon in the elution plant and the gold is electrowon onto cathodes. The cathodes are then direct smelted to recover the gold into bullion ready for sale.

Recoveries are shown in Table 2.

Table 2 Feasibility Study Recovery Estimates		
Outcrop	**Average Field Recovery**	**Expected Recovery Range**
Diana	87	83 to 92
Susan	70	61 to 85
Overall	76.8	

A camp to accommodate approximately 140 employees has been constructed to the east of the plant facilities. Existing buildings includes the offices, warehouse, messing facilities and other buildings.

Production, Cost history and Life-of-Mine Plan

Crushing and stacking of the heap at Corihuarmi commenced in January 2008 with the first gold pour on 15 March 2008. Production for 2008 was largely from the higher grade Diana outcrop whereas production for 2009 was mostly from the larger but lower grade Susan outcrop.

Parameter	**2008 Year**	**2009 Year**
Ore mined and stacked on heap – tonnes	1,076,033	1,216,844
Ore grade, mined and stacked – g/t Au	1.99	1.13
Production – Gold, ounces	51,691	33,012
Shipments – Gold, fine ounces	50,347	32,147
Sale price received – Gold, US$/ounce	869	988
Cash operating cost – US$/ounce	161	341

The LOM design was completed by AMC to conventional industry standards during the feasibility study. The current LOM plan uses this same design but a lower cut-off grade of 0.25g/tAu for the Susan pit and 0.30g/t Au for the Diana pit was applied. The pit inventory comprises 5.1Mt of mill feed at 0.65g/tAu with 1.2Mt of waste for a waste to ore strip ratio of 0.2: 1. The mining schedule is summarised in Table 3.

Table 3 Corihuarmi Project Life of Mine Plan Summary						
Year	Tonnes Ore	Grade Au (g/t)	Ounces	Tonnes waste	Ratio (SR)	Rec Au Ounces
2010	1.45Mt	0.8	39.5koz	125.0kt	0.09	28.1
2011	1.45Mt	0.8	35.0koz	336.7kt	0.23	25.0
2012	1.45Mt	0.5	22.3koz	460.8kt	0.32	16.1
2013	0.73Mt	0.4	9.0koz	254.7kt	0.35	6.7
Total	5.08Mt	0.6	105.8koz	1,177.2kt	0.23	75.9

A royalty payable to the government of Peru is based on a percentage of the sale volume varying at the following incremental rates: companies with sales of up to US$60 million per year – 1% of sales; companies with sales of above $60M and up to US$120 million per year – 2% of sales; and companies with sales over US$120 million per year – 3% of sales. The Corihuarmi Project is also subject to the Peru corporate income tax at a rate of 30%.

Exploration

Bedrock sampling, particularly chip channel sampling in conjunction with diamond core ("DC") and RC drilling have been the dominant exploration tools of Minera IRL for defining mineral resources at the Diana and Susan zones. In addition they have utilised geological mapping, and geochemistry sampling, along with CSAMT geophysical surveys.

In addition to the main Susan and Diana current mine areas, the property includes the Laura, Ely and Cayhua prospects that have been defined by a combination of soil geochemistry and exploration diamond drilling (Figures 12 and 13).

Figure 12
Corihuarmi Project – Main Block Alteration

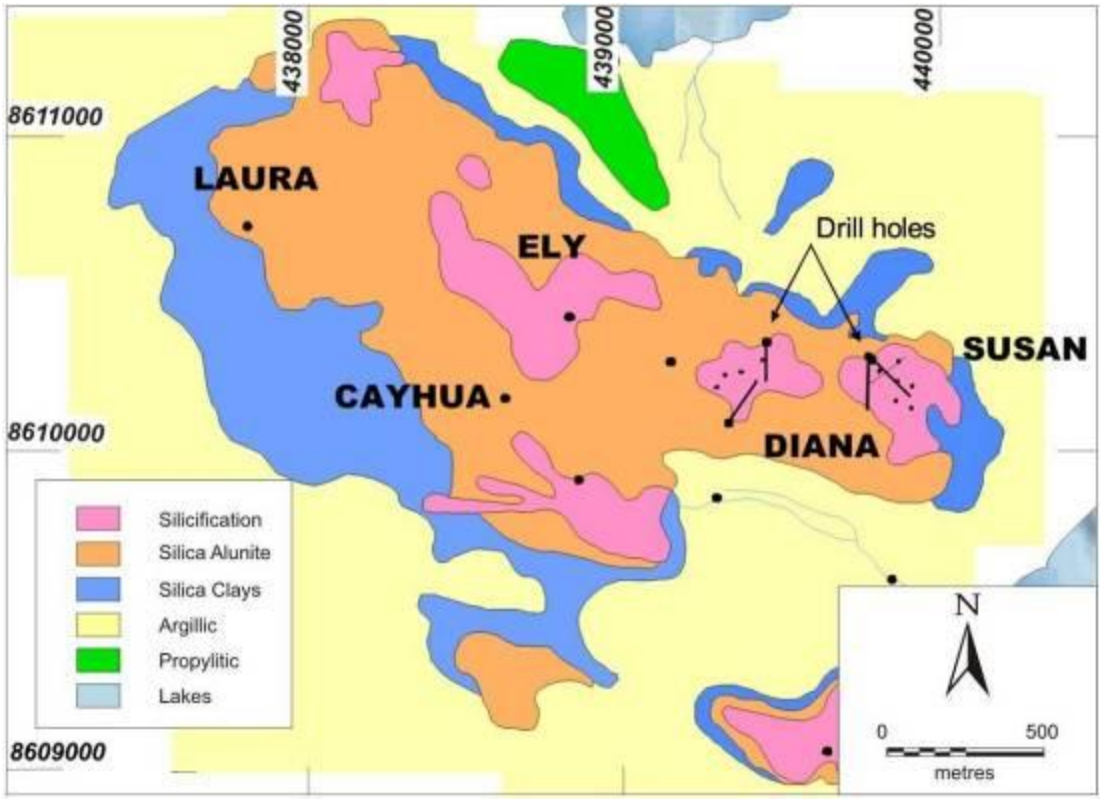
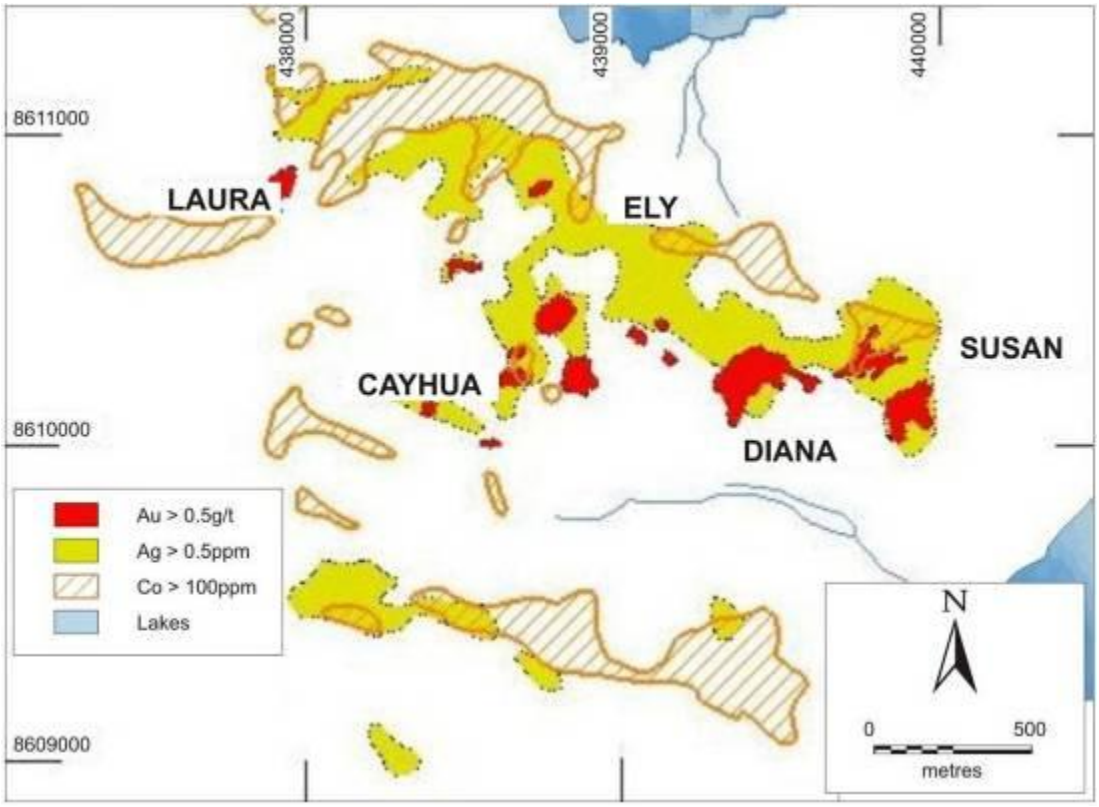


Figure 13
Corihuarmi Project – Main Block Metallogenic Zonation



Results from the drilling have not been positive and as such no further proposed drilling has been proposed by Minera IRL on these prospects.

Exploration surveys and interpretations completed to date within the Corihuarmi Project have largely been planned, executed and supervised by Minera IRL personnel, supplemented by consultants and contractors for more specialised or technical roles. The data was considered by Coffey to be of good quality.

Coffey considers there are other exploration targets that justify further exploration as drilling of these epithermal targets to date is minimal and there is potential to identify additional mineralization in the Minera IRL permits. The Company has plans to continue exploration over these relatively untested targets.

4.2 Ollachea

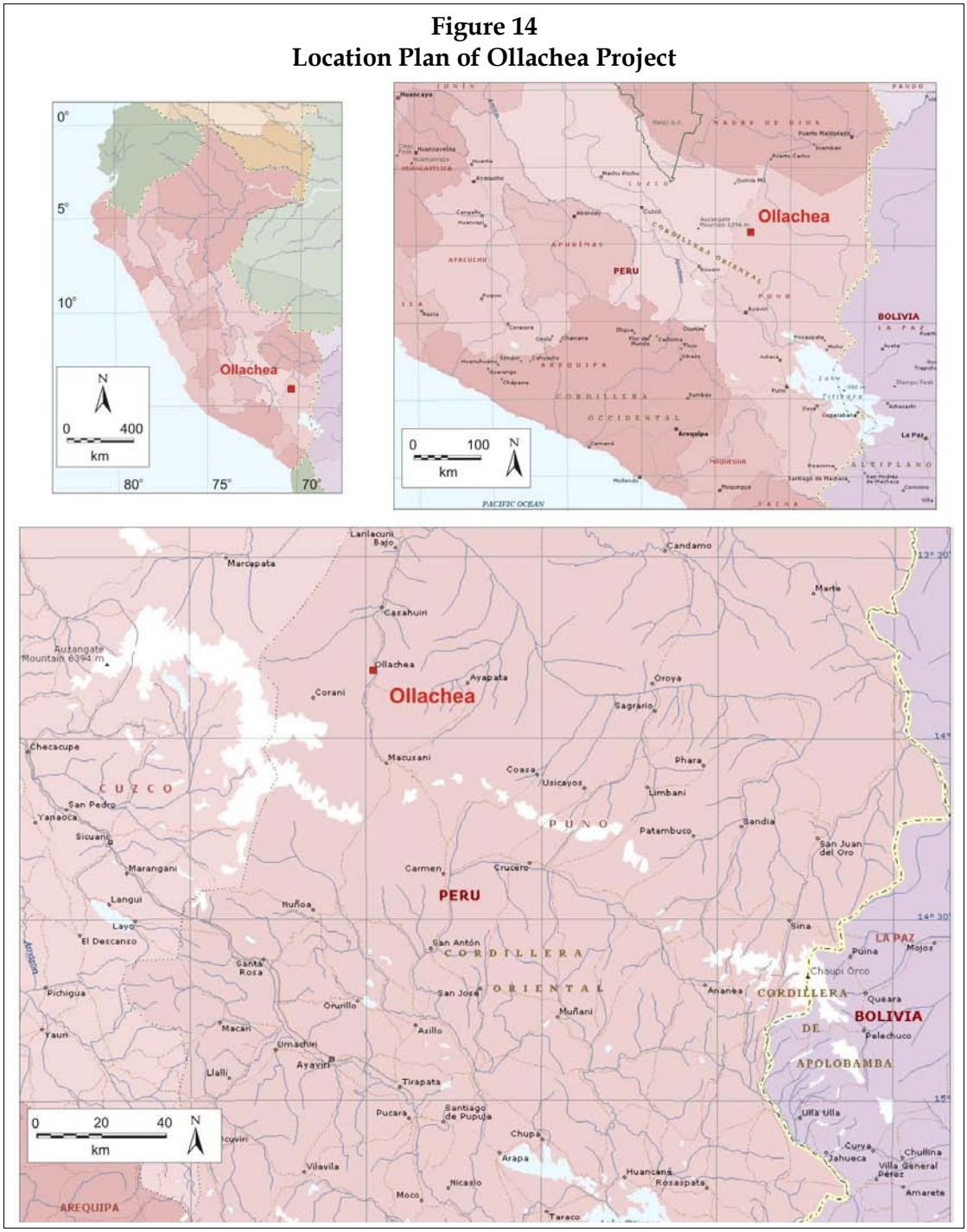
The following summary is taken from the technical reports entitled "Ollachea Gold Project, Technical Report" dated 6 April 2010 and "Ollachea Resource Update, November 2010" dated 14 January 2011 (the "Ollachea Reports") which Ollachea Reports are incorporated by reference. This summary is not complete and the full Ollachea Reports can be accessed on the Company's SEDAR profile at www.sedar.com.

Project Description, Logistics, Infrastructure and Climate

The Ollachea Project is a recent gold discovery made by Minera IRL under the banner of its wholly owned subsidiary Minera Kuri Kullu ("MKK"). The project is now in a pre-feasibility study stage and also involves an extensive exploration program.

The Ollachea Project is located in the Ollachea District of Carabaya Province in the Puno Region of south-eastern Peru. The project is located approximately 160km southeast of Cuzco, 230km north-northwest of Puno and 1.5km west of the village of Ollachea (Figure 14). Central coordinates are 338,500mE and 8,474,500mN.

Figure 14
Location Plan of Ollachea Project



The village of Ollachea can be reached by vehicle from Juliaca, serviced by regular national flights, in 4 hours, via a good quality sealed road, with local zones of unsealed road, associated with the construction of the Southern Interoceanic Highway (Brazil to Peru). From the Ollachea village, the Ollachea Project is accessed via a steep gravel road for a further 1.5km to the west. The San Gaban hydroelectric complex is located 43km north-northeast of the Ollachea Project. The average capacity of the grid is 455MW, generating some 3,240GWh/y. The San Gaban complex connects directly to the national grid, which passes directly across the Ollachea Project. A permanent source of water is available from the

Ollachea River, a major melt-water drainage that flows immediately north of the Ollachea township.

The Ollachea Project lies within steep sided valleys and ridges ranging in altitude from 2,700m to 3,300m above sea level. The Project is within a sub-alpine climatic regime. Precipitation is markedly seasonal and total annual precipitation averages about 950mm per year. Some 70% to 80% of annual precipitation is received between November and April. Snow is an unusual occurrence at this elevation. The vegetation is dominated by small trees, low shrubs and alpine grasses. A small perennial stream flows east through the property to the Ollachea township.

The township of Ollachea, is located 1.5km to the east of the Project area and has a population of approximately 2,000. This is the main population base within close proximity to the Ollachea Project. During the exploration phase, most of the workforce of more than 100 employees is sourced from Ollachea.

MKK negotiated a surface rights agreement which was signed on 25 November 2007 for maximum of 5 years, which will automatically revert to a development contract at the time of development decision. The area affected is 5,900Ha. The payment for surface rights is US$213,333 over the 5 year period. In addition, contributions to sustainable projects and social responsibility for the community total US$416,666 for this period as well as contribution for technical support to the artisan miners of US$300,000. Upon the commencement of production, the Company will transfer a participation of 5% of the share capital of MKK to the community giving them a participating interest in the project.

Figure 15
3D Aster image looking north along Ollachea valley (Telluris 2009)

History

The earliest evidence of mining at the Ollachea Project can be attributed to Spanish colonial activity during the 18th century, while subsequent informal mining activity has been actively pursued in the area since at least the 1970's and probably considerably longer. Local artisanal mine workings below the Minapampa outcrop is shown in Figure 16.

Figure 16
Artisanal Mining

Modern exploration commenced with a TSX Venture Exchange (the "TSX-V") listed company, Peruvian Gold Limited, which completed five diamond drill holes (501m) between 1998 and 1999; some interesting but low grade intersections were obtained and the Peruvian Gold did not persist. Rio Tinto re-discovered the area in May 2003 while following-up a regional stream sediment sampling program. Two field trips were completed in 2003 and 2004, during which encouraging surface samples were obtained. However, in 2006 Rio Tinto elected to farm out the project.

Pursuant to an option agreement dated 1 September 2006 between the Company, Minera IRL SA, Rio Tinto and Felipe Augusto Benavides Romero ("Felipe Benavides"), the Company was granted an option to acquire the rights and a 100% interest in the tenements comprising the Ollachea Project in consideration for an initial payment of US$250,000, progressive payments of US$6,000,000 in aggregate over 4 years, together with two additional payments in the event that Rio Tinto's clawback right under the agreement is not exercised. The first additional payment comprises two alternatives, namely, (i) either 70% of the amount calculated by multiplying the number of ounces of gold and gold equivalent metal mineralization in inferred mineral resources, above 500,000 ounces, as defined by 20,000 meters drilling by seven dollars and the assignment to Rio Tinto of a 1% net smelter return royalty ("NSR") over all future production from the Ollachea property and applicable related assets or (ii) the assignment to Rio Tinto of a 3% NSR over all future production from the Ollachea property

and applicable related assets. On 15 December 2009, Rio Tinto notified the Company that they have selected alternative (i) of the first additional payment resulting a 1% NSR and a payment of approximately US$3.81 million paid in 2010. Under the second additional payment, Minera IRL SA commits to making an additional cash payment of 30%. of the net present value of the Ollachea Project (at a 7% discount rate) based on the results of the feasibility study, less 30% of the sunk costs determined after the exercise of this option.

Rio Tinto's clawback right entitled Rio Tinto a one time right to acquire up to a 60% participating interest in the Ollachea property or a 60%. equity interest in Kuri Kullu. The claw-back right is exercisable at any time, commencing on the exercise of the option and ending 54 months following execution of an agreement transferring title to the Ollachea Project to MKK once 20,000m of drilling has been completed and in excess of 5 million ounces of gold has been defined by paying to the Company three times the expenditure committed by MKK to that point. A share option agreement and mining option agreement were subsequently concluded on 23 February 2007 for the sale and purchase of this 60% interest, requiring the Company, Minera IRL SA and Kuri Kullu to give security to Rio Tinto so as to guarantee the obligations of the Minera IRL group of companies and Felipe Benavides under these agreements. This security entered into in favour Rio Tinto comprises a mining mortgage agreement in terms of which MKK established a first and preferential mortgage in the amount of US$150,000,000 over the Ollachea property and its related assets, a guarantee in terms of which Minera IRL SA established a first and preferential mortgage in the amount of US$150,000,000 over its entire present and future shareholding in MKK and related rights and a guarantee in terms of which Felipe Benavides established a first and preferential mortgage in the amount of US$150,000,000 over its entire present and future shareholding in MKK and related rights. Other than as disclosed in this AIF, no other entity or person (other than the Company, Minera IRL SA, MKK and Felipe Benavides) have given any guarantees in relation to the arrangements with Rio Tinto. Rio Tinto's clawback right lapsed in 2009.

The transfer of the Ollachea property under the Rio Tinto option agreement were conditional on the successful negotiation of a surface rights agreement with the local community within 120 days from 23 February 2007, being the date of the agreement relating to the transfer of the concessions from Rio Tinto Peru to MKK. These concessions have now been transferred.

MKK is a special purpose company which was registered as a wholly owned subsidiary of Minera IRL SA to hold the Ollachea tenements.

A comprehensive surface rights agreement was signed with the Ollachea community in late 2007 and exploration commenced in early 2008 with drilling starting in October 2008. Two drill rigs have been active since that time and, as of March 2010, over 80 diamond holes have been completed for over 30,000 meters of drilling.

A significant discovery was announced in early 2009 and a positive scoping study was completed in November 2009 over the central Minapampa Zone where 1.3 million ounces has been estimated in an Inferred Resource category. The positive scoping study was the basis for the Company advancing the project into pre-feasibility status.

The pre-feasibility study involves infill drilling to allow the resource to be upgraded to Measured and Indicated status, further metallurgical testing, geotechnical and underground mining studies and the commencement of an exploration access tunnel.

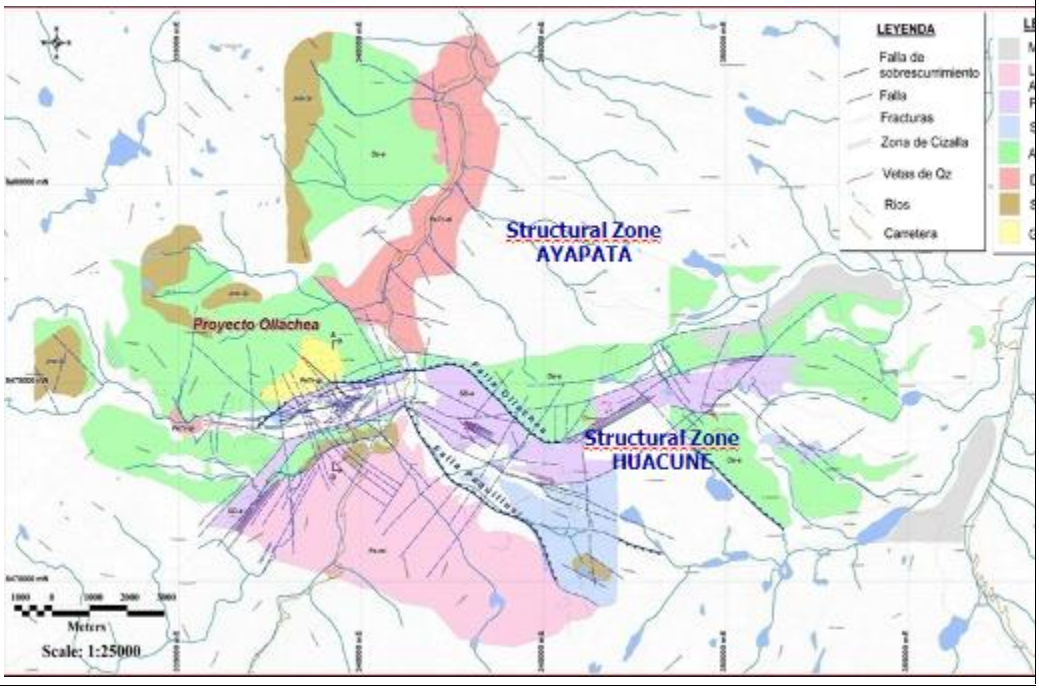
All permits are in place that are required at this stage of the Ollachea Project. An environmental baseline study is in progress and permitting will be progressive as the Ollachea Project advances.

Geology and Mineralization

The regional setting of the Ollachea Project is characterized by a significant change in the strike of the Andean range, whereby the stratigraphy is locally aligned approximately east-west, as opposed to the dominant northwest trend. This deflection is postulated to have resulted from significant compression and thrusting to accommodate a prominent portion of the adjacent Brazilian Shield to the east.

On a regional scale, the high grade gold projects occur almost exclusively in slates/phyllites, (usually carbonaceous), and rarely in more arenaceous but only when they lie adjacent to the mineralized phyllites. This suggests that there may be a regional control on pre D1 syngenetic gold in sulphides that has been upgraded in areas of strong overprinting D1 deformation. Figure 17 shows the regional setting with respects to the Ollachea Project.

Figure 17
Regional Setting



The geology of the Ollachea Project is dominated by phyllites of the Devonian Sandia Formation, while the central portion is assigned to variably bedded graphitic slates and shales of the Siluro-Devonian Ananean Formation. A large nepheline syenite intrusion is located in the southern portion of the project.

The gold mineralization at Ollachea is broadly stratabound within north-east to east-west trending south dipping carbonaceous phyllites as shown in Figure 18 below. Two principal tectonic events are recognised in the Ollachea district:

- D1 – the first event is the deformation of the slate sequence and the thrusting of the Sandia Formation over the Ananea Formation as part of the Hercynic orogenesis.
- D2 – the second phase of deformation is the start of the deformation of the Andean belt (late-Triassic approx. 220 +-10Ma).

The D1 event was oriented by a NW-SE compression forming zones of shearing, folding and thrusting (inverse faults) of NE-SW strike. Gold mineralization is associated with the first event D1.

The D2 deformation consisted of a prolonged stage of compression oriented NNE-SSW forming principally reverse faults striking WNW-ESE and invoking the folding of the Ollachea District into the form of a "half-dome" thus changing the orientation of the slates in the central area to an almost E-W strike.

Figures 18 and 19 show respectively the geology and structure in plan view along with a schematic cross section view of the geology.

Figure 18
Geology

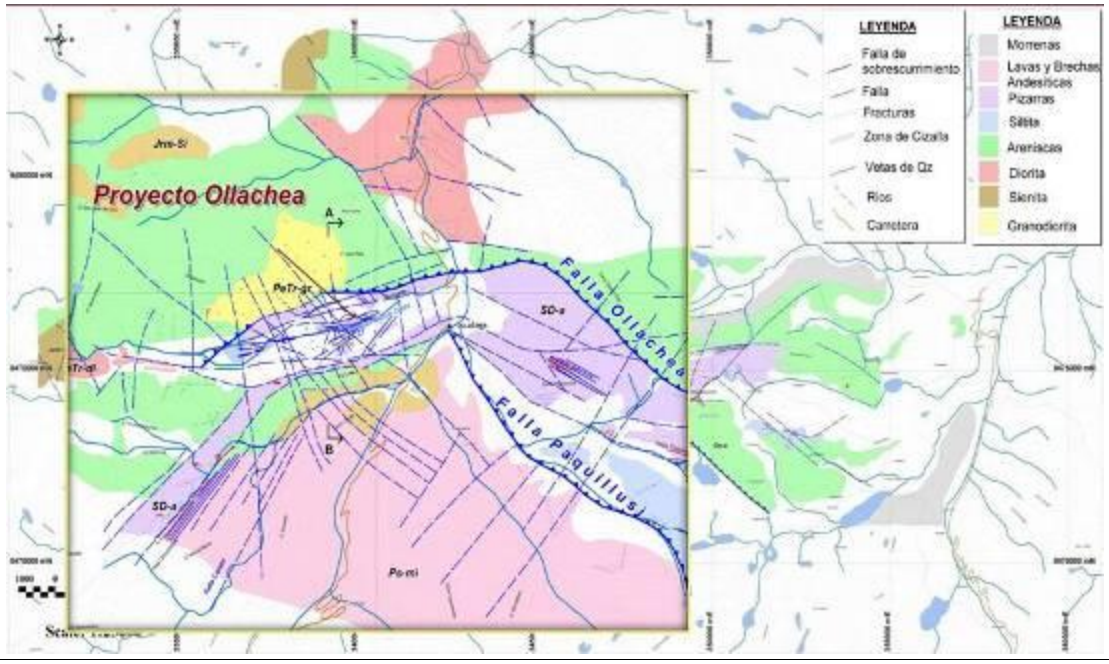
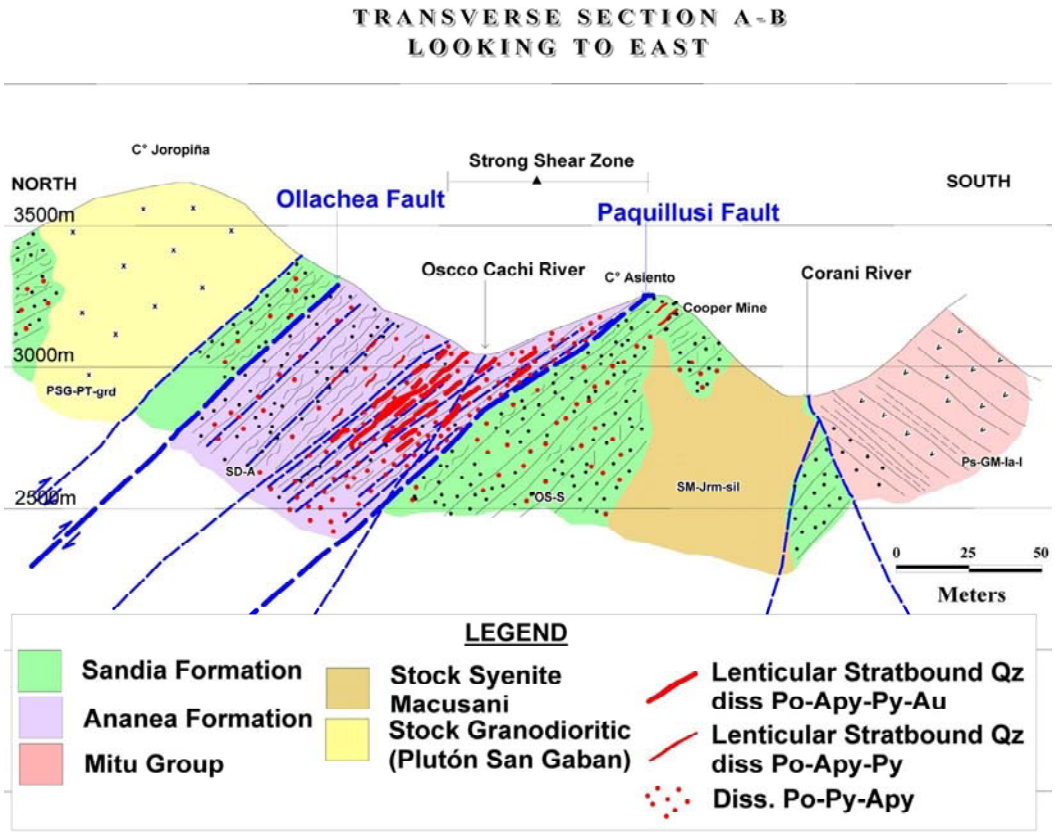


Figure 19
Ollachea Project
Schematic Cross Section – Looking East

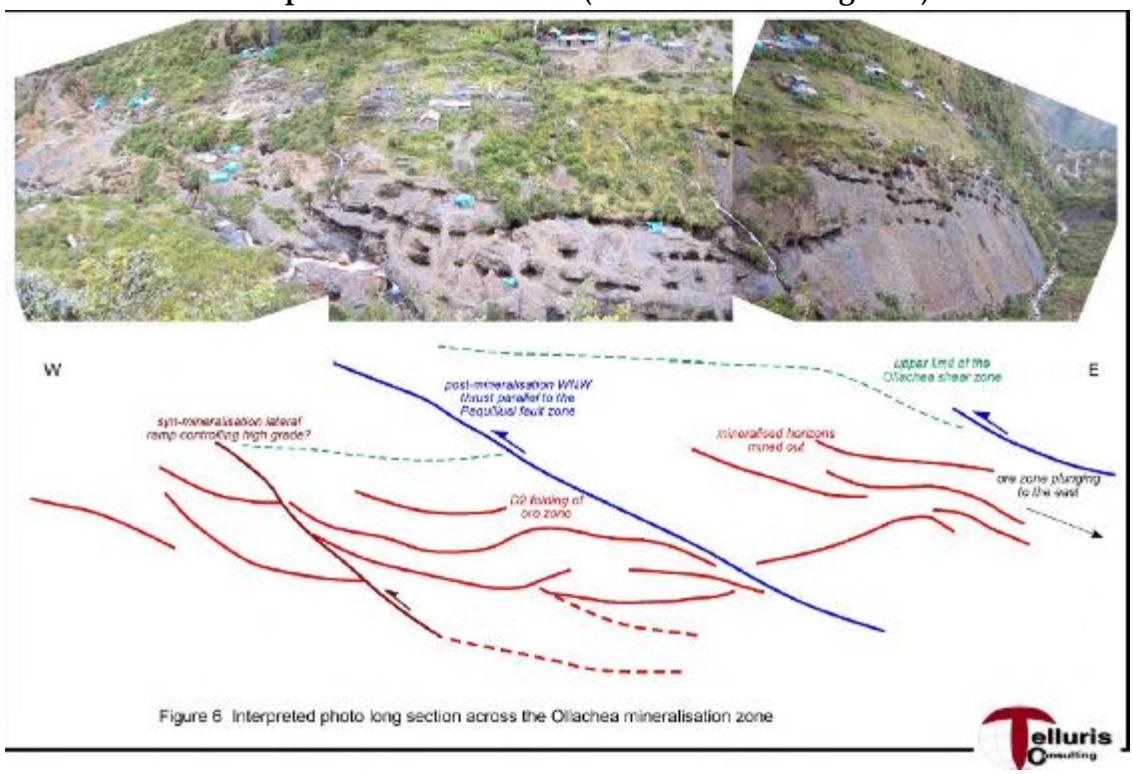


(after Ing. Valdivieso, Y., MKK, 2008. Schematic Transverse Section looking East, Ollachea Project. 1:50,000 scale)

Telluris Consulting (Sept 2009) reported that the main stage of gold mineralization at Ollachea is associated with a D1 event comprising of shearing and folding and is largely confined to the weaker carbonaceous shales along a brittle-ductile shear zone. This style of mineralization is similar to an orogenic-style gold deposit but possibly related to late stage dioritic to granodioritic intrusions. The absence of main stage D1 mineralization outside the graphitic phyllonites of the Ananea Formation and comparison with other deposits in the region suggests that there may be some degree of possible pre-shearing concentration of gold within the syn-sedimentary pyrite.

The principal zone of mineralisation comprising the Ollachea Prospect is being extensively worked by artisanal miners (Figure 20). The main mineralized area has a strike length of at least 1km and a minimum aggregate width in the order of 100m. Mineralised vein zones within this envelope average 40m to 60m wide and individually range from a few metres up to 100m in strike length and although open-ended, can be traced by drilling down dip over 350m.

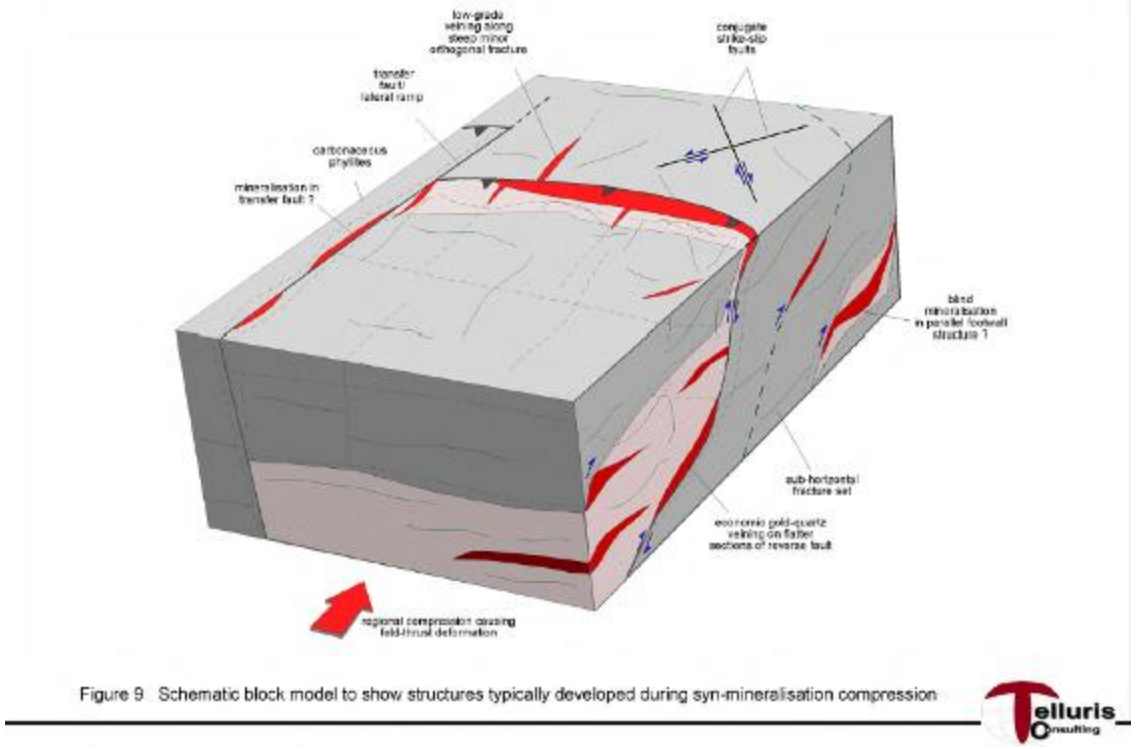
Figure 20
Principal Mineralized Zone (Telluris Consulting 2009)



Gold mineralization is associated with mesothermal quartz-carbonate-sulphide veins, with the sulphide assemblage dominantly comprising pyrite, pyrrhotite and minor chalcopyrite. Arsenopyrite and free gold have also been observed. Vein widths vary from a few centimetres up to a maximum of 40cm but do not always contain gold mineralization.

The mineralized veins are emplaced within an extensive shear zone, which dominates the entire graphitic shale package and is responsible for the well developed slaty cleavage. Mineralized veins have intruded late in the development of the shear zone and are broadly concordant to the cleavage. The veins are strongly boudinaged, resulting in the development of discontinuous lenses of mineralized veins. Figure 21 shows a schematic bock model of the mineralization defined at Ollachea.

Figure 21
Schematic Bock Model of the Mineralization (Telluris Consulting 2009)



Exploration

Core drilling has been the dominant exploration tool of MKK in defining mineral resources at the project. Geological mapping and geochemical sampling, along with an aster and structural geology targeting exercise completed by Telluris Consulting in September 2009, have additionally contributed

Although most exploration has been focused on the project, some additional effort has been expended on a regional basis. Many precious mineral occurrences have been identified on a wider scale, some relatively close-by to Ollachea; others like the Rinconada and Untuca Mines further afield.

Exploration surveys and interpretations completed to date within the Project have largely been planned, executed and supervised by national MKK personnel, supplemented by consultants and contractors for more specialised or technical roles. The data is considered to be of good quality.

Coffey Mining considers the exploration targets justify further follow-up and have the potential to significantly add to the resource inventory of the Project, as proven by the Minapampa East Zone. From an economic view the deeper down dip potential of Ollachea may be better targeted from any future underground development as diamond drilling from surface will require >1km holes due to the high topography north of the main northward-dipping mineralisation.

New discoveries like the Concurayoc Zone, displaced by some 300m from the main Minapampa Zone, create additional resource potential. All mineralisation discovered to date at Ollachea remains open-ended along strike as well down-dip.

Drilling

Introduction

The principal methods used for exploration drilling at Ollachea have been diamond core drilling (DDH) by MDH SAC (drilling company), using standard wireline diamond drilling of HQ diameter then reducing to NQ as ground conditions dictate. Core recovery was very good except in large fracture zones.

Table 4 summarizes pertinent drilling statistics. The central zone has been drilled at a nominal spacing of 40m by 40m.

Table 4
Ollachea Project
Summary Drilling Statistics

Company/Year	Drillholes	Metres	Contractor	Drill Type	Sample Size
Peruvian Gold Limited (1998 - 1999)	5	501	Unknown	Diamond	HQ, NQ
MKK (2008 – November 2010)	126	48,111.9	MDH SAC	Diamond	HQ, NQ, BQ

Drilling Procedure

All diamond drilling used in the November 2010 resource estimate was completed by the MKK contractor. Most diamond core holes were drilled using HQ and reducing to NQ diameter. There were some BQ diameter holes drilled but they were not located within the Minapampa and Minapampa East area.

Based upon inspection of various core trays available on site and review of the available reports, Coffey Mining considers that diamond core drilling has been carried out to expected industry standards.

Drillholes were generally drilled to the south at between 40 degrees to 90 degrees dip. Holes were targeted to perpendicularly intersect the main trend of mineralization but given the access to deeper sections of mineralisation the intersections are often oblique to mineralization. The deeper sections of Ollachea will need to be targeted from underground or via >1km surface directional drilling The central zone (Minapampa and Minapampa East) has been drilled at a nominal spacing of 40m by 40m.

Drillholes typically intersect mineralisation orthogonally, and the mineralised intercepts are typically 60% to 100% of the true mineralised thickness.

Surveying Procedures

Drillhole collars were surveyed by MKK surveyors using total station. Survey accuracy is reported as +/-0.5m. Accuracy of the survey measurements meets acceptable industry standards.

Downhole surveys have been undertaken by the contract driller utilising both a Reflex single shot and multi-shot survey tool.

On validating the database, the original survey certificates for holes DDH08-01 and DDH08-02 were not located. The survey coordinates within the database provided by MKK were used. On inspecting these holes spatially, there was good correlation from surrounding drilling and correlation of results, and where therefore used for the resource estimation.

Accuracy of the down-the-hole survey measurements meets acceptable industry standards.

Sampling Method and Approach

Diamond Core Sampling

Since mid 2009, the sampling protocol at Ollachea has changed, the HQ and NQ diameter diamond core within the mineralised zone (20m either side of known mineralised lenses) was sampled on an average length of 1m (half core). Areas out-side the mineralised zones were sampled at 5m (quarter core), if any significant intercepts were found (>0.1g/t Au), then the interval was re-sampled to 1m (half core).

Initial samples at Ollachea were taken on 2m sample lengths, after the recommendations by Coffey Mining; the current sampling protocol was established. Figure 16.1.6_1 shows a histogram of raw sample lengths, though the majority of samples taken are at a 2m length, there is now a substantial amount of 1m sample intervals, obtained from the latest infill drill campaign.

The core was split using a diamond core saw. Samples were numbered and collected in individual plastic bags with sample tags inserted inside. The chain of custody was noted to be very good with the remaining core currently stored within refrigerated containers.

Core mark-up and sampling has been conventional and appropriate. Core was orientated for structural measurements, from and including drillhole DDH10-102, based on recommendations from Coffey Mining. Earlier drilling is not orientated.

Logging

Diamond core was logged in detail for geological, structural and geotechnical information, including RQD and core recovery. Whole core was routinely photographed. Review by Coffey Mining of selected geological logs against actual core showed no significant discrepancies or inconsistencies.

Diamond core logging has been conventional and appropriate.

Results

The November resource estimate and associated statistics as described below summarises appropriate drill assay data up to and including hole DDH10-125. Drillholes typically

intersect mineralisation orthogonally, and the mineralised intercepts are typically 60% to 100% of the true mineralised thickness.

Sample Preparation, Analyses and Security

Sample Security

Reference material is retained and stored on site, including half-core and photographs generated by diamond drilling, and duplicate pulps and residues of all submitted samples. All core and pulps are stored at the MKK base in Juliaca City, in refrigerated containers, to preserve the sulphides.

Sample Preparation and Analysis

The CIMM sample preparation laboratory in Juliaca City, prepared the drill core samples for the Ollachea Project under the following procedure:

- Samples are sorted and dried in an oven
- Samples are crushed by 2 crushers followed by a roll crusher to 2mm. The full sample is riffle split to 500g.
- A 500g pulp is prepared in LM2 pulveriser bowls to 85% < 75µm (200 mesh). 50g pulps were submitted for chemical analysis.
- Chemical analysis is conducted at the CIMM Lima laboratory and consisted of fire assay (FA) with atomic absorption spectrometry (AAS) finish, using 50g sub-samples. A 32 element suite was also analysed by ICP-OES but has been stopped by MKK as no significant values for these elements were returned from this analysis.

Smee (2009) completed an audit of the preparation laboratory and identified serious preparation issues.

- The crushers were examined and both showed that the dust extraction pipe was connected directly to the rear of the crushers rather than the rear of the dust enclosure. This can create a sample bias.
- The pulveriser only handles 250g at a time and 500g is pulverized. These pulverisers need replacing.

The issues identified by Mr. Smee have since been rectified.

Adequacy of Procedures

The main issues identified by Smee (2009), that have been rectified and includes:

- Upgrading the pulverising unit to a COSAN TM, LM2 model
- Pulveriser bowls have been upgraded to B2000 type, so they can handle the 500g pulverisation in one pass
- In regards to the dust extraction unit, the pipe is no longer attached directly to the crusher as before, and the extraction power of the exhaust fan has been reduced.

Coffey Mining was not been able to independently verify that the recommendations by Smee have been implemented at the Juliaca sample preparation laboratory and is relying on information provided by MKK.

Coffey Mining considers that the sample preparation and security are adequate and appropriate for use in the resource estimation.

Data Verification

Introduction

Standards, blanks and pulp duplicates are inserted at approximately 1 in 20 (5%) by MKK.

MKK Standards and Blanks

MKK has made eight gold standards (8001 to 8009) of various grades. The previous report (Coffey Mining (April 2010)) identified issues with standards 8001 to 8004, and they are no longer used. Summary results from the standards are shown in Table 5.

Table 5
Previous Gold Standards Utilised by MKK
Submitted Standards – no longer used

Standard	Expected Value (EV)	+/-10% (EV)	Failed	No of Analyses	Min. (%)	Max. (%)	Mean (%)	% Within +/- 10 of EV	% RSD (from EV)	% Bias (from EV)
8001 (ppm)	25.36	22.82 to 27.9	**2**	17	21.66	24.85	0.87	88.24	3.63	-5.1
8002 (ppm)	6.99	6.29 to 7.69	**2**	235	1.55	7.66	7.01	0.43	6.14	0.27
8003 (ppm)	1.53	1.38 to 1.68	**20**	243	1.23	1.83	1.5	92.59	5.04	-1.82
8004 (ppb)	19.86	17.87 to 21.85	**ALL**	119						

Coffey Mining considers that the current accuracy of the new standards 8006 to 8009 to be reasonable, but identified a number of poorly monitored issues from the earlier standards. Figures 22 to 25 show the results over time, for standards 8006 to 8009 respectively. Summary of results below:

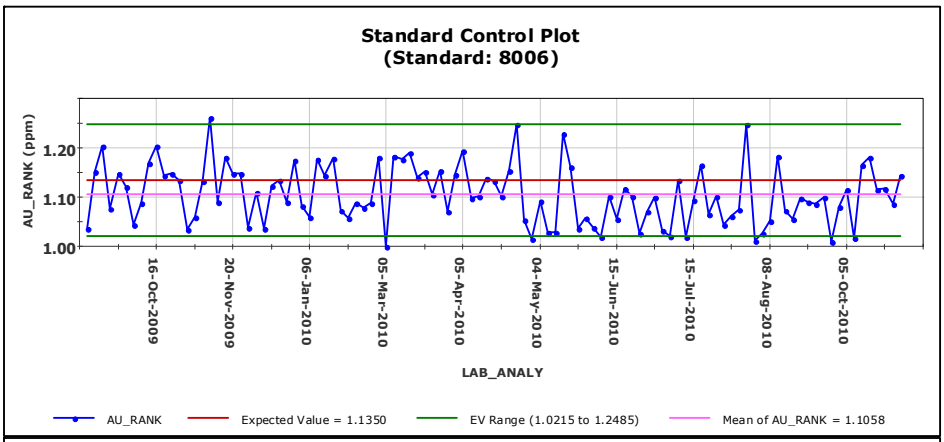
- 8006 Over time shows a negative bias from the expected value (-2.6%). From the 4 May 2010 to the 5 October 2010 this bias is more pronounced, and could be attributed to a calibration error at the laboratory, as results return to expected values.
- 8007 Generally the results are around the expected value, though there is a slight negative bias, this has been exaggerated by a possible misallocated standard submitted towards the end of May 2010.
- 8008 Similar to 8007, generally expected values are returned, a possible misallocated sample was included in early November 2010.
- 8009 Overall good accuracy with expected value, with a very slight positive bias (+0.2%).

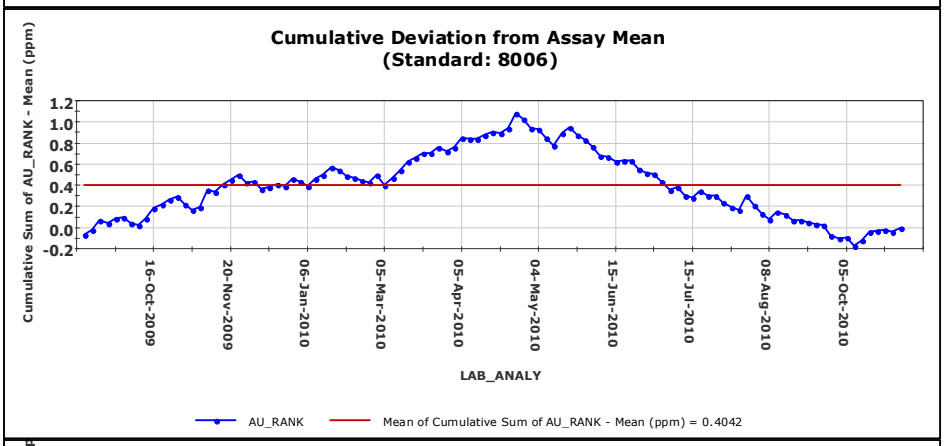
Blanks were initially made from "known" waste areas by MKK staff. However recently, certified waste standards have been used. Figure 26, shows the results over time, with very good results shown from early 2010, when the previous "in-house" blank material was no longer submitted.

Figure 22
MKK - Standard 8006

OLLACHEA QAQC (Standard: 8006)

Standard:	8006		No of Analyses:	107
Element:	Au		Minimum:	1.0000
Units:	ppm		Maximum:	1.2610
Detection Limit:	-		Mean:	1.1058
Expected Value (EV):	1.1350		Std Deviation:	0.0591
E.V. Range:	1.0215 to 1.2485		% in Tolerance	91.5888 %
			% Bias	-2.5691 %
			% RSD	5.3420 %





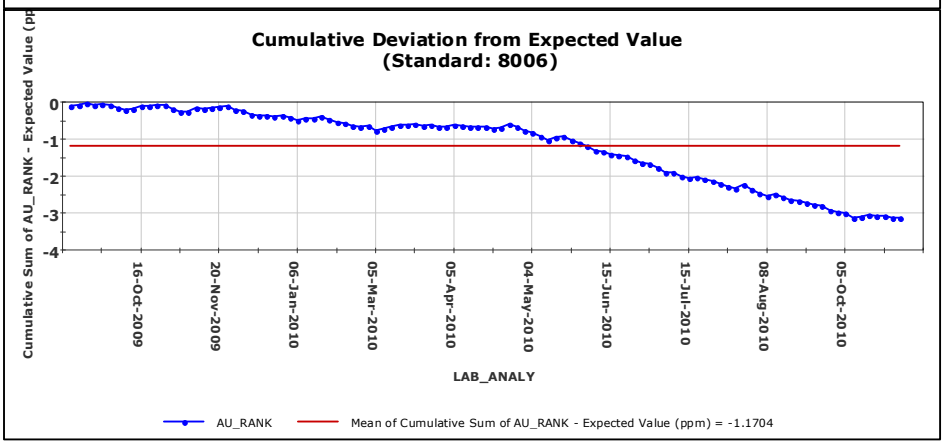


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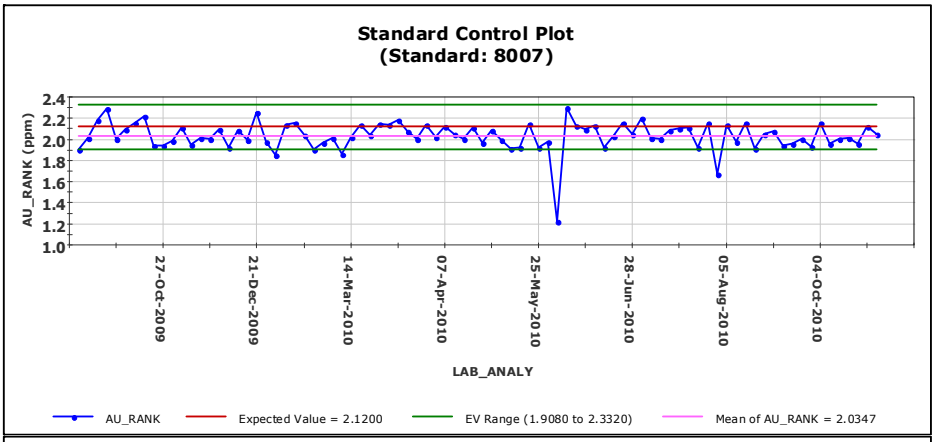
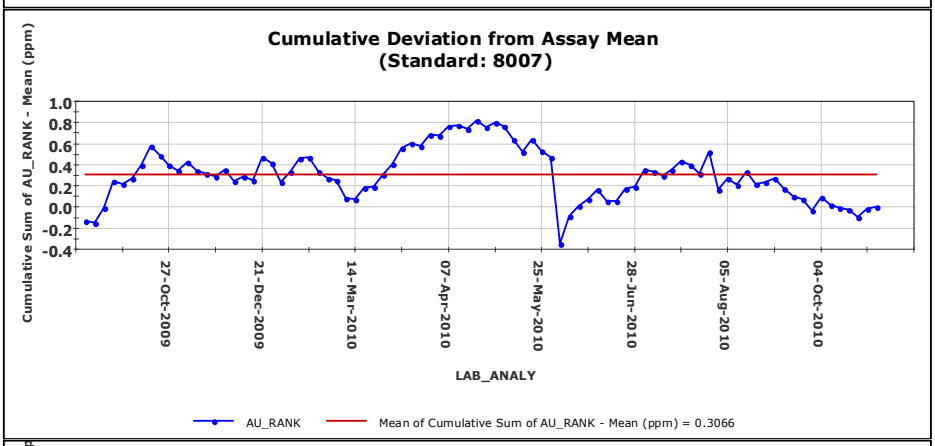
Figure 23
MKK - Standard 8007

OLLACHEA QAQC
(Standard: 8007)

Standard:	8007		No of Analyses:	86
Element:	Au		Minimum:	1.2200
Units:	ppm		Maximum:	2.2980
Detection Limit:	-		Mean:	2.0347
Expected Value (EV):	2.1200		Std Deviation:	0.1367
E.V. Range:	1.9080 to 2.3320		% in Tolerance	93.0233 %
			% Bias	-4.0215 %
			% RSD	6.7204 %





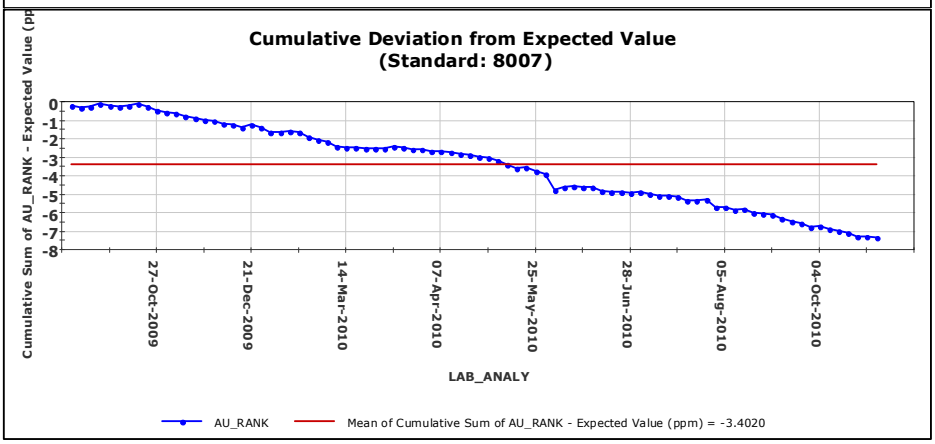


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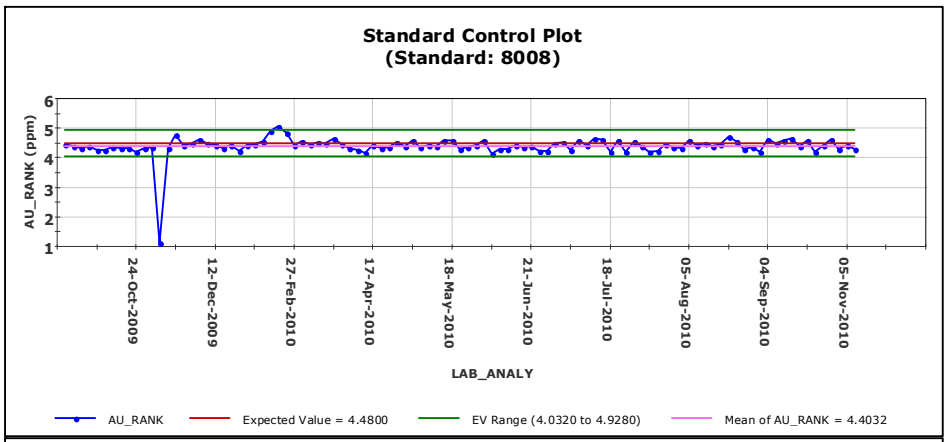
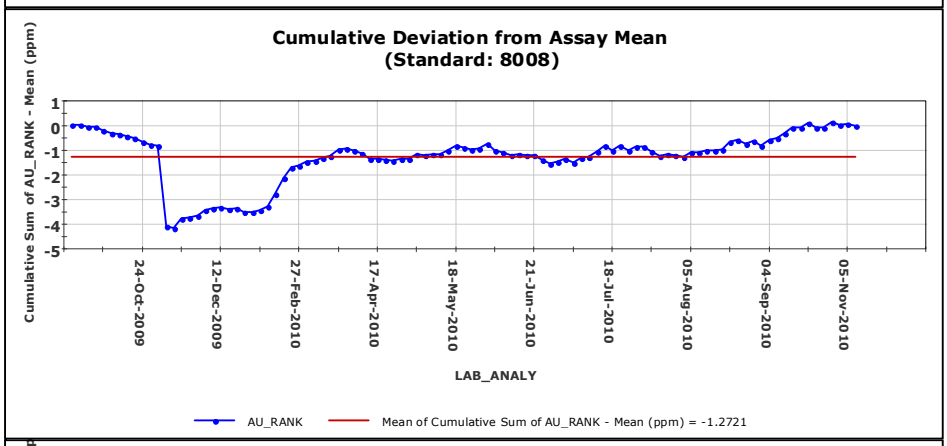
Figure 24
MKK - Standard 8008

OLLACHEA QAQC (Standard: 8008)

Standard:	8008		No of Analyses:	101
Element:	Au		Minimum:	1.1320
Units:	ppm		Maximum:	5.0790
Detection Limit:	-		Mean:	4.4032
Expected Value (EV):	4.4800		Std Deviation:	0.3639
E.V. Range:	4.0320 to 4.9280		% in Tolerance	98.0198 %
			% Bias	-1.7132 %
			% RSD	8.2634 %





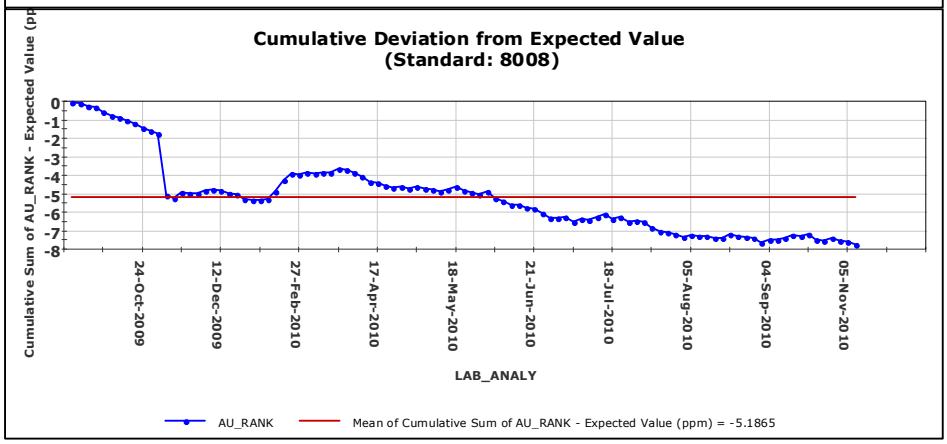


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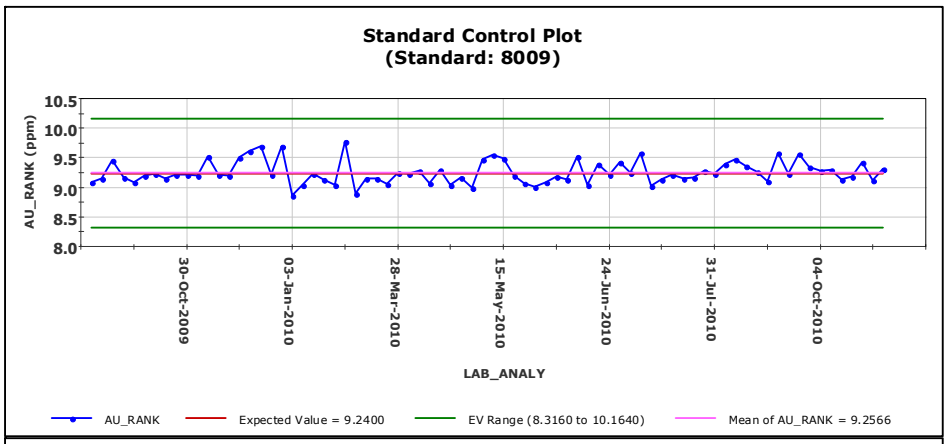
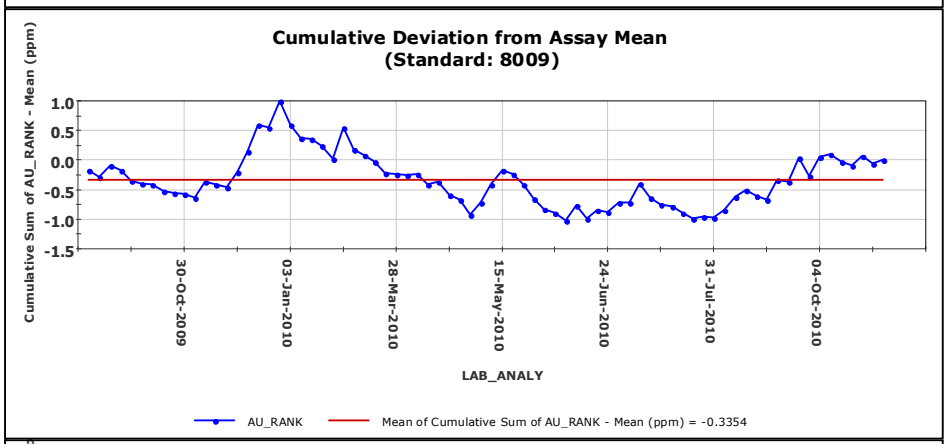
Figure 25
MKK - Standard 8009

OLLACHEA QAQC (Standard: 8009)

Standard:	8009		No of Analyses:	76
Element:	Au		Minimum:	8.8620
Units:	ppm		Maximum:	9.7760
Detection Limit:	-		Mean:	9.2566
Expected Value (EV):	9.2400		Std Deviation:	0.1905
E.V. Range:	8.3160 to 10.1640		% in Tolerance	100.0000 %
			% Bias	0.1801 %
			% RSD	2.0583 %





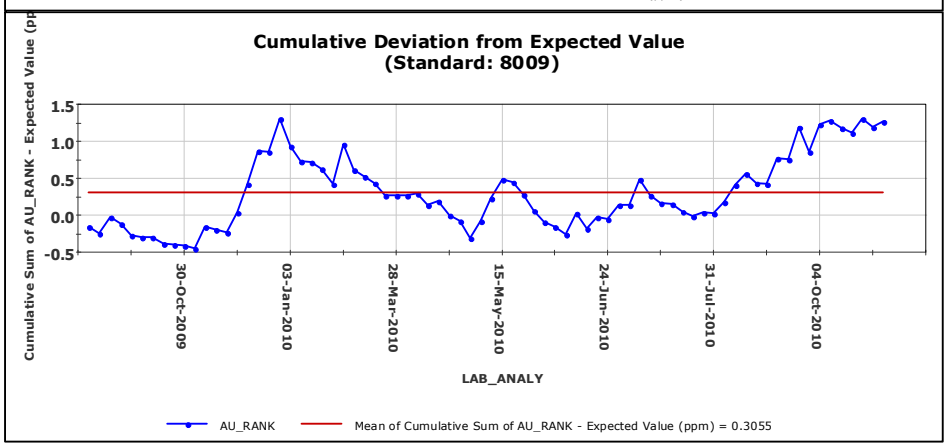


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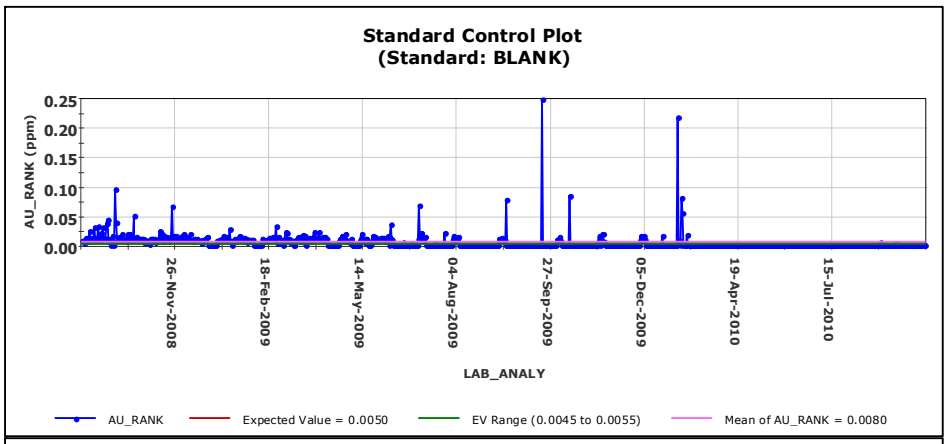
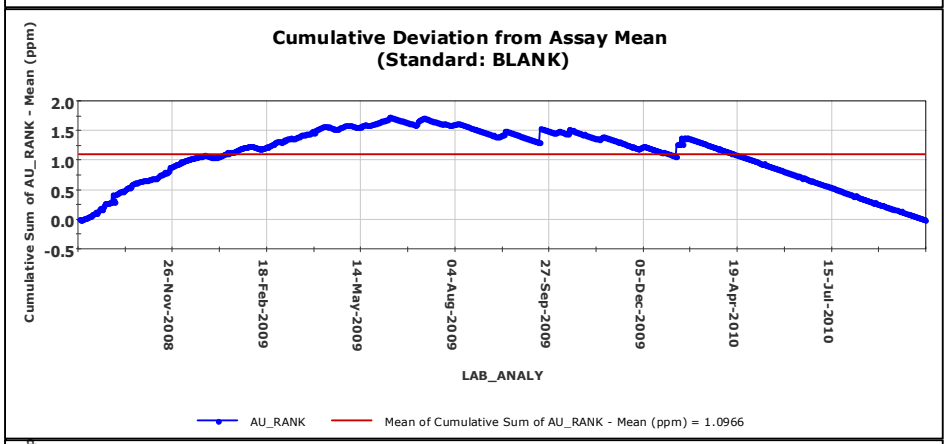
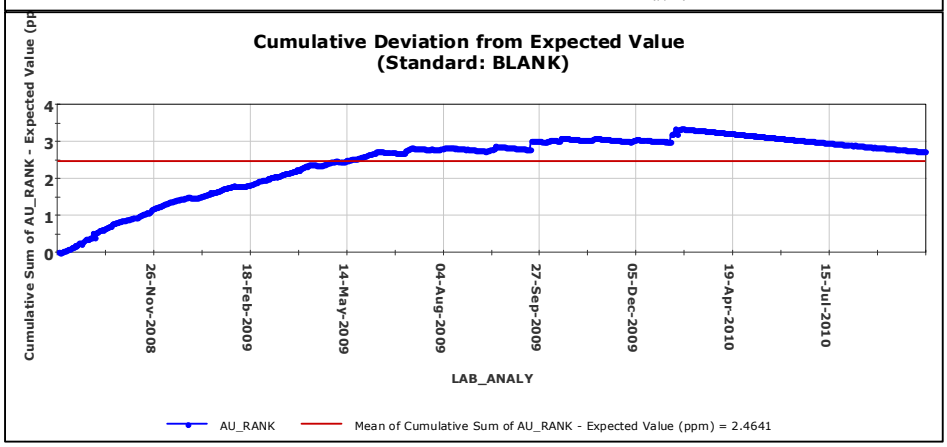
Figure 26
MKK – Blank Standard

OLLACHEA QAQC
(Standard: BLANK)

Standard:	BLANK		No of Analyses:	899
Element:	Au		Minimum:	0.0025
Units:	ppm		Maximum:	0.2500
Detection Limit:	0.005		Mean:	0.0080
Expected Value (EV):	0.0050		Std Deviation:	0.0142
E.V. Range:	0.0045 to 0.0055		% in Tolerance	0.2225 %
			% Bias	60.7786 %
			% RSD	176.7150 %







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MKK Duplicates

A field duplicate is collected after every 30 samples by MKK. Initially in the project, the field duplicates compared ½ core with ¼ core. Coffey Mining recommended that during the latest infill program, that field duplicates be submitted based on a similar sample volume. That is, a ½ core sample (1m interval) would have a ½ core field duplicate, a ¼ core sample (5m interval) would have a ¼ core field duplicate.

Coffey mining has compared the results of the ½ core vs ¼ core, ½ core vs ½ core and ¼ core vs ¼ core using the QC assure software. The results are graphically displayed in Figures 27 to 29.

After examining the field duplicates, there does not appear to be much difference in the relative sample precision. For the ½ vs ¼ core samples (592 results) only 70% pass a 30% HARD, whereas for the ½ vs ½ core samples (133 results) only 68% pass a 30% HARD. The ¼ vs ¼ core samples (195 results) only 68% pass a 30% HARD. In both cases the precision levels are moderate, as is often encountered in nuggetty gold deposits.

The comparison of the ¼ core vs ½ core and the ½ core vs ½ core field duplicates, to date, shows there is no noticeable change due to the different sample volumes. There is a negative bias in the higher grade values (> 10g/t Au), indicating the possible presence of coarse gold; although the mean of the field duplicate is higher for both data sets than for the original samples.

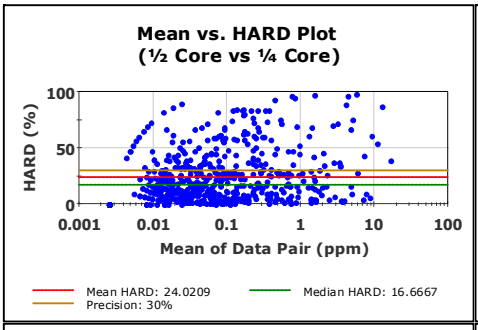
The ¼ core vs ¼ core field duplicate, is mainly restricted to the non-mineralised areas (5m length).

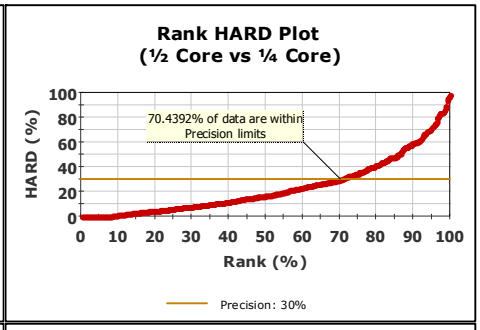
Coffey Mining recommends that this ½ core versus ¼ core duplicate be discontinued, in infill drill areas, as comparing different sample sizes does not produce conclusive results

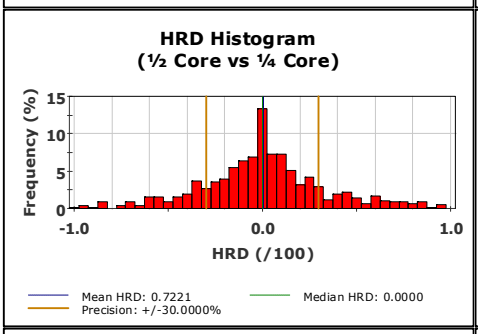
Figure 27
Field Duplicates – ½ core vs ¼ core

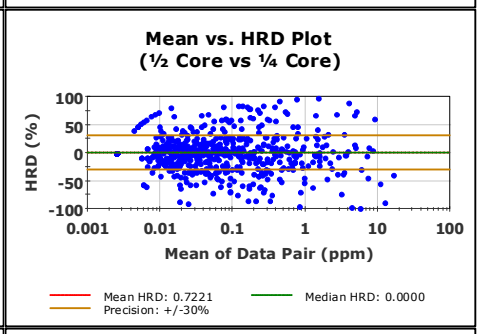
OLLACHEA FIELD DUPLICATES
(½ Core vs ¼ Core)

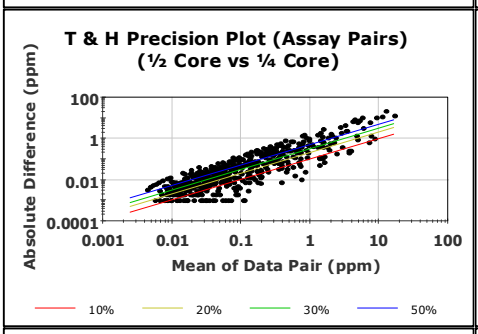
	AU_orig	AU_qc	Units			Result
No. Pairs:	592	592			Pearson CC:	0.5703
Minimum:	0.0025	0.0025	ppm		Spearman CC:	0.9105
Maximum:	14.3300	23.2900	ppm		Mean HARD:	24.0209
Mean:	0.3982	0.4690	ppm		Median HARD:	16.6667
Median	0.0430	0.0410	ppm			
Std. Deviation:	1.2528	1.8471	ppm		Mean HRD:	0.7221
Coefficient of Variation:	3.1461	3.9381			Median HRD	0.0000

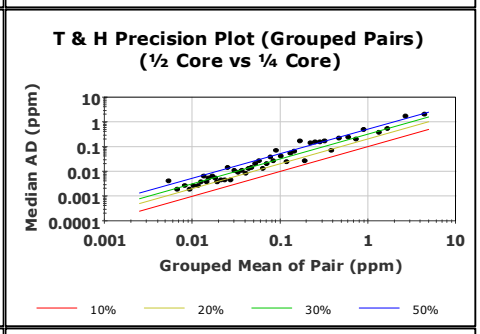


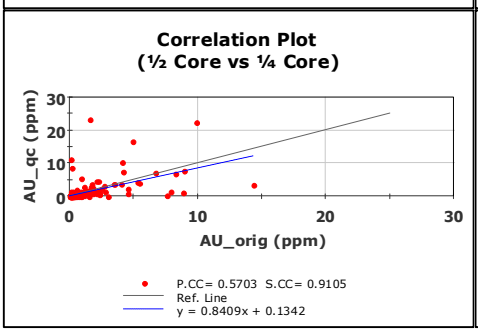












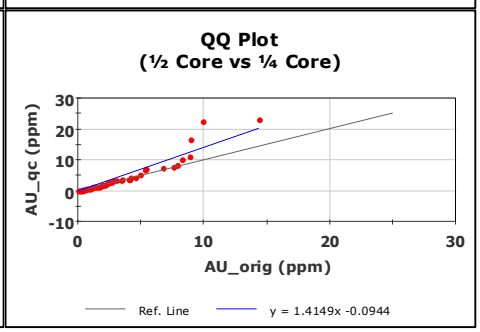


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Figure 28
Field Duplicates – ½ core vs ½ core

OLLACHEA FIELD DUPLICATES
(½ Core vs ½ Core)

	AU_orig	AU_qc	Units			Result
No. Pairs:	133	133			Pearson CC:	0.6302
Minimum:	0.0025	0.0025	ppm		Spearman CC:	0.8801
Maximum:	34.5090	35.9100	ppm		Mean HARD:	26.3927
Mean:	1.5102	1.7741	ppm		Median HARD:	17.1155
Median	0.1200	0.1110	ppm			
Std. Deviation:	4.0889	5.3618	ppm		Mean HRD:	0.8064
Coefficient of Variation:	2.7075	3.0223			Median HRD	0.0000

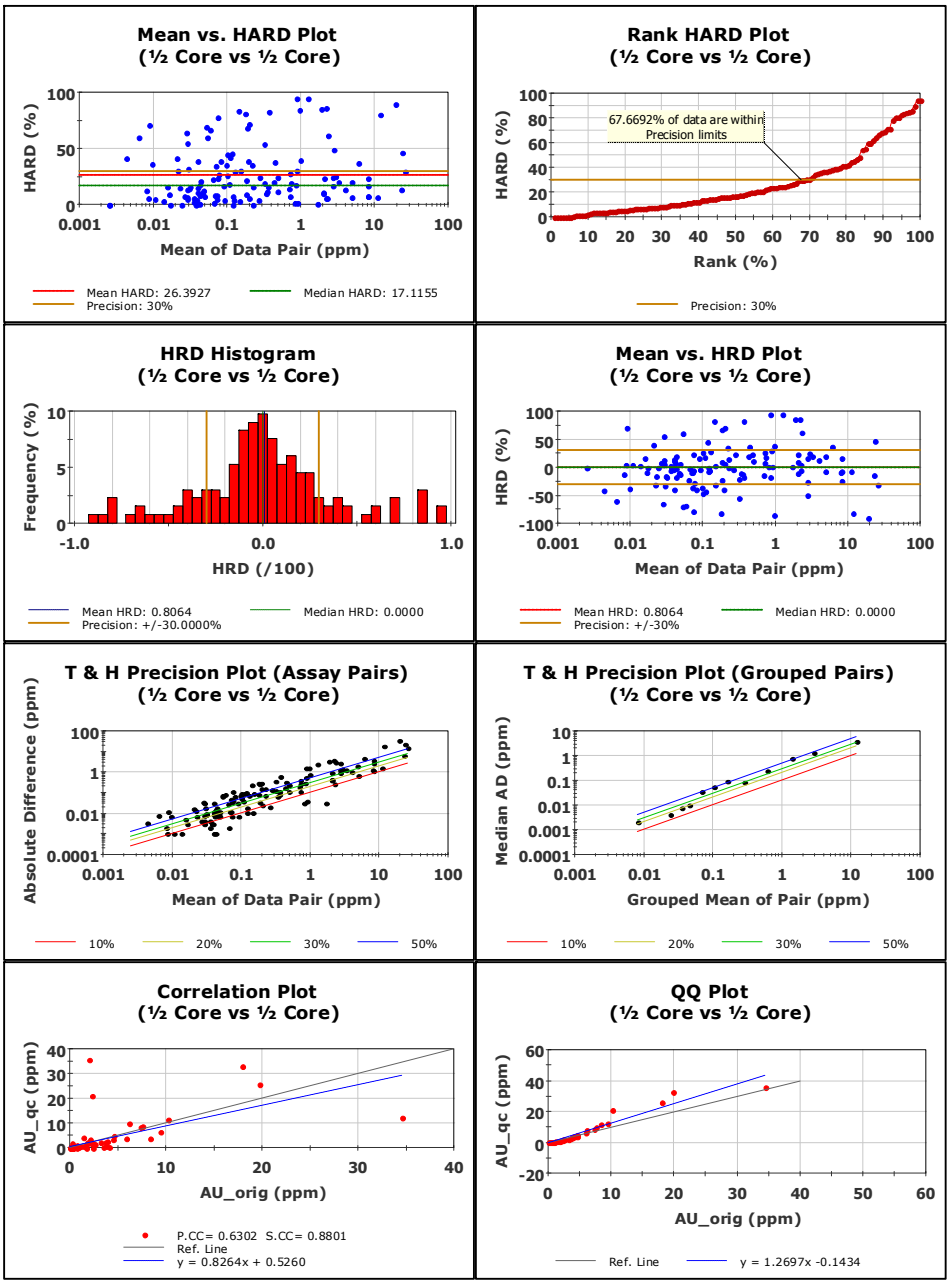

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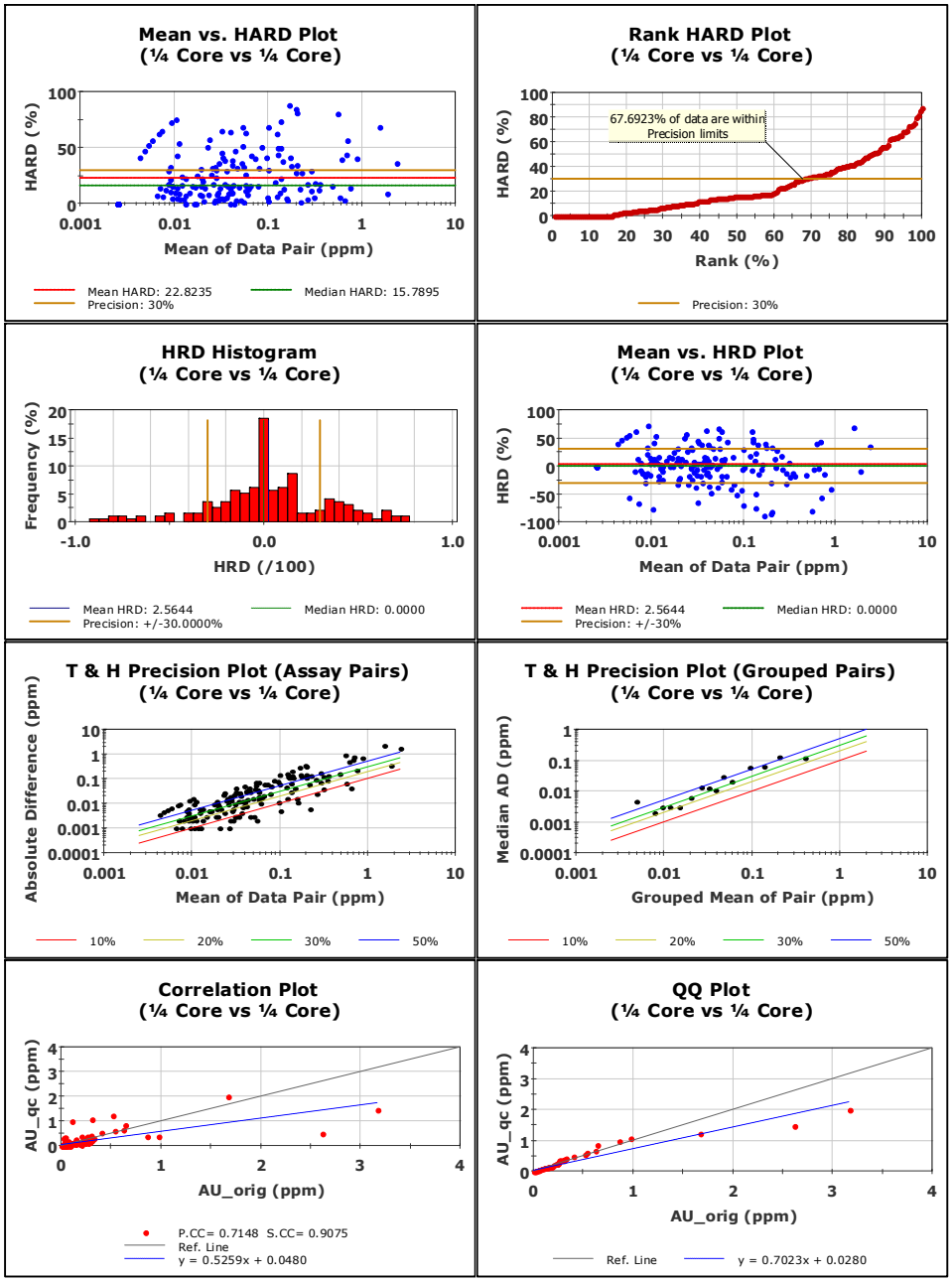
Figure 29
Field Duplicates – ¼ core vs ¼ core

OLLACHEA FIELD DUPLICATES
(¼ Core vs ¼ Core)

	AU_orig	AU_qc	Units			Result
No. Pairs:	195	195			Pearson CC:	0.7148
Minimum:	0.0025	0.0025	ppm		Spearman CC:	0.9075
Maximum:	3.1740	2.0090	ppm		Mean HARD:	22.8235
Mean:	0.1132	0.1075	ppm		Median HARD:	15.7895
Median	0.0260	0.0250	ppm			
Std. Deviation:	0.3361	0.2473	ppm		Mean HRD:	2.5644
Coefficient of Variation:	2.9684	2.2996			Median HRD	0.0000



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After crushing the sample to a -2mm size, the sample is split twice to 500g with the second split representing the preparation duplicate. This occurred on samples up to and including DDH10-80 (last primary laboratory assay date – 18 January 2010).

Coffey Mining compared the preparation duplicate data (289 samples) using the QC Assure software. The results of this data are presented in Figure 30, showing that the preparation duplicate has over 86% precision at 20% Rank HARD and 74% precision at 10% Rank HARD. This is a good result for this style of Au mineralisation.

During the drilling program, CIMM laboratories provided two pulps obtained from each sampled interval. MKK personnel recoded all the samples and regularly sent the second pulp of the same sample as pulp duplicate back to CIMM (i.e. a blind pulp duplicate). This occurred on samples up to and including DDH09-43 (with a last primary laboratory assay date of 17 June 2009).

The 228 pulp duplicates submitted returned a poor precision of 58% at 10% Rank HARD with the mean grade of the duplicates being 8% higher than the mean grade of the original pulp samples (0.69ppm Au versus 0.64ppm Au). The results of this data are presented in Figure 31.

The reasoning behind the poor precision levels seen in the pulp duplicates is unclear as the preparation laboratory duplicates returned an overall good precision. Smee (2009) suggested that the resubmitted pulps have been contaminated in some way possibly due to humidity and or mixing of pulps. Poor homogenisation during pulverisation could also be an issue.

A total of 80 Umpire pulp samples were sent to ALS Chemex laboratories in Santigo, Chile from the 2010 drilling campaign. The pulps were analysed using the same method as used by CIMM (see below) and showed high precision levels. The improved result from the Umpire pulps indicates that oxidation of pulps may have an effect the precision of the duplicate study.

Figure 30
Preparation Laboratory Duplicates – Up To DDH10-80

OLLACHEA PREP DUPLICATES (All Data)

	AU_orig	AU_qc	Units			Result
No. Pairs:	289	289			Pearson CC:	0.9467
Minimum:	0.0025	0.0025	g/t		Spearman CC:	0.9718
Maximum:	6.8760	6.7610	g/t		Mean HARD:	10.3723
Mean:	0.2692	0.2636	g/t		Median HARD:	4.7619
Median	0.0250	0.0230	g/t			
Std. Deviation:	0.8211	0.8253	g/t		Mean HRD:	-0.2952
Coefficient of Variation:	3.0502	3.1305			Median HRD	0.0000

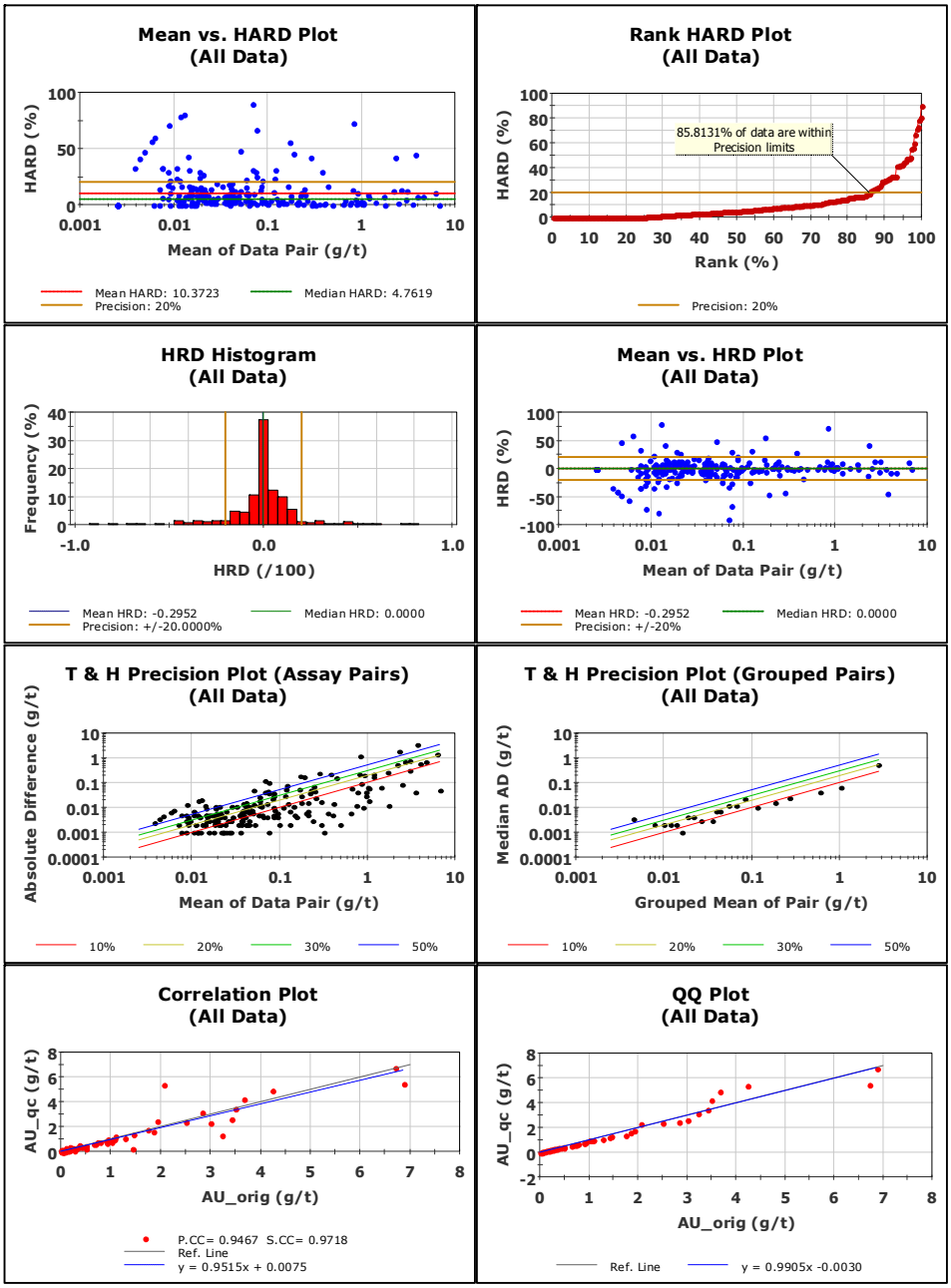

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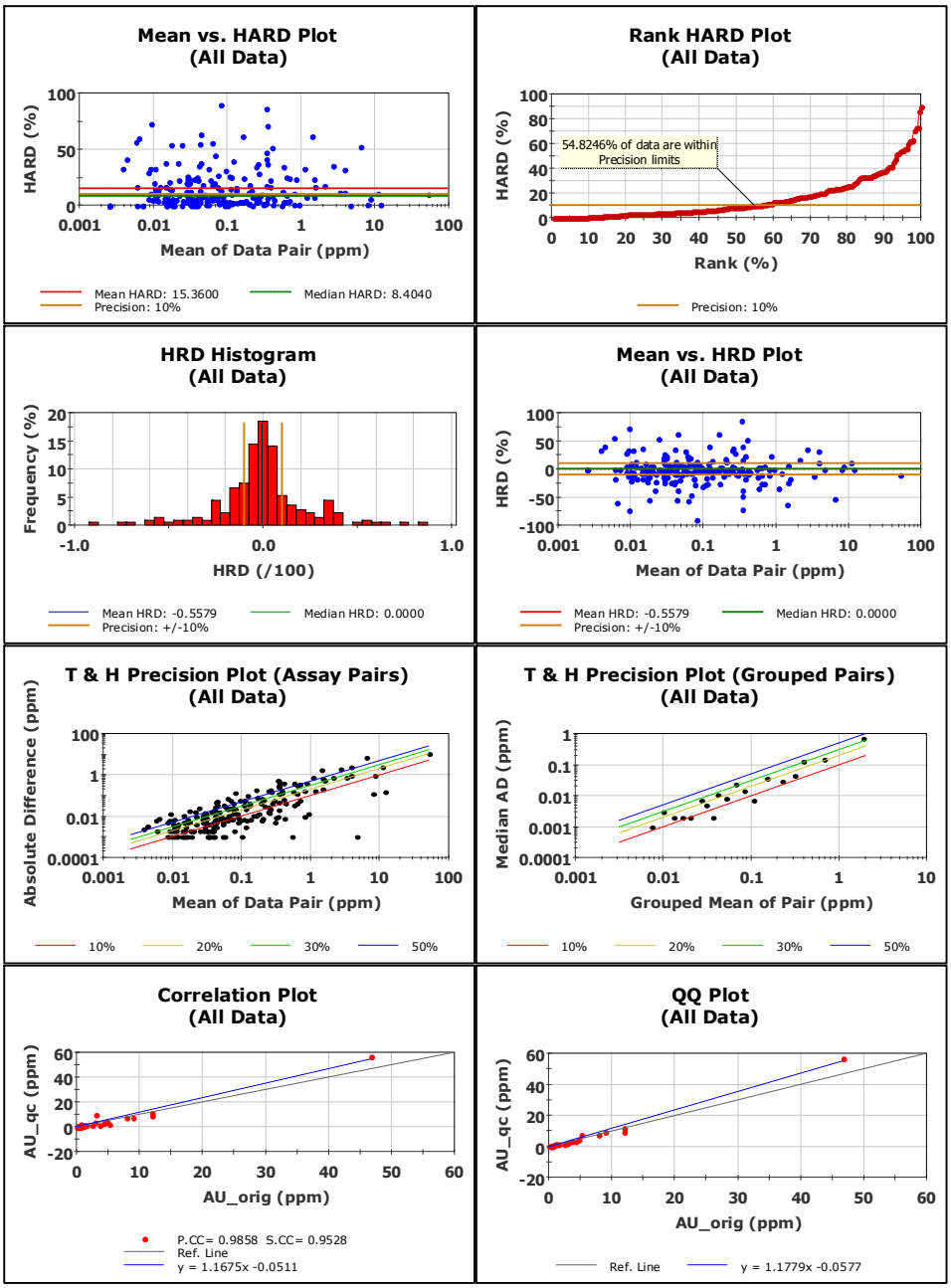
Figure 31
Ollachea Project : Pulp Duplicates – Up to DDH09-43

OLLACHEA PULP DUPLICATES (All Data)

	AU_orig	AU_qc	Units			Result
No. Pairs:	228	228			Pearson CC:	0.9858
Minimum:	0.0025	0.0025	ppm		Spearman CC:	0.9528
Maximum:	46.7400	57.1900	ppm		Mean HARD:	15.3600
Mean:	0.6363	0.6918	ppm		Median HARD:	8.4040
Median	0.0460	0.0500	ppm			
Std. Deviation:	3.4004	4.0274	ppm		Mean HRD:	-0.5579
Coefficient of Variation:	5.3443	5.8220			Median HRD	0.0000



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Laboratory Internal and External Quality Control

MKK selected 205 various pulp samples from the 2008, 2009 and 2010 drill campaigns, these samples were reanalysed by ALS Chemex using fire assay where < 10g/t Au and a gravimetric finish was used where > 10g/t Au, to emulate the same method used by CIMM.

The results presented in the Figure 32 shows a moderate precision between the two, with 59% passing 10% HARD (However this increases to 72% passing 15% HARD).

As mentioned previously above, there was some concern about possible mixing or humidity problems due to storage, the umpire testing results were further split into samples from the 2008 / 2009 drill program, and samples from the 2010 drill campaign. These results are displayed in Figures 33 and 34 respectively.

The earlier drill pulps from the 2008/2009 campaign (125 samples) show a low precision, similar to the pulp duplicates in the above; 54% passing 10% HARD. The pulps from the 2010 campaign (80 samples) shows an increase in precision; with 66% passing 10% HARD, (this increases to 80% passing at 15% HARD). More noticeable is the increase in the Pearson and Spearman Correlation Coefficient to 0.99 and 0.93 respectively.

This result indicates a good reproducibility of the CIMM results by ALS Chemex. Coffey mining recommends that:

- MKK continue with umpire testing during drill campaigns; no more than 6 months after the original pulp sample is generated, to reduce any issues with oxidation or humidity.
- Standards 8006 to 8009 and blank standards are included in the umpire laboratory testing in future.

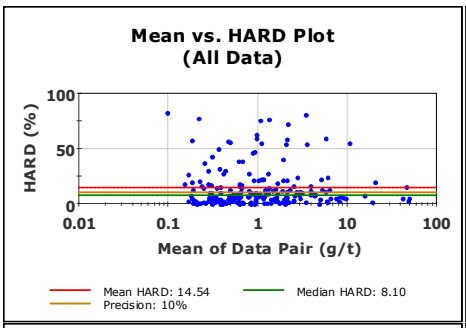
As a follow up to the 2009 Screen Fire Analysis (SFA), MKK used 221, one kilogram coarse reject samples from the 2009 / 2010 diamond drill program to conduct a SFA at CIMM laboratory. The analysis compares the fine fraction (-150 mesh) with Atomic Absorption Spectroscopy (AAS) and FA, and the coarse fraction (+150 mesh) gravimetric with AAS finish and FA.

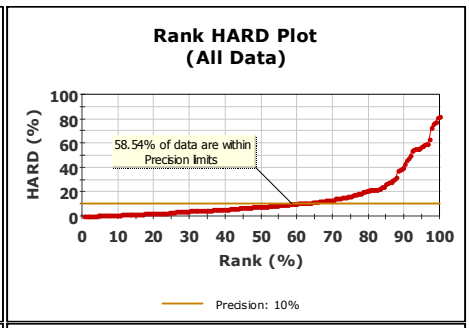
The main findings was that there was no real nugget effect in the fine (-150 mesh) fraction. In the coarse fraction the nugget effect becomes an issue for values over about 6g/t Au, where the FA shows a positive bias for the same AAS value.

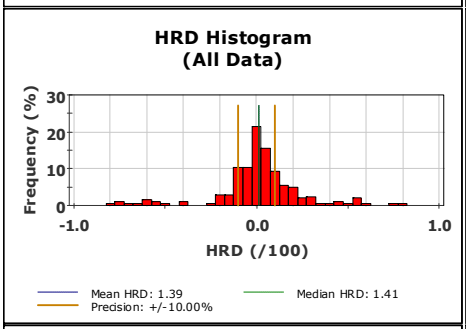
Figure 32
CIMM versus ALS Chemex Umpire Samples (Pulp) – All Data

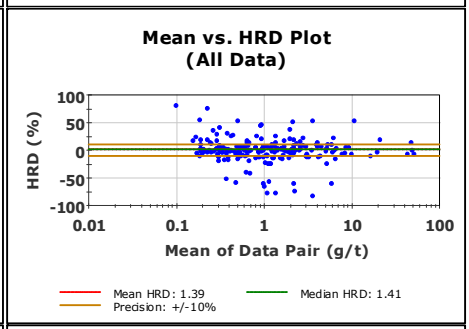
OLLACHEA UMPIRES - CIMM vs ALS CHEMEX (All Data)

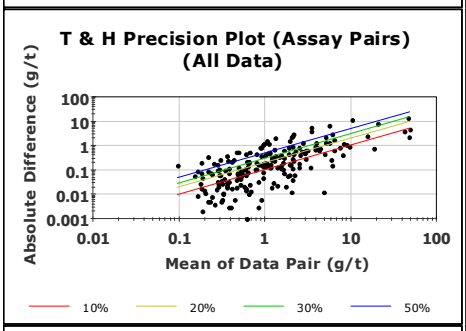
	Au_orig	Au_ref	Units			Result
No. Pairs:	205	205			Pearson CC:	0.97
Minimum:	0.16	0.02	g/t		Spearman CC:	0.89
Maximum:	53.38	51.65	g/t		Mean HARD:	14.54
Mean:	2.75	2.66	g/t		Median HARD:	8.10
Median	0.84	0.92	g/t			
Std. Deviation:	6.98	6.60	g/t		Mean HRD:	1.39
Coefficient of Variation:	2.54	2.48			Median HRD	1.41

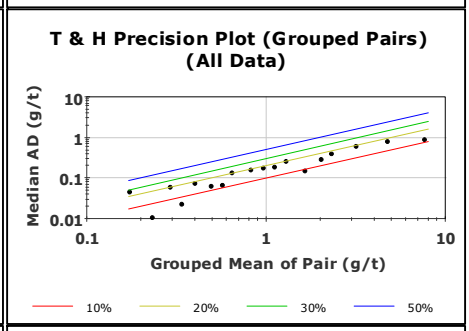


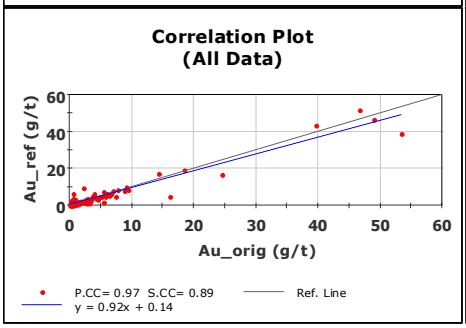












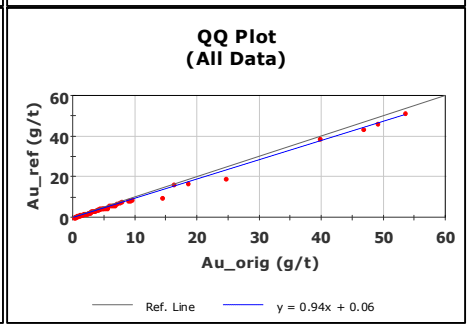


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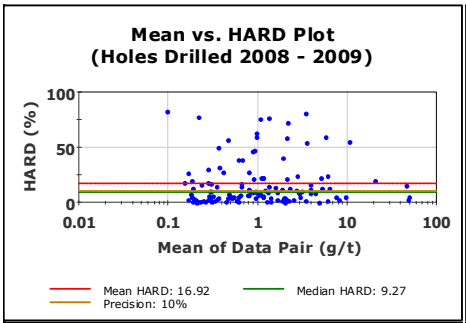
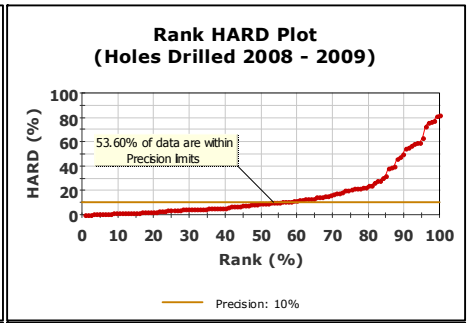
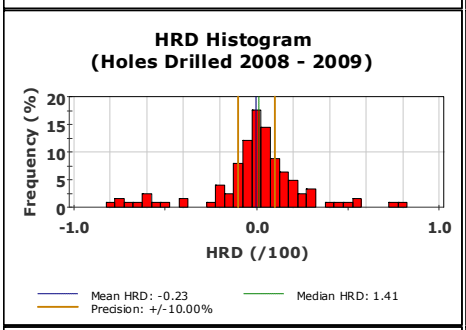
Figure 33
CIMM versus ALS Chemex Umpire Samples (Pulp) – 2008/2009 program

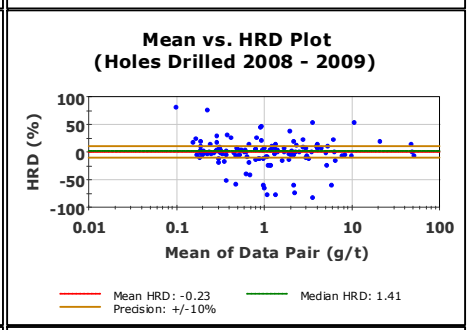
OLLACHEA UMPIRES - CIMM vs ALS CHEMEX (Holes Drilled 2008 - 2009)

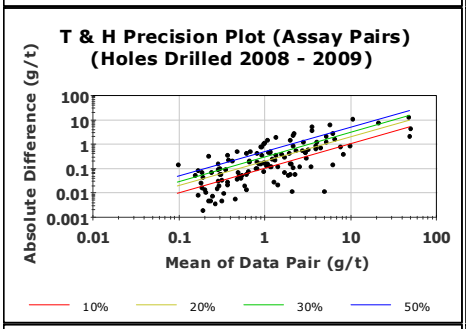
	Au_orig	Au_ref	Units			Result
No. Pairs:	125	125			Pearson CC:	0.96
Minimum:	0.16	0.02	g/t		Spearman CC:	0.88
Maximum:	53.38	51.65	g/t		Mean HARD:	16.92
Mean:	2.99	2.84	g/t		Median HARD:	9.27
Median	0.85	1.05	g/t			
Std. Deviation:	7.93	7.17	g/t		Mean HRD:	-0.23
Coefficient of Variation:	2.65	2.53			Median HRD	1.41

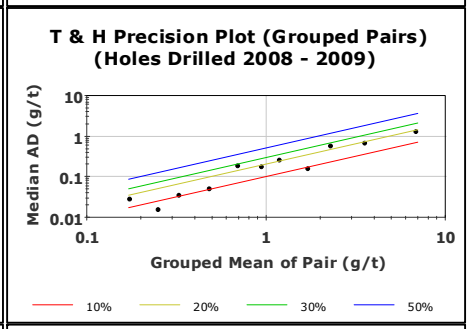


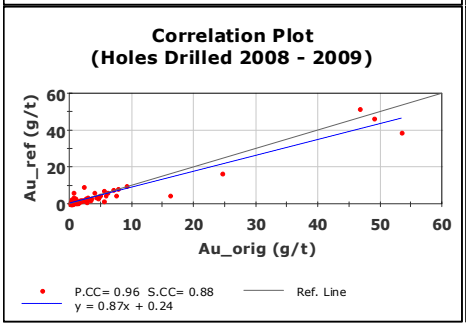












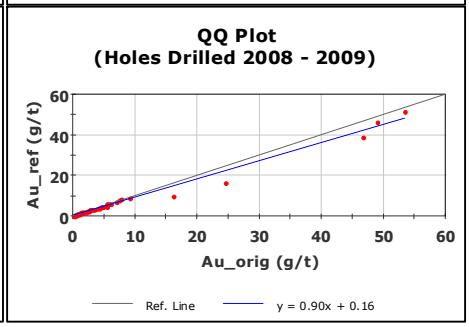


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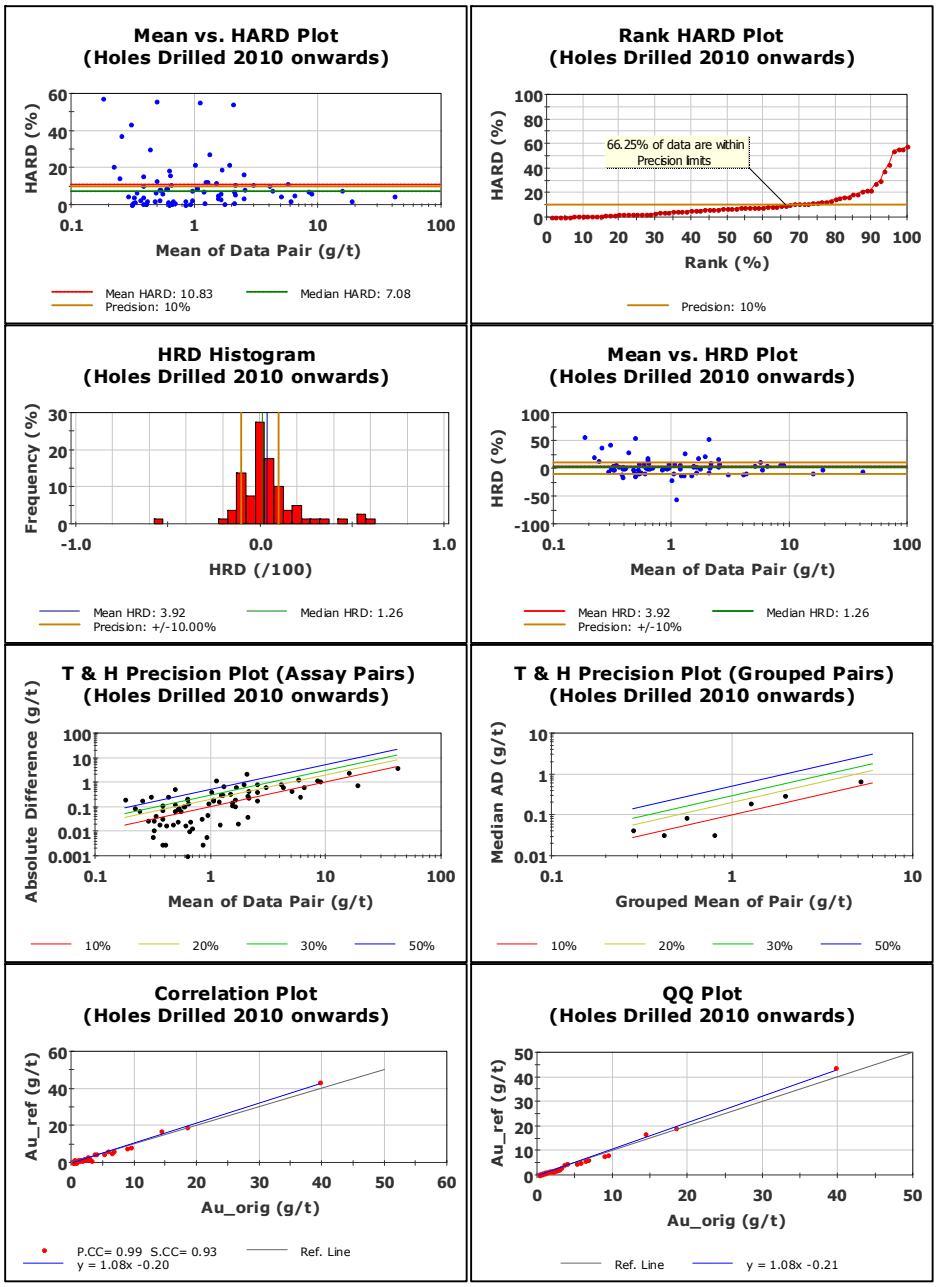
Figure 34
CIMM versus ALS Chemex Umpire Samples (Pulp) – 2010 Program

OLLACHEA UMPIRES - CIMM vs ALS CHEMEX (Holes Drilled 2010 onwards)

	Au_orig	Au_ref	Units			Result
No. Pairs:	80	80			Pearson CC:	0.99
Minimum:	0.27	0.08	g/t		Spearman CC:	0.93
Maximum:	39.67	43.70	g/t		Mean HARD:	10.83
Mean:	2.39	2.38	g/t		Median HARD:	7.08
Median	0.80	0.86	g/t			
Std. Deviation:	5.14	5.58	g/t		Mean HRD:	3.92
Coefficient of Variation:	2.15	2.35			Median HRD	1.26



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Adequacy of Procedures

Since the previous technical report dated April 2010 there has been a dramatic improvement in the MKK sampling procedures, with MKK now also having a full time database manager on staff. Procedures are in place to review assay results on a batch by batch basis. If any standards or blanks fail, the batch is immediately re-assayed.

Coffey Mining considers that the current drilling and sampling procedures undertaken by MKK meet industry standards.

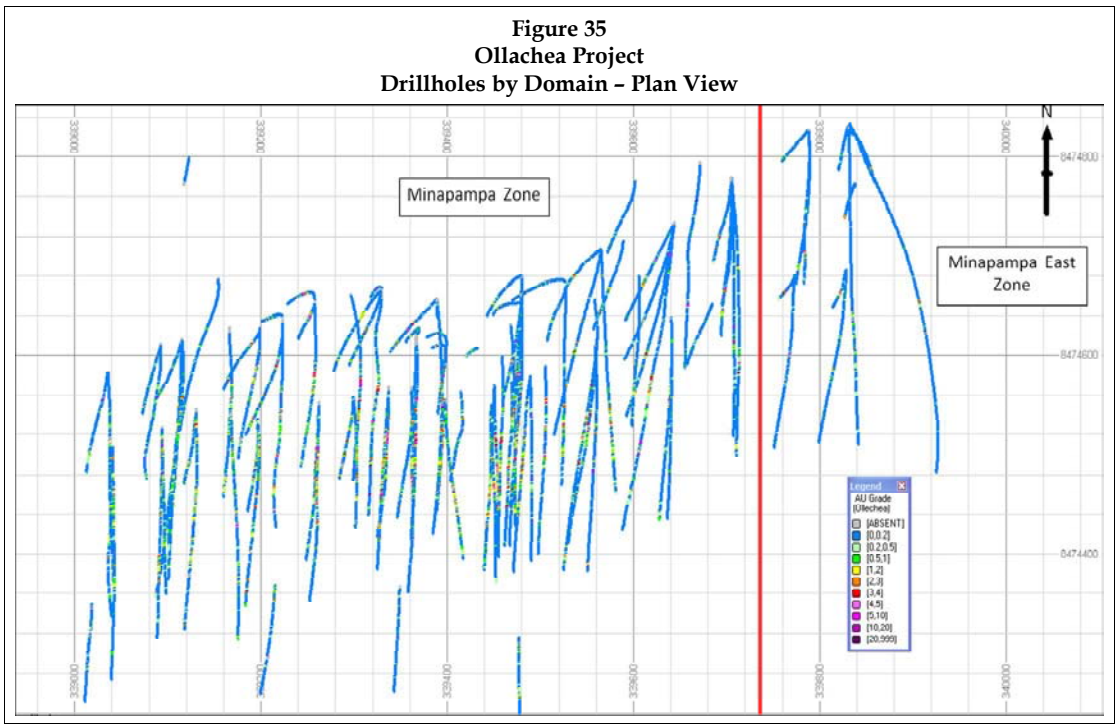
Mineral Resource Estimate

Introduction

Coffey Mining has estimated the Mineral Resource for the Ollachea Gold Project as at 24th November 2010. All grade estimation was completed using Ordinary Kriging ("OK") for gold. This estimation approach was considered appropriate based on a review of a number of factors, including the quantity and spacing of available data, the interpreted controls on mineralization, and the style of mineralization. The estimation was constrained within mineralised interpretations that were created with the assistance of MKK geologists.

The Ollachea resource estimate is based entirely on diamond core ("DC") drilling. The database provided by MKK contained 126 DC holes totalling 48,111.9m. The resource estimate was based on 107 DC holes totalling 40,400m. The estimate contained assay data up to and including hole DDH10-125, from both the Minapampa and Minapampa East zones Figure 35.

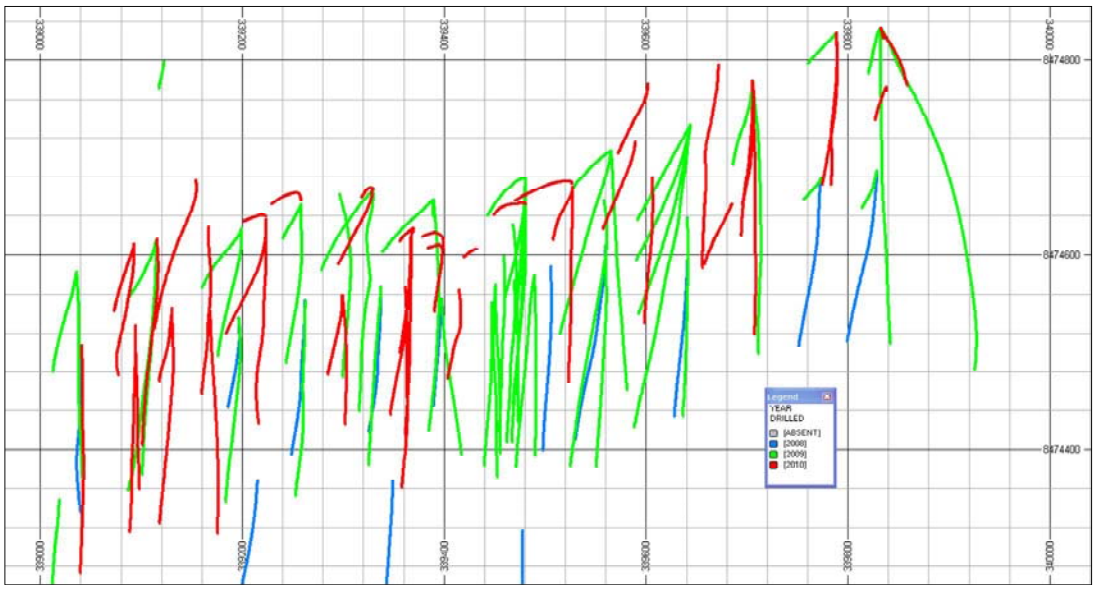
Figure 35
Ollachea Project
Drillholes by Domain – Plan View



A total of 678 bulk density determinations were collected from the DC campaign and used as the basis for tonnage reporting (no increase on the data collected for the previous report, Coffey Mining (April 2010)). The samples were used to estimate an average in-situ dry bulk density of 2.80t/m³, as described in the below.

Various phases of drilling (2008 – 2010), were used in the resource estimate. Figure 36 shows a plan view of the drilling, coloured by year drilled; as can be seen subsequent drill programs infill previous campaigns. The campaigns are well spread throughout the project area and can be shown to complement previous mineralised intersections.

Figure 36
Ollachea Project
Drillholes by Year Drilled – Plan View



2008 (Blue) / 2009 (Green) / 2010 (Red)

Seven high grade domains have been interpreted using N-S oriented vertical sections based on grade information and geological observations from Coffey Mining and MKK's geologist, consistent with the previous interpretation.

Interpretation of the Ollachea geological sections has been based upon information obtained from drillhole core-logging which compiles the different lithological, mineralogical, structural and alteration characteristics in the Minapampa area.

For the purpose of resource estimation, seven main high grade mineralized domains were interpreted and modelled on a lower cutoff grade of 1.0g/t Au.

The Ollachea interpretation was restricted to the high grade, relatively continuous zones (ZONE 1 to 7). A low grade envelop (Zone 99) was also modelled around the main mineralised zones to account for mining dilution. Background mineralisation (Zone 0) was also modelled. The modelled domains are shown below in Figures 37 and 38.

Figure 37
Ollachea Project
Zones Used - South-North Section – 339200mE

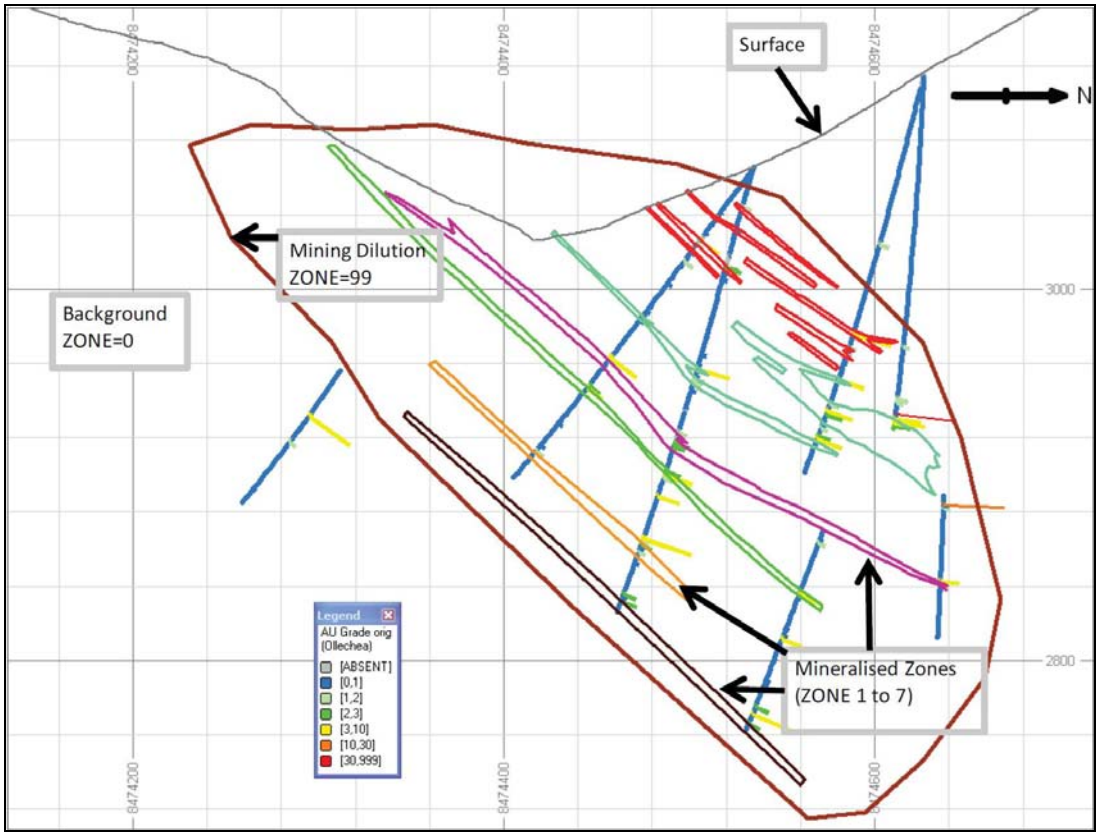
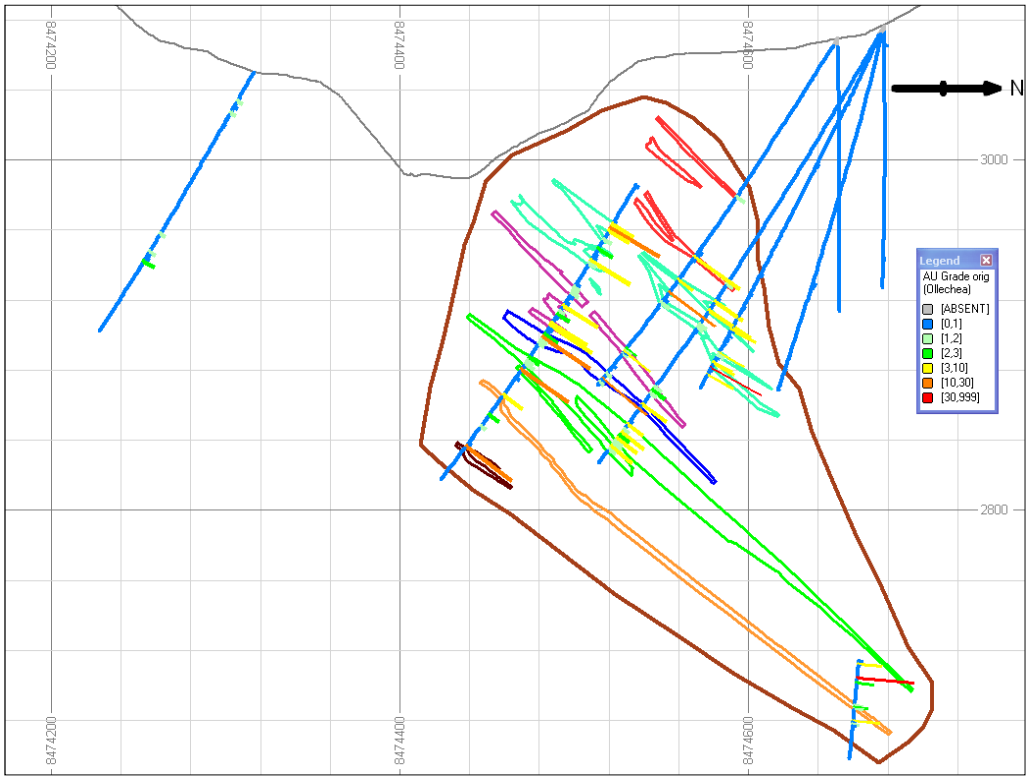


Figure 38
Ollachea Project
Zones Used - South-North Section – 339480mE



Interpretation and digitizing of all constraining boundaries was undertaken on cross sections orthogonal to the drill line orientation. The generated wireframes were all snapped to the available DC data.

The resultant digitized boundaries have been used to construct wireframe defining the three-dimensional geometry of each interpreted feature. The interpretation and wireframe models were developed using the Datamine (Studio 3) mining software package.

No oxidation delineation was made. Due to the minor effect of weathering and oxidation in the project area, all material was treated as fresh.

The surface topography (TOPO) was provided and was used to delineate the Fresh Material / Air contact.

The wireframe generated were used to flag various constraints in the drilling, a summary of the mineralised zone coding is summarised in Table 6.

Table 6 Ollachea Project Mineralisation Zone Coding Used		
Code Used	**Value**	**Description**
ZONE	0	Background data
	1	Mineralised Lens 1
	2	Mineralised Lens 2
	3	Mineralised Lens 3
	4	Mineralised Lens 4
	5	Mineralised Lens 5
	6	Mineralised Lens 6
	7	Mineralised Lens 7
	99	Mining Dilution around Mineralised Zones
MINZONE	1	If ZONE >=1 and ZONE<=7
	0	Where ZONE=0 and ZONE=99
DOMAIN	1	Minapampa Zone
	2	Minapampa East Zone

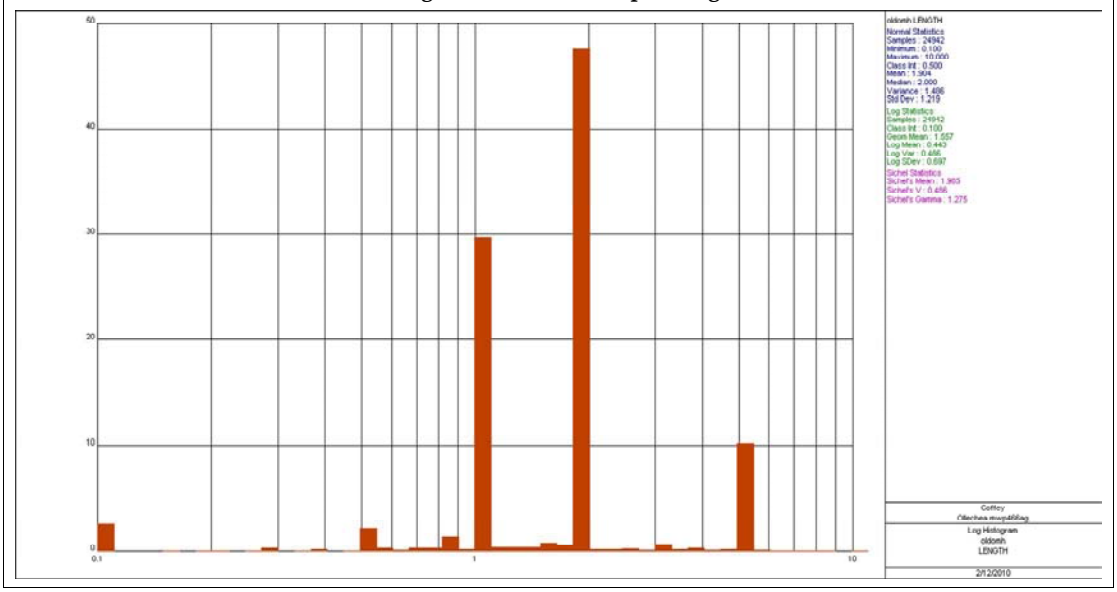
Un-sampled intervals less than 5m are treated as missing (i.e. grade=absent). This was the maximum sample interval sampled, in areas adjacent to the mineralised zones, and missing intervals less than 5m are assumed to be due to core recovery issues.

Unsampled Intervals greater than 5m and the first unsampled interval in every DC hole are treated as barren (i.e. grade=0.0025g/t Au).

The drillhole database was composited to a 2m downhole composite interval within each of the ZONES (see Table 6). The composite datasets were completed using Datamine mining software package and its COMPDH function using a residual retention routine, where residuals are added back to the adjacent interval. The majority of composite lengths are 2m, with a small amount of composite lengths ranging from 1 to 3m and mean lengths equal to 2m. The global effect of the compositing produces negligible effect to the total length and mean grade. A decrease in the sample variance is noted as a natural effect of compositing. The 2m composite files were used for all statistical, geostatistical and grade estimation studies.

The decision to use 2m composites was based on the targeted mining approach which will be an underground high level of mining selectivity. The majority of the sampling has been collected using 1 - 2m sample intervals. Although there are a small amount of samples collected at a 5m interval (outside, but adjacent to the known mineralised zone), the 2m composite interval is considered to be appropriate. A histogram of in situ sample lengths is provided as Figure 39.

Figure 39
Ollachea Project
Histogram of In-Situ Sample Lengths



Statistical Analysis

Descriptive and distribution statistics have been compiled based upon the 2m composite gold (Au g/t) data. The interpreted data relevant to resource estimation studies was coded to the composite data.

Table 7 presents the summary table of the raw statistics, grouped by mineralised zone for the combined Minapampa and Minapampa East domains.

Table 7

Ollachea Project

Summary Statistics Au g/t – Raw Data
Grouped by ZONE
(Combined Minapampa & Minapampa East)

Zone	Description	Count	Min	Max	Mean	Std. Dev.	Variance	CV
0	Background	11790	0.003	82.54	**0.15**	1.26	1.58	8.25
99	Dilution Zone	11235	0.003	47.36	**0.19**	0.73	0.54	3.78
1	Min. Lens 1	199	0.030	42.55	**3.11**	4.11	16.87	1.32
2	Min. Lens 2	642	0.046	153.00	**5.57**	13.24	175.25	2.38
3	Min. Lens 3	281	0.026	29.31	**3.68**	4.48	20.03	1.22
4	Min. Lens 4	89	0.111	23.84	**2.91**	3.63	13.18	1.25
5	Min. Lens 5	397	0.008	29.88	**2.88**	3.34	11.15	1.16
6	Min. Lens 6	139	0.017	51.29	**2.93**	6.14	37.71	2.09
7	Min. Lens 7	64	0.031	17.04	**2.45**	2.40	5.77	0.98

2m Composite statistics based on the mineralised codes are listed in Table 8 below for the combined Minapampa and Minapampa East domains.

Table 8

Ollachea Project

Summary Statistics Au g/t – 2m Composite Data Grouped by ZONE (Combined Minapampa & Minapampa East)

Zone	Description	Count	Min	Max	Mean	Std. Dev.	Variance	CV
0	Background	14073	0.003	82.54	**0.11**	0.93	0.86	8.39
99	Dilution Zone	8806	0.003	23.70	**0.18**	0.47	0.22	2.61
1	Min. Lens 1	147	0.119	42.55	**3.27**	4.34	18.86	1.33
2	Min. Lens 2	445	0.137	153.00	**5.55**	12.00	143.94	2.16
3	Min. Lens 3	207	0.057	29.31	**3.70**	4.35	18.96	1.18
4	Min. Lens 4	63	0.111	23.84	**3.07**	3.83	14.64	1.25
5	Min. Lens 5	303	0.016	21.41	**2.84**	2.79	7.76	0.98
6	Min. Lens 6	119	0.017	51.29	**3.05**	6.47	41.81	2.12
7	Min. Lens 7	63	0.031	17.04	**2.49**	2.44	5.94	0.98
1 to 7 Combined	MINZONE=1	1347	0.016	153.00	**3.93**	7.76	60.17	1.98

High grade capping (cutting) was determined on a case by case basis, within each zone. The composite data for each of the mineralised zones generally had a positively skewed grade distribution, characterised by differences between mean and median grades, and moderate to high coefficients of variation (CV - calculated by dividing the standard deviation by the mean). The CV is a relative measure of skewness, values greater than one can often indicate distortion of the mean by outlier data.

The requirement for high-grade caps was assessed via a number of steps to ascertain the reliability and spatial clustering of the high grade composites. The steps completed as part of the high-grade cap assessment included:

- A review of the composite data to identify any data that deviate from the general data distribution. This was completed by examining the cumulative distribution function.
- A review of data comparing the percentage of metal and data the CV effected by high-grade cuts.
- A visual 3D review to allow assessment of the clustering of the higher-grade composite data.

Based on the review, appropriate high grade caps were selected for each Zone. The application of high grade caps resulted in relatively few data being capped. The capping has resulted in minor reduction in mean grade except for ZONE 6, where the capping of two outlier values resulted in a 15% reduction in mean grade.

A cap of 0.9g/t Au was applied to ZONE's 0 and 99, due to the presence of highly variable, higher grades within the dominantly lower grade zones. The capping was required to reduce the amount of metal which would be artificially added during the estimation process in these zones.

The summary statistics for the 2m composite data, calculated for uncut and cut values for each element, are presented in Table 9.

Table 9

Ollachea Project

Outlier Statistics - 2m Composites by ZONE

ZONE	Element	Uncut				Cut					% Change in Mean
		Number Data	Mean	Std. Dev.	CV	Upper Cap	Mean	Std. Dev.	CV	Number Data Cut	
1		147	3.27	4.33	1.32	20	3.12	3.18	1.02	1	-4.7
2		445	5.54	11.98	2.16	40	4.95	6.83	1.38	4	-10.8
3		207	3.70	4.34	1.17	22	3.61	3.90	1.08	4	-2.3
4		63	3.07	3.80	1.24	18	2.98	3.33	1.12	1	-3.0
5	Au(g/t)	303	2.84	2.78	0.98	NC	2.84	2.78	0.98	0	0.0
6		119	3.05	6.44	2.11	21	2.58	3.32	1.29	2	-15.4
7		63	2.49	2.42	0.97	NC	2.49	2.42	0.97	0	0.0
99		8806	0.18	0.47	2.61	0.9	0.16	0.21	1.31	196	-11.2
0		14073	0.11	0.93	8.39	0.9	0.07	0.15	2.26	266	-38.2

The Ollachea database contains 626 bulk density measurements; there has been no increase to the bulk density data collected as reported previously. However the data has been re-examined based on the new zones generated with the increase drill data.

Table 10 summarises the bulk density statistics by ZONE. Table 11 shows the statistics for bulk densities within and outside the mineralised zone.

Table 10

Ollachea Project

Summary Statistics – Bulk Density Data
Grouped by ZONE
(Combined Minapampa & Minapampa East)

Zone	Count	Min	Max	Mean	Median	Std. Dev.	Variance	CV
0	321	2.63	3.12	**2.81**	2.81	0.057	0.003	0.020
99	241	2.60	2.99	**2.79**	2.79	0.071	0.005	0.025
1	8	2.71	2.89	**2.82**	2.82	0.056	0.003	0.020
2	23	2.61	2.90	**2.80**	2.82	0.084	0.007	0.030
3	17	2.72	2.90	**2.81**	2.82	0.048	0.002	0.017
4	2	2.66	2.83	**2.75**	2.66	0.118	0.014	0.043
5	5	2.75	2.85	**2.79**	2.77	0.041	0.002	0.015
6	4	2.66	2.86	**2.75**	2.68	0.091	0.008	0.033
7	5	2.66	2.87	**2.75**	2.68	0.102	0.010	0.037

Table 11

Ollachea Project

Summary Statistics – Bulk Density Data
Grouped by MINZONE
(Combined Minapampa & Minapampa East)

MINZONE	Count	Min	Max	Mean	Median	Std. Dev.	Variance	CV
0	562	2.60	3.12	**2.80**	2.81	0.064	0.004	0.023
1	64	2.61	2.90	**2.79**	2.82	0.073	0.005	0.026

The data shows that the 2.80g/cm³ dry in-situ bulk density value used for the previous resource estimate is reasonable and there is no real difference in the average bulk density within or outside the mineralised zone. There is not enough data to estimate the Bulk Density directly.

A Bulk Density of 2.80g/cm³ has been assigned to all blocks within the current model below the topographic surface.

Variography

Variography is used to describe the spatial variability or correlation of an attribute (gold, silver, sulphur, etc). The spatial variability is traditionally measured by means of a variogram, which is generated by determining the averaged squared difference of data points at a nominated distance (h), or lag. The averaged squared difference (variogram or γ(h)) for each lag distance is plotted on a bivariate plot where the X-axis is the lag distance and the Y-axis represents the average squared differences (γ(h)) for the nominated lag distance.

In this document, the term "variogram" is used as a generic word to designate the function characterising the variability of variables versus the distance between two samples.

Fitted to the determined experimental variography is a series of mathematical models which, when used in the kriging algorithm, will recreate the spatial continuity observed in the variography.

The Isatis geostatistical software was employed to generate and model the variography. The rotations are input for grade estimation, with X (rotation around Z axis), Y (rotation around Y`) and Z (rotation around X``) also being referred to as the major, semi-major and minor axes.

Initially, downhole experimental variograms were calculated to establish the nugget for modelling the directional variograms for grade. The geology and geometry of mineralisation controls were also considered in selecting the orientations.

In general, experimental traditional variograms did not exhibit robust structures and therefore correlograms were examined. Correlograms were found to be relatively well structured for the major direction and provided the best description of the spatial variability. Two structured spherical models were fitted to the correlograms.

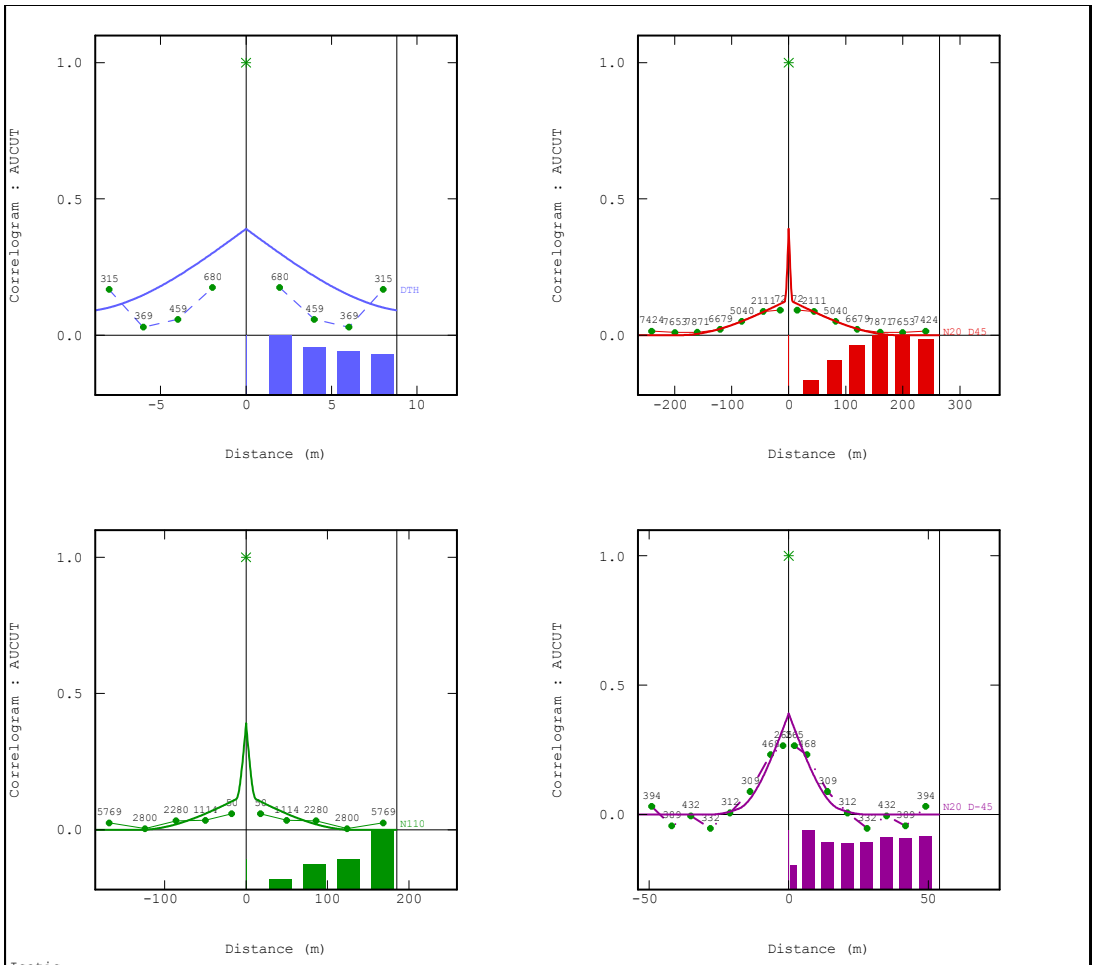
Due to the limited number of data points in the majority of the mineralised zones, a correlogram was based on the combined mineralised zone (ZONE = 1 to 7 inclusive), there was enough data points in ZONE 2, so a separate correlogram for this zone was generated. Separate correlograms were also generated for the low grade zones (ZONE 0 and 99).

General aspects of the variography are:

- Variograms were modelled based on the 2m composited Au (g/t) values generated within the respective zones. High grade cuts (caps) were applied to the composites prior to generating the variography. Downhole and directional correlograms were generated. Variogram orientations reflected obvious trends in the data.
- The variogram for the combined mineralised zones was based on the dataset for ZONE's 1 to 7 combined (MINZONE 1), but for estimation purposes was applied to data subset by ZONE, (i.e. ZONE = 1, 3, 4, 5, 6, 7). The variography for ZONE's 2, 0 and 99 was based on the same respective data subsets, and was also used for estimation purposes.
- Within the mineralised zones, the total range in the major direction varied from 140m (for ZONE 2) to 190m (for the combined mineralised zone – MINZONE 1), greater than the average drillhole spacing, a nominal 40m x 40m grid. For the low grade zones, the total range in the major direction varied from 190m (for ZONE 99) to 450m (for ZONE 0).
- The relative nugget for the variography ranges in the mineralised zone between 61% (MINZONE 1) to 63% (ZONE 2), displaying a high degree of short-spaced variability, common in narrow veined gold deposits. The lower grade zones, relative nugget for the variography ranges between 38% (ZONE 0) to 54% (ZONE 99).

Results from the variography are given in Table 12 and graphically presented in Figures 40 to 43.

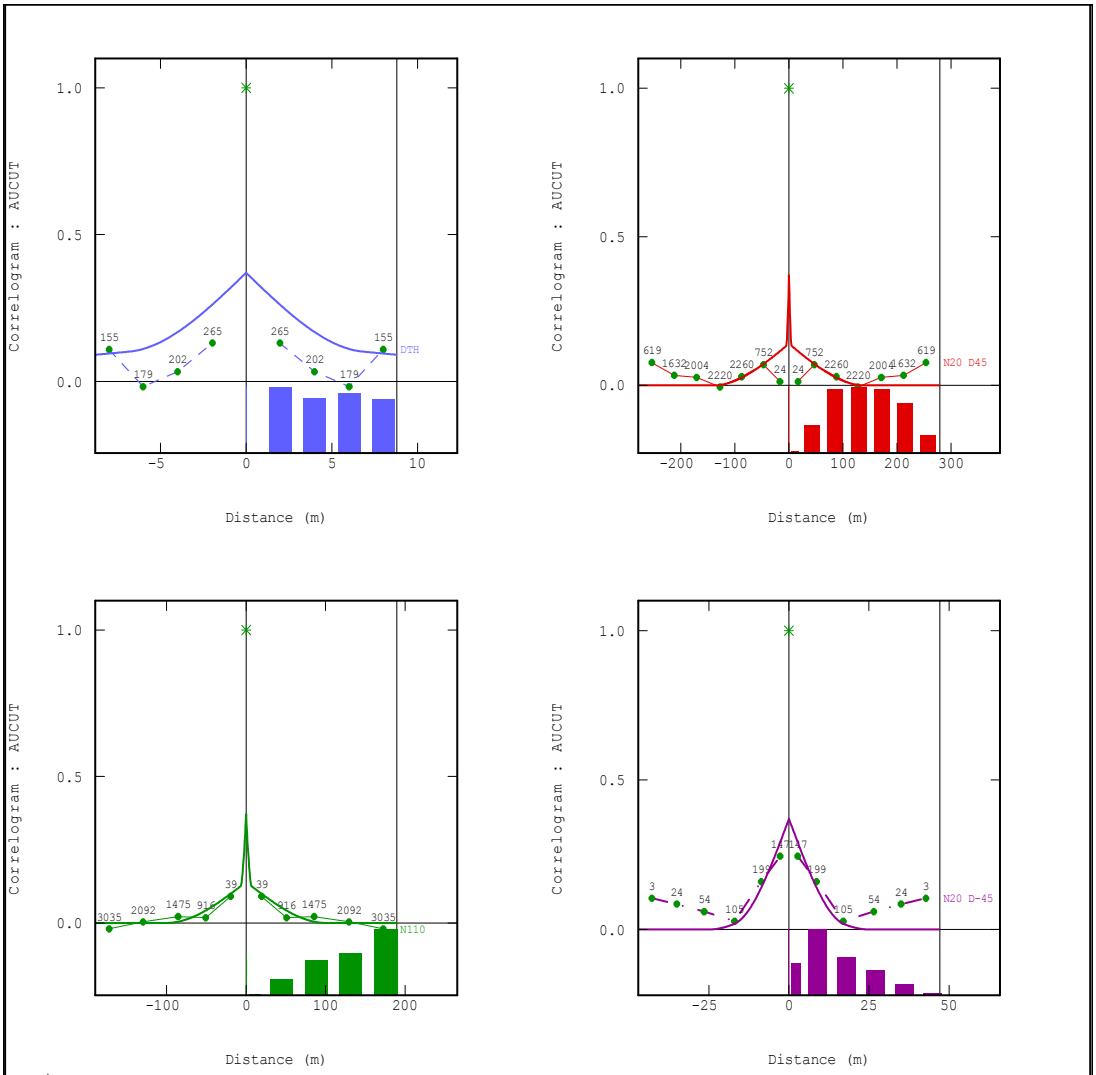
Figure 40
Ollachea Project
Correlogram MINZONE=1
(Combined Mineralised Zones)



Top Right – Down hole **/ Top Left –** Major direction

Bottom Right – Semi- Major direction **/ Bottom Left –** Minor direction

Figure 41
Ollachea Project
Correlogram ZONE=2
(Mineralised Zone 2)

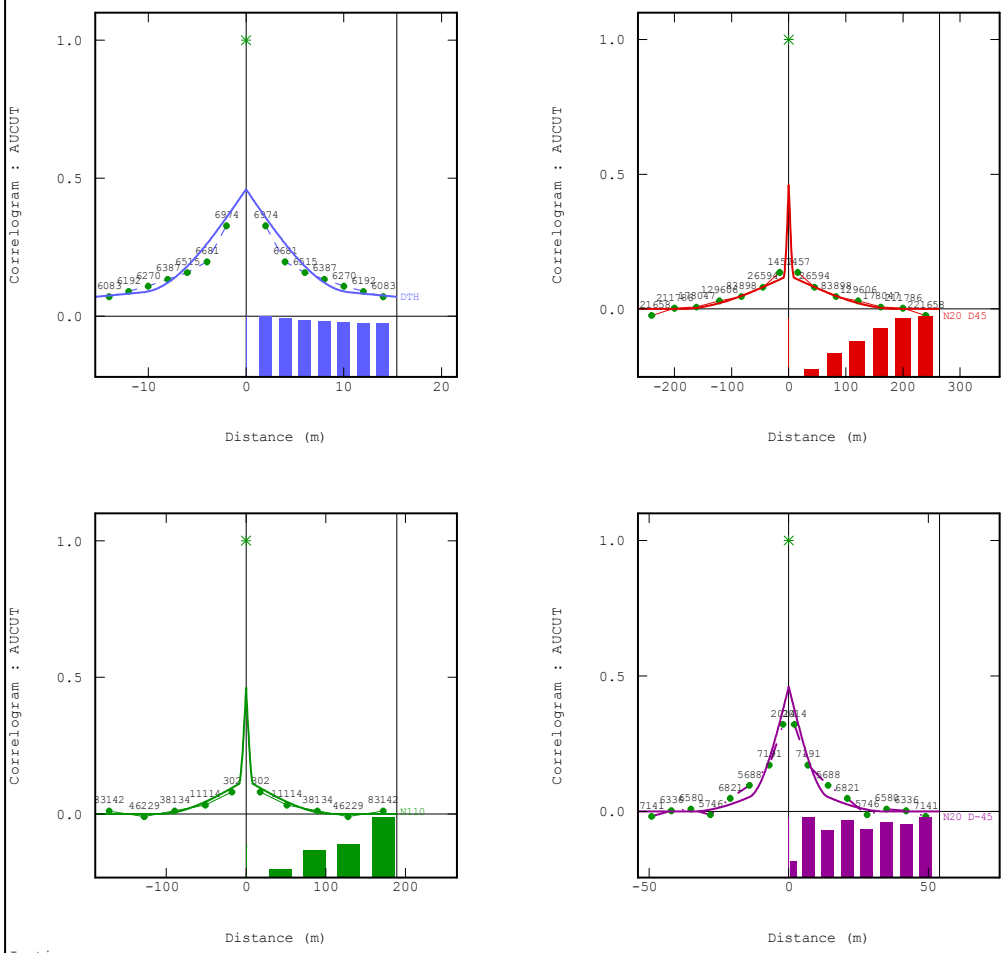



```
Isatis
Data/old2tcut(AFLG_Zones{ZONE=2})                                   doug_corley
- Variable #1 : AUCUT
Experimental Variogram : in 1 direction(s)                          Oct 11 2010   12:36:36
D1  : N20 D45                                                       466AF_Ollechea
      Angular tolerance =  20.00
      Lag =  43.0000m, Count = 15 lags, Tolerance = 50.00%
Model : 3 basic structure(s)
Global rotation = Az=70.00 Ay=45.00 Ax=0.00 (Mathematician)
S1  - Nugget effect, Sill =       0.63
S2  - Spherical - Range = 5.0000m, Sill =       0.23
      Directional Scales = (          5.0000m,          7.0000m,         17.0000m)
S3  - Spherical - Range = 25.0000m, Sill =       0.14
      Directional Scales = (         140.0000m,        100.0000m,         25.0000m)
```

Top Right – Down hole / **Top Left** – Major direction

Bottom Right – Semi- Major direction / **Bottom Left** – Minor direction

Figure 42
Ollachea Project
Correlogram ZONE=99
(Mining Dilution)



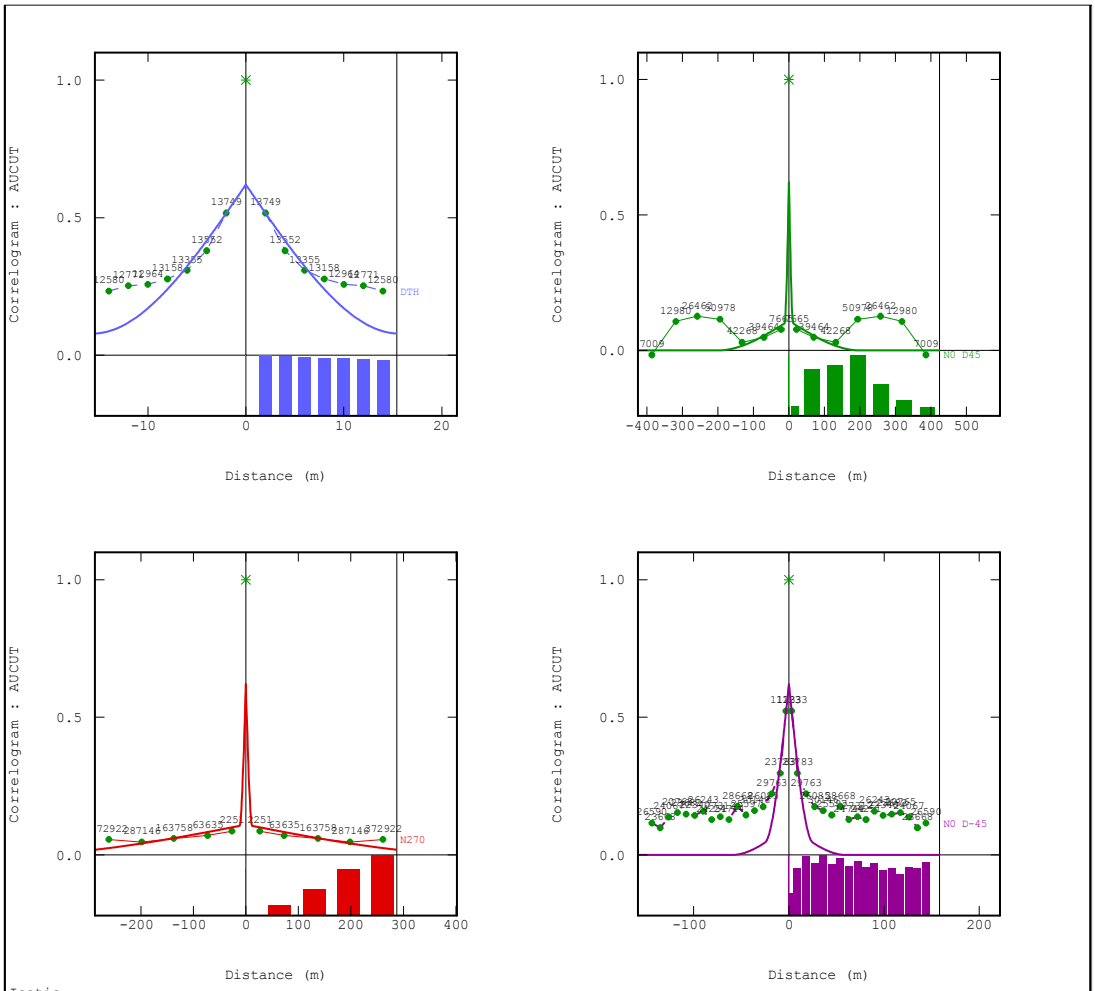
Isatis

Data/old2tcut(AFLG_Zones{ZONE=99})
- Variable #1 : AUCUT
Experimental Variogram : in 1 direction(s)
D1 : N20 D45
Angular tolerance = 18.00
Lag = 40.0000m, Count = 15 lags, Tolerance = 50.00%
Model : 3 basic structure(s)
Global rotation = Az=70.00 Ay=45.00 Ax=0.00 (Mathematician)
S1 - Nugget effect, Sill = 0.54
S2 - Spherical - Range = 9.0000m, Sill = 0.335
Directional Scales = (9.0000m, 9.0000m, 14.0000m)
S3 - Spherical - Range = 35.0000m, Sill = 0.125
Directional Scales = (190.0000m, 110.0000m, 35.0000m)

Doug_Corley
Oct 09 2010 11:42:33
466AF_Ollechea

Top Right – Down hole / **Top Left** – Major direction
Bottom Right – Semi- Major direction / **Bottom Left** – Minor direction

Figure 43
Ollachea Project
Correlogram ZONE=0 (Background)



Isatis

Data/OLD_old2tcut(AFLG_Zones{ZONE=0})
- Variable #1 : AUCUT
Experimental Variogram : in 1 direction(s)
D2 : N0 D45
Angular tolerance = 9.00
Lag = 65.0000m, Count = 15 lags, Tolerance = 50.00%
Model : 3 basic structure(s)
Global rotation = Az=180.00 Ay=0.00 Ax=45.00 (Mathematician)
S1 - Nugget effect, Sill = 0.38
S2 - Spherical - Range = 12.0000m, Sill = 0.51
Directional Scales = (12.0000m, 12.0000m, 25.0000m)
S3 - Spherical - Range = 60.0000m, Sill = 0.11
Directional Scales = (450.0000m, 200.0000m, 60.0000m)

doug_corley
Dec 03 2010 18:58:55
MINERA_Ollachea_466AG

Top Right – Down hole / **Top Left** – Major direction
Bottom Right – Semi- Major direction / **Bottom Left** – Minor direction

Table 13

Ollachea Project

Relative Variogram Models by ZONE / MINZONE

Code	Variable	Major Axis		Semi-Major Axis		Minor Axis		Relative Nugget (C_0%)	Sill 1 (C_1%)	Range Structure 1 (m)			Sill 2 (C_2%)	Range Structure 2 (m)		
		Dip (°)	Azimuth (°)	Dip (°)	Azimuth (°)	Dip (°)	Azimuth (°)			Major Axis	Semi Major Axis	Minor Axis		Major Axis	Semi Major Axis	Minor Axis
MINZONE=1	Au (Cut)	45	020	0	110	45	200	61	26	7	12	18	13	190	130	28
ZONE=2	Au (Cut)	45	020	0	110	45	200	63	23	5	7	17	14	140	100	25
ZONE=99	Au (Cut)	45	020	0	110	45	200	54	33.5	9	9	14	12.5	190	110	35
ZONE=0	Au (Cut)	45	000	0	090	45	180	38	51	12	12	25	11	450	200	60

Notes: 1. Orientations for the major, semi major and minor axes are supplied as dip and azimuths.
2. Spherical models were applied to the experimental correlograms.

Volume Modelling / Block Model Development

A three dimensional block model was constructed for the different resources, covering all the interpreted mineralisation zones and including suitable additional waste material to allow mining optimisation studies.

A three dimensional block model was generated to enable grade estimation, using the Datamine™ mining software package. The selected block size was based on the geometry of the domain interpretation and the data configuration. A parent block size of 20mE x 20mN x 4mRL was selected with sub-blocking to a 2mE x 2mN x 0.4mRL cell size to improve volume representation of the interpreted wireframe models. Sufficient variables were included in the block model construction to enable grade estimation and reporting.

The 20mE x 20mN x 4mRL block size represents approximately half the drill spacing within the resource. The block model construction parameters are displayed in Table 14.

Table 14
Ollachea Project
Block Model Parameters

	East	North	Elevation
Origin	338,900	8,474,280	2,400
Extent (m)	1,100	720	800
Parent Block size (m)	20	20	4
Sub-Block Size (m)	2	2	0.4
Number of Blocks (parent)	55	36	200

The mineralised zones and topographic surface were coded to the block model from the wireframes.

The sample search strategy was based upon analysis of the variogram model anisotropy, mineralisation geometry and data distribution.

The block model was coded with the number of composites selected, the average distance of composites, Slope of Regression, Kriging Variance, Block Variance, Kriging Efficiency %, which were later used in the determination of the resource classification.

A three pass search strategy was established to interpolate grade for each of the respective zones (see above). The search strategy was based as follows:

- Pass 1 based on the relevant anisotropic ranges determined from the variography.
- Pass 2 if no grade was able to be assigned during pass 1, then the search ellipse was expanded 2 times.
- Pass 3 if no grade was able to be assigned during pass 2, then the search ellipse was expanded 3 times (only used where MINZONE=1).

A further strategy used in the estimation process was to limit the effect of higher grade values. Table 15 list the criteria used to reduce the influence of higher grade data within the mineralised zones.

Table 15 Ollachea Project High Grade Values-Distance Limiting Parameters Used by ZONE (MINZONE=1)		
ZONE	**Values on which Distance Limitation was Used (Au g/t)**	**Distance of High Grade Influence (Search Ellipse – Major / S-Major / Min)**
1	>= 10	40m (M) / 40m (SM) / 12.5m (Min)
2	>= 25	40m (M) / 40m (SM) / 12.5m (Min)
3	>= 10	40m (M) / 40m (SM) / 12.5m (Min)
4	>= 10	40m (M) / 40m (SM) / 12.5m (Min)
5	>= 9	40m (M) / 40m (SM) / 12.5m (Min)
6	>= 10	40m (M) / 40m (SM) / 12.5m (Min)
7	>= 9	40m (M) / 40m (SM) / 12.5m (Min)

The relevant zone was estimated using OK on the 2m composite samples. Domain control (hard boundaries) was used for both composite and block selection (for ZONE=1, 2, 3, 4, 5, 6, 7 and 99).

In the estimation of ZONE 0, a soft boundary was used, in which data from both ZONE 99 and 0 was seen.

Grade estimates were interpolated into parent cells and all sub-cells were assigned the parent cell grades. Any un-estimated blocks were assigned a value of 0.0025g/t Au.

The OK estimation parameters are tabulated in Table 16. An explanation of all the attributes fields within the model is given in Table 17.

Table 16

Ollachea Project

Search Neighbourhood Parameters Used for Resource Model Estimation

ZONE	Variable	Search Ellipse Ranges			Search Ellipse Orientation						First Pass		Second Pass			Third Pass			Max. No. of Comps From Any Drillhole
		Major Axis	Semi-Major Axis	Minor Axis	Major Axis		Semi-Major Axis		Minor Axis		Min. No. of Comps Used	Max. No. of Comps Used	Search Volume Factor	Min. No. of Comps Used	Max. No. of Comps Used	Search Volume Factor	Min. No. of Comps Used	Max. No. of Comps Used	
					Dip	Azi	Dip	Azi	Dip	Azi									
0	Au (Cut)	150	90	60	45	000	0	090	45	180	8	20	2	4	20	-	-	-	5
99	Au (Cut)	150	100	35	45	020	0	110	45	200	8	20	2	4	20	-	-	-	5
1	Au (Cut)	80	80	25	45	020	0	110	45	200	4	20	2	2	25	3	4	16	4
2	Au (Cut)	80	80	25	45	020	0	110	45	200	2	20	2	2	25	3	4	16	4
3	Au (Cut)	80	80	25	45	020	0	110	45	200	2	20	2	2	25	3	4	16	4
4	Au (Cut)	80	80	25	45	020	0	110	45	200	2	20	2	2	25	3	4	16	4
5	Au (Cut)	80	80	25	45	020	0	110	45	200	2	20	2	2	25	3	4	16	4
6	Au (Cut)	80	80	25	45	020	0	110	45	200	2	20	2	2	25	3	4	16	4
7	Au (Cut)	80	80	25	45	020	0	110	45	200	2	20	2	2	25	3	4	16	4

Table 17

Ollachea Project

Ollachea Resource Model Attribute List
November 2010 Datamine Model
olnov10m.dm, 1,510,144 records

Field	Alphanumeric or Numeric	Default Value	Comment
IJK	N	0	Datamine block model field
XC	N	0	Cell Centroid X coordinate
YC	N	0	Cell Centroid Y coordinate
ZC	N	0	Cell Centroid Z coordinate
XINC	N	20	Cell X dimension
YINC	N	20	Cell Y dimension
ZINC	N	4	Cell Z dimension
ZONE	N	0	Au Mineralised Zones: 0 (Background), 99 (Mining Dilution), 1 (Lens 1), 2 (Lens 2), 3 (Lens 3), 4 (Lens 4), 5 (Lens 5), 6 (Lens 6), 7 (lens 7).
DOMAIN	N	1	1 = Minapampa Zone / 2 = Minapampa East Zone
INSITU	N	0	Numeric depletion flag. INSITU 0=material has been mined / removed. 1=material is insitu.
MINZONE	N	-	Mineralisation envelope - defined mineralisation domains (ZONE=1 to 7): 1=mineralisation envelope, 0=un-mineralised background.
AU	N	0	Ordinary Kriged Au grade (g/t) for whole block grade estimate.
NUMS_AU	N	-	Number of samples used in the OK block estimate for Au.
PASS_AU	N	-	Search expansion / pass in which the OK block estimate was generated for Au.
DIST_AU	N	-	Geostatistical distance to the nearest sample used in the OK block estimate expressed as a fraction of the search radius, for Au variable.
VAR_AU	N	-	Estimation variance for OK estimate of Au variable.
KE	N	-	Kriging efficiency.
SLOPE	N	-	Slope of regression.
RESCODE	N	-	Classification category – 1=Measured, 2=Indicated, 3=Inferred, 4=Unclassified / No Confidence.
MODLFILE	A		Flag for model source -- "MDOLLACHEA10"=November 2010 Coffey Mining Datamine model.
DENSITY	N	-	Bulk density - assigned value of 2.80m³/t
XMORIG	N	338900	X coordinate of model origin.
YMORIG	N	8474280	Y coordinate of model origin.
ZMORIG	N	2400	Z coordinate of model origin.
NX	N	55	Number of parent cells in the X direction.
NY	N	36	Number of parent cells in the Y direction.
NZ	N	200	Number of parent cells in the Z direction.

A comparison between the measured volumes of the solids generated during the geological modelling and the volume of mineralization in the block model was carried out. Table 18 summarizes this comparison and indicates that the adherence of the block model to solids is very good. Figure 44 shows a south-north section of the resulting block model, colour coded by ZONE, and shows the sub-celling is adequate to capture the features from the wireframe.

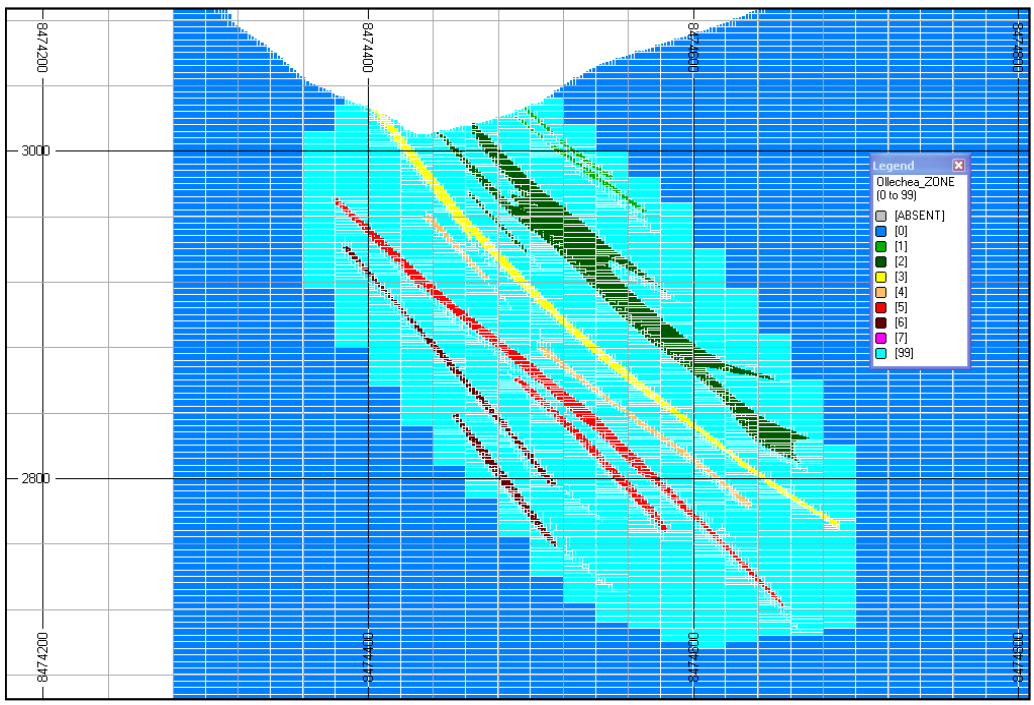
Table 18

Ollachea Project

Volume Comparison
Mineralised Solids verses Block Model

ZONE	Solids Vol. (m^3)	Block Model Vol. (m^3)	Solids / Blocks Vol. (%)
1	318,284.7	318,280.0	100.00%
2	1,562,141.6	1,562,083.2	100.00%
3	820,640.5	821,105.6	99.94%
4	197,996.3	198,228.8	99.88%
5	1,994,220.9	1,994,924.8	99.96%
6	601,367.1	602,811.2	99.76%
7	277,931.3	277,993.6	99.98%
Total	**5,772,582.5**	**5,775,427.2**	**99.95%**

Figure 44
Ollachea Project
Block Model Section – Coloured by ZONE



South-North Section at 339,315mE

A detailed validation of the OK estimate was completed for each ZONE and included both an interactive 3D and statistical review. The validation included a visual comparison of the input data against the block models' grade in plan and cross section. It also included review of the distribution of recorded estimation controls including search pass, average sample distance,

number of contributing samples and drillholes. Table 19 shows a global comparison by each of the mineralised zone.

Table 19
Ollachea Project
Comparison of Drilling Data to Block Model by ZONE (Mineralised Zones)

ZONE	Drilling Data				Model	% Difference Drill Data / Block Model (Weighted)
	Au (uncut)	Au (cut)	Au (cut) Length Weighted	Au (cut) Declustered 50mE x 40mN x 4mRL	Au (cut) OK Volume Weighted	
1	3.27	3.12	3.03	3.39	3.18	-5%
2	5.54	4.95	4.96	4.99	4.85	2%
3	3.70	3.61	3.59	3.53	3.38	6%
4	3.07	2.98	2.76	3.05	2.47	10%
5	2.84	2.84	2.83	2.94	2.80	1%
6	3.05	2.58	2.58	2.60	2.46	5%
7	2.49	2.49	2.47	2.71	2.25	9%
Total	**3.93**	**3.65**	**3.63**	**3.70**	**3.38**	**7%**

A spatial comparison of the mean grade of the input composites against the block models' grade was also made. The models were divided into slices by directions (Easting and RL) and average grades calculated for the various domains. Similarly, the composite averages and declustered composite averages were also computed. The results were plotted. Examination of these plots indicated that the models were appropriately honouring the input data and trends. Figure 45 shows the results of the comparison by Easting for ZONE 2.

Figure 45
Ollachea Project
Block Model verses Drill Data by Easting (20m Section) – ZONE 2

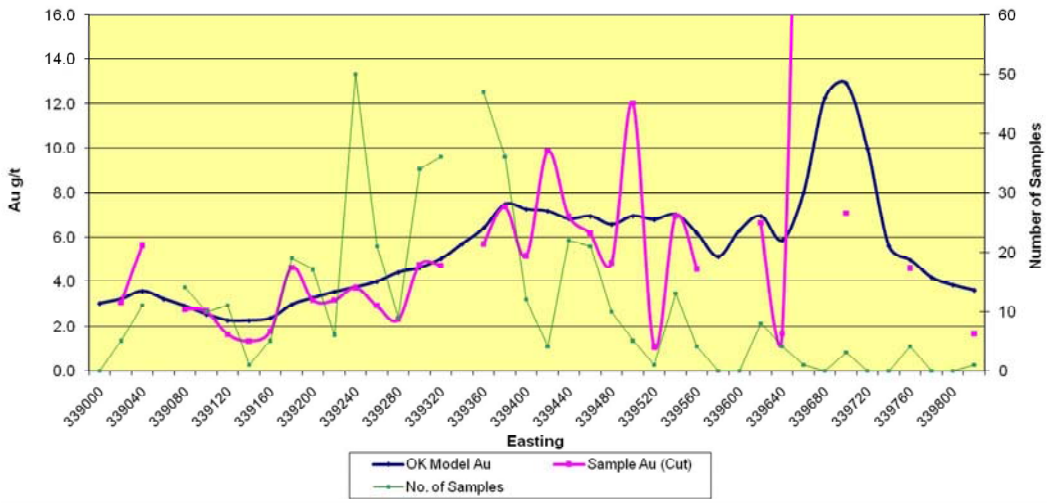


Table 20 shows the majority of blocks where estimated in the first pass.

Table 20
Ollachea Project
Blocks Estimated by Search Pass Number

ZONE	Pass 1	Pass 2	Pass 3
1	99.69%	0.31%	0.00%
2	97.16%	2.83%	0.01%
3	91.36%	8.64%	0.00%
4	96.38%	3.62%	0.00%
5	74.05%	25.95%	0.00%
6	86.27%	13.73%	0.00%
7	77.90%	22.10%	0.00%
ZONE 1 to 7 COMB.	86.40%	13.59%	0.00%

As discussed previously, a dry in-situ bulk density of 2.80g/cm^3 has been assigned to all blocks within the current model below the topographic surface.

There is a long history of underground artisanal mining in the Ollachea project area. Recently there has been a push by the Peruvian government to register the "informal miners", so a large majority of underground works have been surveyed. The string files produced from the surveyed workings do not definitively indicate the height of the underground drives or other workings. Analysis of the lateral distribution of the data collected indicates the majority of artisanal workings are within 10m of the natural surface, although individual workings / drives do go deeper. In order to account for some depletion in the project area, all blocks within 10m of the surface were flagged as depleted cells.

Within the model all depleted cells were flagged as VOID=1.

Resource Classification

The resource estimate for the Ollachea Project (Minapampa and Minapampa East deposits) has been categorised in accordance with the criteria laid out in the Canadian National Instrument 43-101 ("NI 43-101") guidelines and Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, published by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists, and Minerals Council of Australia, 2004. The criteria used to categorise the Mineral Resources include the robustness of the input data, the confidence in the geological interpretation including the predictability of both structures and grades within the mineralised zones, the distance from data, and amount of data available for block estimates within the respective mineralised zones. Key criteria used in the classification are tabulated below as in Table 22. An Inferred and Indicated Mineral Resource has been defined using definitive criteria determined during the validation of the grade estimates, with detailed consideration of the CIM categorisation guidelines.

The Inferred Mineral Resource classification was based on the following criteria:

- The block must have an estimated Au Value.
- The block must be within the mineralised zones (ZONE 1 to 7).

The Indicated Mineral Resource classification was based on the following criteria:

- Where the blocks occur in a portion of the deposit with the highest density of drilling of approximately 40m x 40m or better.
- The slope of regression for the Au OK estimate is greater than 0.47.
- Where the geostatistical distance to the nearest sample used in the Au OK block estimate is within 0.3 (30%) of the first pass search ellipse shape.

The distribution of Indicated and Inferred Resource blocks is presented as Figures 46.

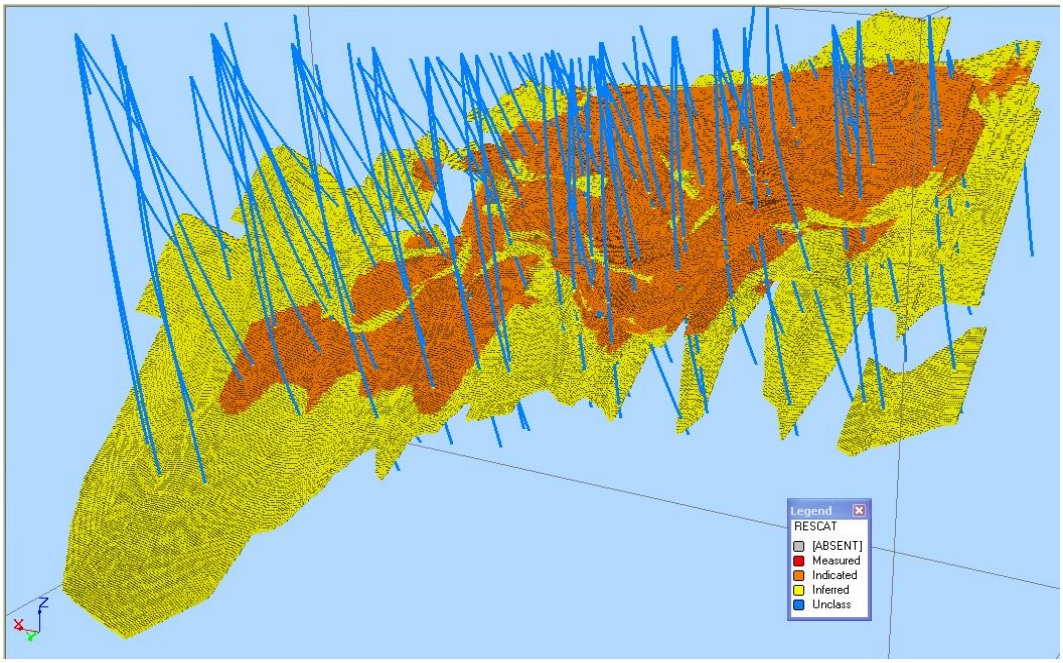
A Datamine string file produced in section (and checked in plan) was used to define the final Inferred and Indicated zones. The resulting wireframes were used to select the model and assign a numeric flag in the 'RESCODE' field as listed in Table 21

Table 21
Resource Classification Code

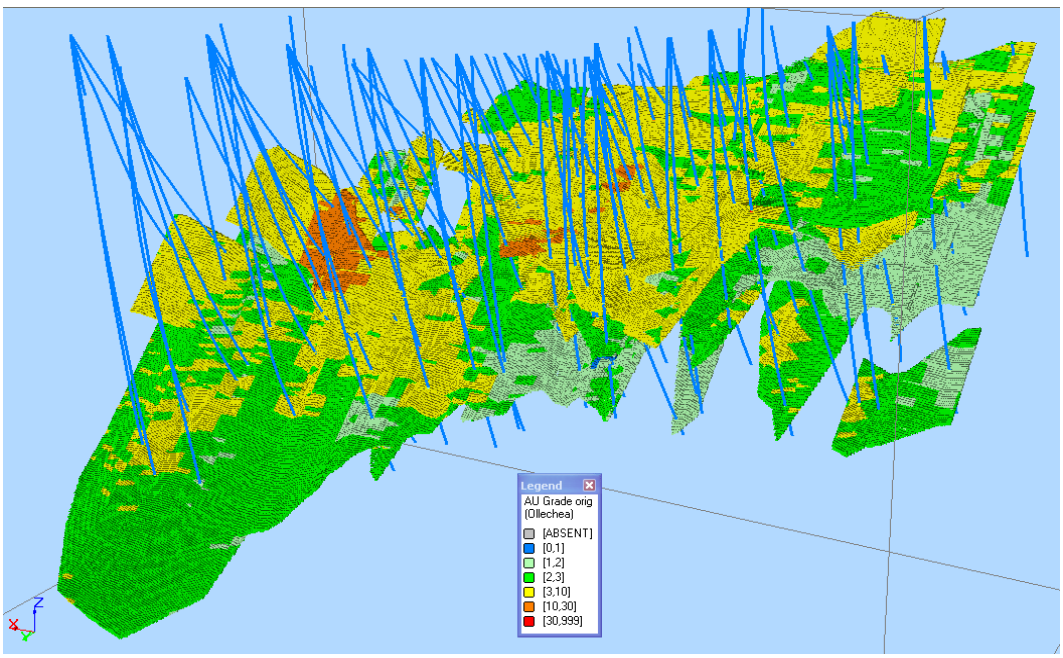
Resource Classification	RESCODE
Indicated	2
Inferred	3
Unclassified	4

Table 22 Ollachea Project Confidence Levels of Key Criteria		
Items	**Discussion**	**Confidence**
Drilling Techniques	Diamond drilling is Industry standard approach.	High
Logging	Standard nomenclature and apparent high quality.	High
Drill Sample Recovery	Good recovery recorded except in shear/fault zones.	High
Sub-sampling Techniques & Sample Preparation	A 1m sampling method has been implemented, though there is a high amount of 2m samples from earlier campaigns	Moderate
Quality of Assay Data	Available field duplicate data shows a moderate precision.	Moderate
Verification of Sampling and Assaying	Umpire samples have shown good precision	Moderate-High
Location of Sampling Points	Survey of all collars with downhole survey completed for most holes.	Moderate to High
Data Density and Distribution	Approximately 40m x 40m spaced drilling in central zone has provided adequate data for an inferred / Indicated resource. Infill to 20 x 20m will be required to increase the confidence of the current interpretation.	Moderate
Audits or Reviews	Audits have been routinely completed, last one by Smee (2009) on laboratory and QA/QC procedures. All issues identified have been rectified in a timely manner.	High
Database Integrity	Assay hard copy sheets were randomly checked against the digital database with no errors identified	High
Geological Interpretation	The current 7 high grade zones are preliminary but relatively robust. Mineralisation appears parallel to the dominate foliation, and has been confirmed by orientated core measurements	Moderate
Estimation and Modelling Techniques	Ordinary Kriging has been used to obtain estimates of Au g/t grade. Coffey Mining used a three pass estimation method for all blocks. High grade values were distance limited	High
Cutoff Grades	A Cutoff Grade of 1g/t Au was used to define the high grade envelopes.	Moderate-High
Mining Factors or Assumptions	None.	N/A

Figure 46
Ollachea Project : 3D Perspective View of Drilling Data and Inferred / Indicated Classified Blocks
(view looking to the south-east)



(Blocks coloured yellow = Inferred, Blocks coloured orange = Indicated)



(Inferred / Indicated Blocks Coloured by Au g/t Grade)

A breakdown of the Inferred and Indicated Resource Classification by area is presented in Table 23.

Figure 47 shows the grade-tonnage curve for the combined (Minapampa and Minapampa East) Indicated Resource.

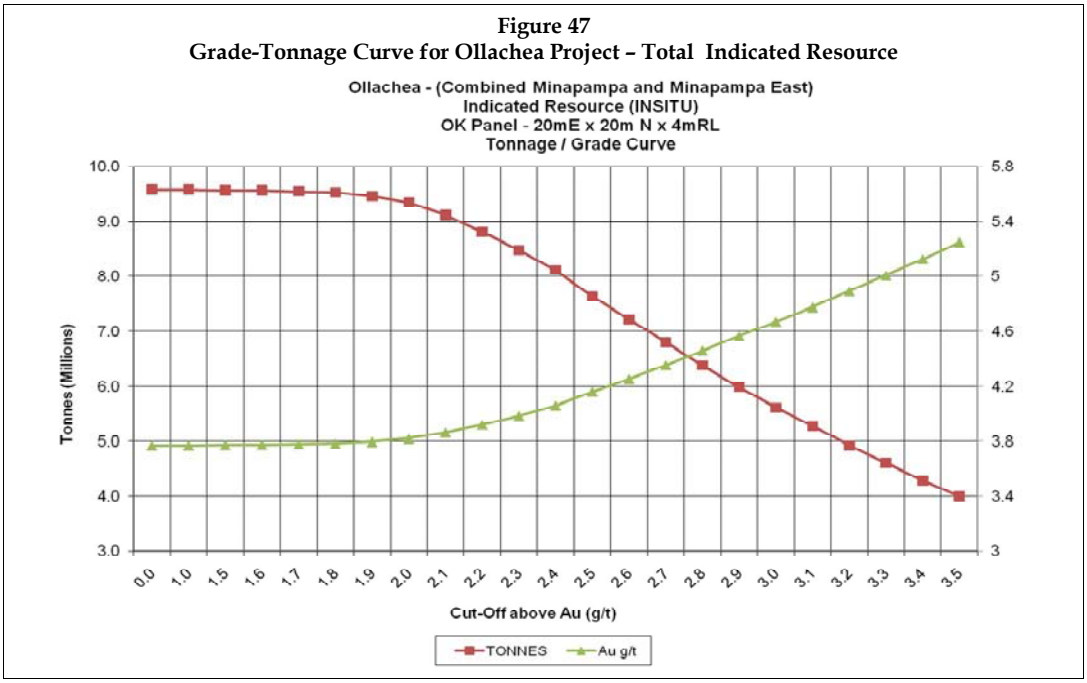
Table 23

Ollachea Project

Grade Tonnage Report – Mineral Resource (as at 30th November 2010)
Ordinary Kriging Estimate – Reported Using a Dry Bulk Density of 2.8t/m³
20mE x 20mN x 4mRL Panel Size

Area	Category	Lower Cutoff Grade (g/t Au)	Million Tonnes	Average Grade (g/t Au)	Contained Gold (Kozs)
Minapampa	Indicated	0	9.3	3.8	1,145
		2	9.0	3.9	1,133
		2.5	7.5	4.2	1,017
		3	5.6	4.7	847
		3.5	4.0	5.3	684
	Inferred	0	4.2	2.7	363
		2	2.7	3.3	280
		2.5	1.6	4.0	203
		3	1.0	4.8	149
		3.5	0.6	5.7	109
Minapampa East	Indicated	0	0.2	2.8	22
		2	0.2	2.9	22
		2.5	0.2	3.1	17
		3	0.1	3.3	10
		3.5	0.02	3.8	2
	Inferred	0	2.3	2.9	216
		2	2.2	3.0	209
		2.5	1.5	3.3	160
		3	0.6	4.1	85
		3.5	0.3	4.9	51

Figure 47
Grade-Tonnage Curve for Ollachea Project – Total Indicated Resource



Metallurgy

An initial metallurgical testwork program for the Ollachea Project has been undertaken by Kappes Cassiday and Associates in Reno, Nevada.

Five composite samples were compiled for the testwork program in early 2009 and were considered representative of the mineralization intersected by the drillholes used at the time. Elemental analysis was presented on one composite which did not indicate any problematic elements other than silver, arsenic and carbon. The silver content was generally one tenth of the gold grade but can be moderately elevated (5.6g/t) which may impact on the carbon-in-leach ("CIL") and elution operations. The arsenic grade was shown to be ~2,000ppm but was not seen to adversely affect leach recoveries and the total carbon content was ~1.2%. Whilst this is not considered to be abnormally high, there appears to be a strong preg-robbing nature in the mineralized zone which is minimised via CIL processing versus carbon-in-pulp ("CIP") processing. No organic carbon assays were carried out.

Comminution testing indicates that the deposit is amenable to ball milling and that wear rates will not be an issue as the abrasion indices are expected to be medium in nature.

The gold is generally fine grained. However, the amount of gravity gold recovered from metallurgical testwork suggests that some coarse gold is present. Testwork showed a moderate gravity gold recoverable content and a gravity gold circuit is recommended to recover this gold.

Recoveries using CIL ranged from 81% to 95% extraction after 36 hours. The cyanide consumption has been projected at 1.5 kg/t. Lime consumption is moderate at 0.9 to 1.5kg/t.

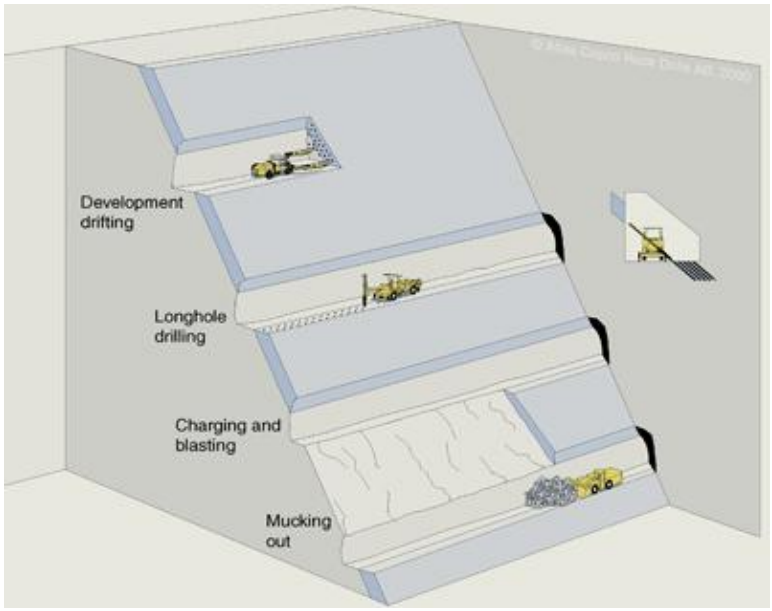
Scoping Study

A scoping study was produced by Coffey and dated November 2009. The scoping study was based on an Inferred Mineral Resource of 8.91 million tonnes grading 4.5g/t containing 1.277 million ounces using a a cut-off grade of 2.5 g/t.

Based upon the drilling and other technical studies including the minable inventory from the inferred resource, the scoping study culminated in an early stage business plan and financial model. A mining and treatment rate of 1 million tonnes per annum was selected giving gold production which averaged 117,000 ounces per annum over a projected 9 year mine life.

Mining will be all by underground methods. The dip and thickness of the 7 mineralized lenses thus far identified lends itself to mechanized underground mining using the "sublevel stoping with fill" method as shown in Figure 48.

Figure 48
Typical View of the Selected Mining Method



Geotechnical studies indicates that stopes that are 30m in length and 26m in height along the dip could be considered to be stable subject to the application of cable bolting to the exposures.

As the basis of the shapes for selecting the mining method, the mineralization envelopes created at a cut-off grade of 1.0g/t of gold were used.

The resource extends in the east-west direction about 680m and is still open at both ends. It is about 530m vertically, with over 90% of the tonnes in the upper 325m section. In the north-south direction the deposit covers about 350m. The lenses dip at an average of 50° to 55° to the north. The thickness is irregular and varies from 2m to more than 25m, in some areas; the average thickness is estimated to be 7m.

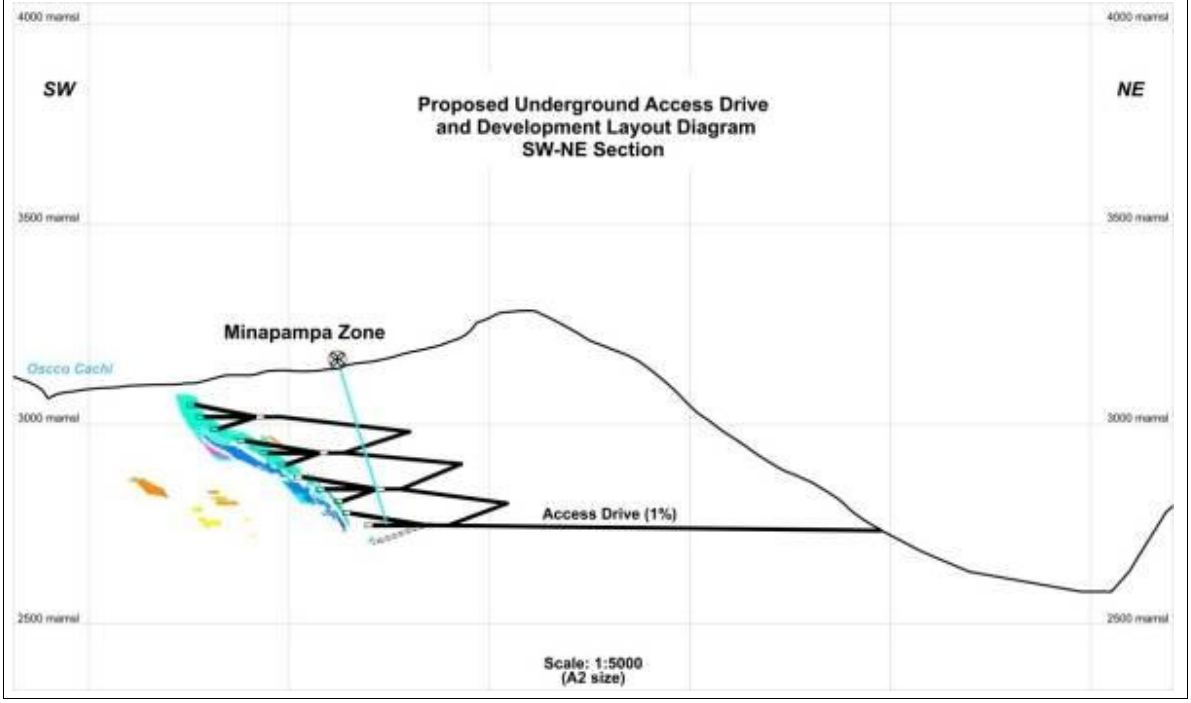
The stopes are designed to be mined with longitudinal accesses and do not extend high vertically, with sublevels kept at only 15m distance from floor to floor in the vertical axis; stopes are 30m long in the horizontal axis.

The mountainous area of Ollachea provides the opportunity to access the mine by means of an access drive about 1.3km long from the proposed plant site situated in an adjoining valley, through the mountain located towards the north. Figure 49 presents a sketch of the access drive. This access drive will be developed during the exploration period to serve as an exploration drive which will allow drilling of deep down-dip extensions of the mineralized ore-bodies that are currently not easily accessible from the northern mountain side. The drive will then be converted to a tramming drive for ore production, and transport of personnel and materials.

The development schedule has been based on the use of 3 jumbos at an advance rate of 120m/month. Bolting is carried out with 2 mechanised bolters and 2 scissor lift teams with air legs and stopers as backup. The equipment used for loading and transport will be the same as for production. It has been assumed for costing that about 25% of the development will be shotcreted, both in ore and waste.

Mining production will be achieved with 3 loaders with a rated payload of 17t and 5 trucks with a rated payload at 45t. The number of units takes into account the requirement for development loading and trucking. The average size of the stopes is 8,000t which make the average number of stopes required per month, about 8 stopes.

Figure 49
Access Drive



An initial assessment of the backfill strength requirements indicated that a minimum unconfined compressive strength of about 1MPa is required to undercut the backfill and an unconfined compressive strength of about 0.35MPa may be needed for vertical stope exposures. Therefore, Coffey estimated that an average of 4.5% w/w cement will be required in the backfill.

The chosen base case processing flowsheet consists of 3 stage crushing followed by a single stage overflow ball mill. The grinding circuit includes one stage of gravity separation followed by intensive leaching of the concentrate. Milled cyclone overflow is treated through a 7 stage CIL circuit prior to unthickened tailings being detoxified then filtered via belt filters. Filtered tails is then made available for mine back fill or dry stack disposal in a tailings storage facility. Loaded carbon from the CIL circuit is stripped in an elution column ("AARL") with barren regenerated carbon being transported back to the tail of the CIL circuit. Pregnant solutions from the AARL and gravity circuits will be electrowon prior to smelting on site to gold doré bars.

Capital Cost

The estimated capital costs for the Ollachea Project are summarised in Table 24. Initial capital totals US$156.8M, including a contingency of US$26.1M. The initial mining capital cost reflects only the first year of waste development and pre-production ore development. In addition to

the initial capital investment, a sustaining capital of US$4.0M is included on a yearly basis as well as a US$5.0M closure plan allowance at the end of the mine life. No contingencies have been added to the sustaining capital cost and closure cost in the financial model.

Table 24
Ollachea Gold Project
Capital Cost Summary (2009$)

Project Capital Cost	**Amount US$M**	**Contingency (20%)**	**Total**
Mining	8.0	1.6	9.6
Mining Equipment	41.5	8.3	49.8
Processing Plant	62.4	12.5	74.9
Infrastructure	11.0	2.2	13.2
Tailings	2.0	0.4	2.4
Backfill	5.8	1.2	7.0
Total	**130.7**	**26.1**	**156.8**

Ongoing Capital Cost	**Amount US$M per a**	**Contingency (0%)**	**Total**
Mine Development	1.4		1.4
Mining Equipment	2.6		2.6
Total	**4.0**		**4.0**

Closure Cost	**Amount US$M per a**	**Contingency (0%)**	**Total**
Closure/Rehabilitation Costs	5.0		5.0
Total	**5.0**		**5.0**

The operational costs are divided into fixed and variable costs, and include mining, processing and general and administration ("G&A"). Table 25 presents a summary of the operational costs.

Table 25 Ollachea Gold Project Operational Costs Summary (2009$)				
Site Operating Cost	**Fixed (US$Mpa)**	**Variable (US$/t)**	**Total at Steady State (US$/t)**	**LOM Average (US$/t)**
Mining	2.31	19.77	22.08	22.20
Processing	4.87	14.63	19.50	19.75
G&A	3.87	0.0	3.87	4.07
Total	**11.05**	**34.40**	**45.45**	**46.02**

The input parameters for the financial analysis are as follow:

- The mining inventory is estimated to be 8.2Mt at 4g/t head grade for 1.1M contained ounces. The mining and processing rate has been set to 1.0Mtpa with a ramp-up period of 70% during the first year. The processing recovery is estimated at 91.2% for the life of mine.
- Base case metal prices used in the model are US$850 per ounce of gold and US$12 per ounce of silver.
- The life of the Ollachea Project and steady state unit production cost per ounce are summarised in Table 26.
- The financial model includes Peru Government Royalty, a Vendor Royalty, Income tax and Workers' Profit Participation. The Peruvian Taxation System IGV (sales tax) ("IGV") has been excluded due to the activity of the Ollachea Project. Being export of goods, IGV is assumed to be immediately recoverable, consistent with Peruvian established practice.

Table 26

Ollachea Gold Project

Unit Cost of Production per Ounce
(2009$)

Parameter	Steady State Cost (US$/oz Au)	LOM Average Cost (US$/oz Au)
Mining	188	190
Processing	167	169
G&A	33	35
Total Site Operating Costs	**388**	**393**
Refinery Charge	6	6
Silver credit	(0.4)	(0.4)
Mine Cash Operating Cost	**394**	**399**
Royalties	20	20
Total Production Costs	**414**	**419**

Results of financial analysis include:

- The pre-tax (including Workers' Profit Participation) and post-tax results of the financial analysis are summarised in Table 27 and Table 28. The financial analysis shows promising returns for the Ollachea Project.
- Sensitivity analysis was carried out on gold price and gold head grade, operating cost and capital cost as well as minable tonnes and throughput.
- As with most gold projects, revenue is the most sensitive element of this study. The Ollachea Project return breakeven point of gold price for the net present value ("NPV") at 8% real is a US$710/oz Au, whereas the internal rate of return ("IRR") reaches zero when the price of gold is US$614/oz. Once operating, the Ollachea Project is cash cost positive above $400 per ounce. Table 10 illustrates the effect on cash flow, NPV and IRR for a range of gold prices from $700/oz to $1,200 per ounce.
- The effect of the operating cost on the Ollachea Project's financial outcomes is the next most important project driver after gold price and head grade. Although the capital cost has a significant influence, its impact is less than the operating cost.
- The effect of minable inventory and throughput is the least important of the items analysed. Current drilling by MKK outside the limits of the Minapampa mineralized zone has indicated the potential for additional resources.

Table 27 Ollachea Gold Project Project IRR, NPV and Payback		
Parameter	**Pre Tax**	**Post Tax**
LOM Cash flow	US$221.0M	US$147.7M
IRR (real)	22.4%	17.4%
NPV at 7% real	US$113.9M	US$67.3M
NPV at 8% real	US$102.5M	US$58.7M
Payback period from commencement of production	3.7 years	4.0 years

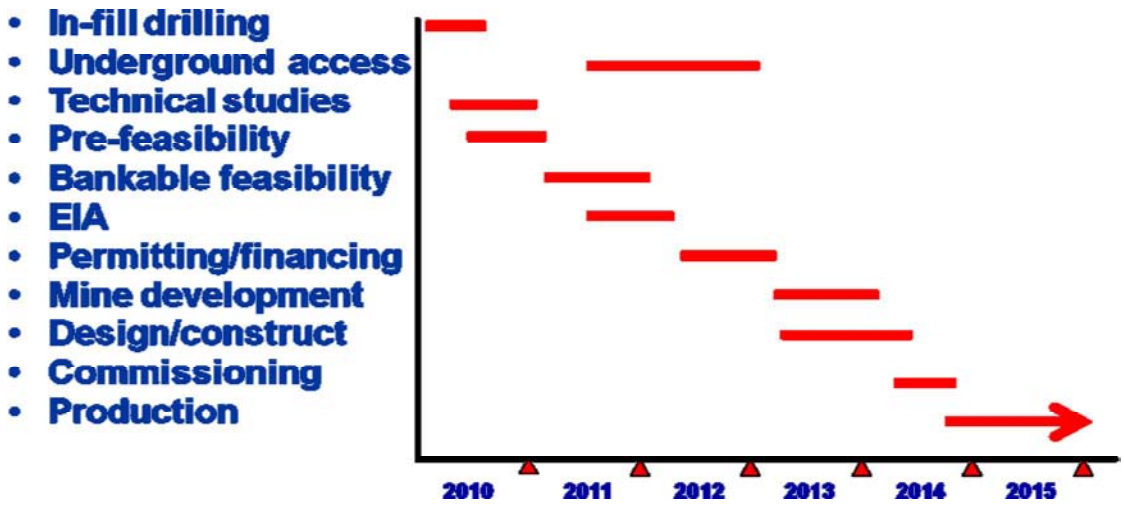
Table 28 Ollachea Gold Project Gold Price Sensitivity						
Gold Price US$/oz	**Pre-Tax**			**After-Tax**		
	IRR	**NPV @ 8% Real**	**LOM Cash Flow**	**IRR**	**NPV @ 8% Real**	**LOM Cash Flow**
700	9.4%	8.7	81.2	7.3%	-4.0	57.6
800	18.3%	71.2	174.4	14.3%	38.3	117.7
850	**22.4%**	**102.5**	**221.0**	**17.4%**	**58.7**	**147.7**
900	26.2%	133.8	267.7	20.3%	78.9	177.7
1000	33.5%	196.3	360.9	25.8%	119.4	237.7
1100	40.4%	258.5	453.5	31.0%	159.5	297.4
1200	46.9%	320.4	545.8	35.8%	199.4	356.8

It must be noted that the scoping study is preliminary in nature, it includes solely Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary assessment as estimated in the scoping study will be realized.

Development

Figure 50 is a summary development scenario through to production which is targeted for 2014.

Figure 50
Summary development objective for Ollachea



During 2010 in-fill drilling will provide the spacing of assay information to upgrade the resource to Measured and Indicated categories, required to advance to minable reserves. Simultaneously, additional technical studies such as geotechnical and metallurgical, will be carried out. The pre-feasibility study is scheduled for completion in late 2010 or early 2011. Assuming that this is positive, the study will be elevated to a full bankable feasibility study which will take approximately another 12 months and involve final detailed work including preliminary engineering and more accurate capital and operating cost estimates. During this process a production-sized exploration tunnel will be driven into the Minapampa zone. This will have the benefit of providing access for underground drilling to further explore the open ended mineralization to the east and down dip.

Information from the environmental baseline study and the feasibility study will be used to produce an Environmental Impact Assessment which will, in turn, be used for the permitting of the mine development. Once permitting and financing is in place, plant and infrastructure construction and underground development can commence. With construction and commissioning complete, the mine is expected to be operating at designed rates by mid 2014.

4.3 Don Nicolàs

The following summary is taken from the technical report entitled "Technical Report on the Don Nicolàs Gold Project, Argentina" (the "Don Nicolàs Report") dated 1 April 2010, which technical report is incorporated by reference herein. This summary is not complete and the full Don Nicolàs Report can be accessed on the Company's SEDAR profile at www.sedar.com.

Project Description and Location

Minera IRL acquired, through a Scheme of Arrangement, Hidefield, an AIM listed company, in December 2009. The principal asset of Hidefield was a large exploration holding in the Deseado Massif in Patagonia. The Don Nicolàs Project (100% owned) is situated within this land package and contains approximately 360,000 ounces of gold in a combination of Indicated and Inferred resources. The two main mineralized areas of Don Nicolàs are La Paloma and Martinetas approximately 40km apart. The Don Nicolàs Project is now the subject of a feasibility study which is expected to be completed during the first half of 2011. Consultance Runge Limited carried out the NI 43-101 reporting.

The Don Nicolàs Project is located in Santa Cruz Province, Argentina (see Figure 51). The project area is centred at latitude 48°00'S and longitude 67°30' W approximately 100 km inland from the South Atlantic Ocean.

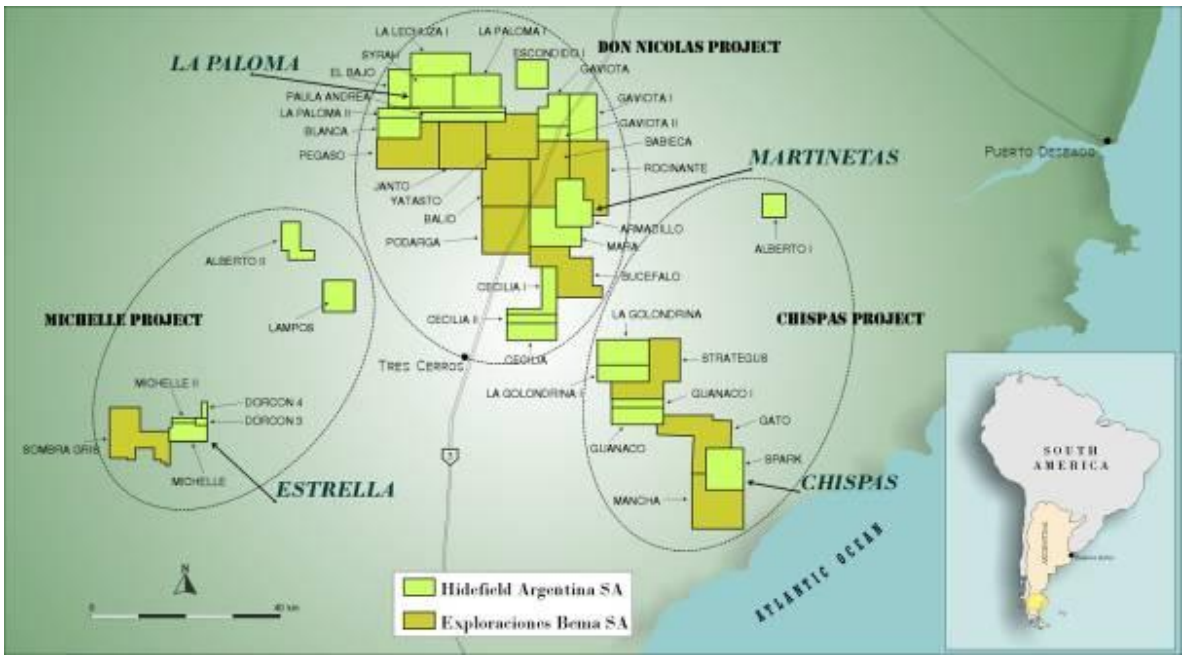


Figure 51 — General Location of the Don Nicolàs Gold Project

The total tenement coverage is 266,316 ha pursuant to 57 exploration licenses.

Three royalties apply to all or part of the Don Nicolàs Project. These are:

- An ad valorem provincial royalty of up to 3% of mine mouth value will be payable, however the details are yet to be negotiated with the provincial government.
- A 2% NSR reserved to Royal Gold Inc., pursuant to agreements dated 1 February 2000 and 1 January 2002, with Yamana Gold Inc. ("Yamana") and associate companies. The

first applies to those licenses covering all of the Martinetas resource areas as well as key licenses covering the prospective Microondas, Chispas, Golondrina, Estrella, and Chispas licenses. The latter covers the former Syrah cateo now making up the La Paloma project area. Runge has been advised that it would be a meticulous job ascertaining the precise areas of royalty coverage because of the license reductions, re-applications and adjacent acquisitions over the last few years but has been advised by Hidefield that all of the key resource areas and priority targets outside Martinetas and La Paloma are covered.

- A US$3.00/ounce gold royalty to a cap of US$2,000,000 payable to Yamana. This is applicable to all of the current resource areas and, effectively, those key licenses covered by the Royal Gold Inc. agreement.

In addition to these mineral rights, Hidefield holds the freehold rights to the El Condor and Bema estancias and is in the process of purchasing the La Paloma estancia covering Sulfuro (see Figure 53).

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The project area is located on the eastern Patagonian plains and is generally characterised by flat to gently undulating landforms dissected occasionally by incised valleys. Some prospect areas exhibit hilly terrain, but this does not impede easy access to the entire project area.

Vegetation is sparse and dominated by grasses and low shrubs.

The project area remains covered by a fine layer of volcanic ash arising from the 1991 eruption of Cerro Hudson, located approximately 450km north east in Chile. Prior to this eruption, cattle and sheep grazing predominated, however the pastoral industry has not recovered from the effects of the ash blanket and the area is now largely uninhabited.

Figure 52 — Hilly Landform (Sulphuro Prospect)

The Patagonian plains of southern Argentina endure strong westerly winds that persist throughout most of the year, and particularly during the summer months. Annual precipitation is from 180mm to 300mm, with occasional heavy snow falls in the winter.

The Don Nicolàs Project is easily reached from the coastal port city of Comodoro Rivadavia, which is serviced daily by commercial jet flights from Buenos Aires approximately 1,750km to the north. Comodoro Rivadavia is a regional centre of approximately 140,000 population that services the Argentine oil and gas industry.

From Comodoro Rivadavia, the Don Nicolàs Project is accessed by driving south along the paved National Route 3 for approximately 280km. This road is part of the main north-south road traversing the length of the country and is in reasonable condition (see Figure 52).

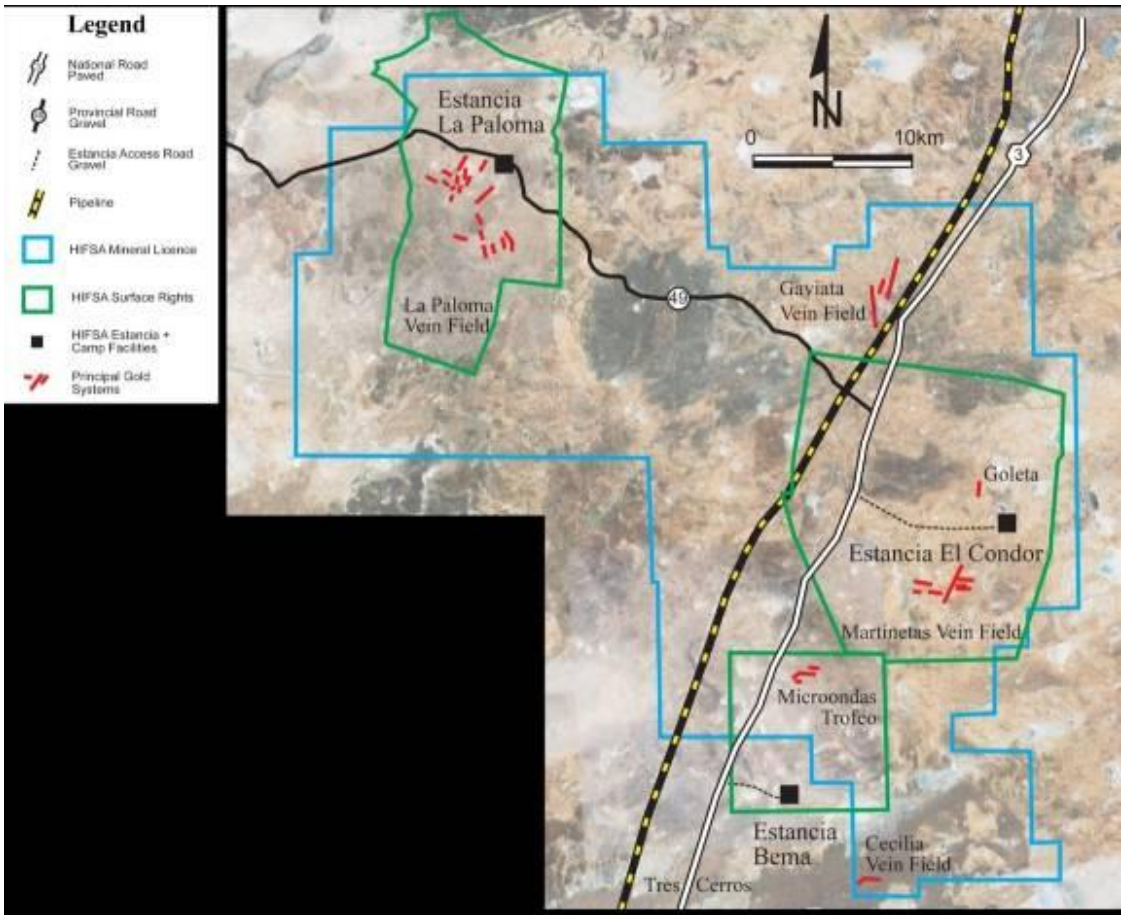


Figure 53 — Don Nicolàs Project area showing National Highway 3 and the gas pipeline

From there, the La Paloma estancia is accessed by turning west onto the unpaved Route 49, and the El Condor and Bema estancias are accessed along private roads approximately 7km and 25km further south directly off National Route 3. Average driving time between Comodoro Rivadavia and the property is about 4 hours.

Access to the various prospects within the project from the estancias is along formed and unformed gravel roads that are generally in very good condition.

The nearest settlements of significance are:

- Puerto Deseado 130km to the east;
- Puerto San Julian 160km to the south; and
- Rio Gallegos (Provincial Capital) 400km to the south west

Basic services and supplies are readily available in Puerto San Julian.

A gas pipeline running parallel to National Route 3 transects the project area. Communication is provided by satellite link, and accommodation and office facilities with domestic power and water services are available at the estancias.

Water exploration in the area targeted at identifying sufficient water to support a mining operation is ongoing, but given the substantial quantities of groundwater present at other mining operations in the district, this expected to yield positive results.

History

Hidefield, through its subsidiary Hidefield Argentina SA, acquired the Don Nicolàs Project, in the Patagonia Region of Southern Argentina, from Yamana in late 2005. The project consists of a number of mineral prospects held by cateos, or concessions issued by the government of Argentina, totalling approximately 160,000ha, as well as surface ownership of three sheep ranches or estancias (Ea. Bema Ranch, Ea. El Condor, and Ea. La Paloma). The cateos cover a variety of targets for gold and silver, which remain essentially unexplored compared to similar showings worldwide.

Gold and silver mineralization at the project was not discovered until modern times. The targets now controlled by Hidefield were originally identified in the early 1990's by studies of satellite imagery, driven by the discovery and subsequent development of the Cerro Vanguardia Gold Mine in the Santa Cruz Province by AngloGold and Fomicruz. Companies conducting initial exploration on the Hidefield cateos include Newcrest Mining Limited, Yamana, a joint venture of Yamana and Rio Algom Ltd, and lastly a joint venture of Yamana, Minas Buenaventura SA, and Mauricio Hochschild SA. Past exploration included surface sampling, trenching, and limited drilling, both core and percussion. Much of this work targeted large, bulk minable deposits. Only the last joint venture, operated by Buenaventura, looked more carefully for high-grade vein deposits, concentrating on the La Paloma and Martinetas cateos, where the bulk of Hidefield's drilling has been carried out.

Substantial exploration has been undertaken by previous operators at the project since commencement in the 1990's. This has included surface trenching, reverse circulation and core drilling.

Figure 54 — Martinetas

Geological Setting

The important gold and silver occurrences in Santa Cruz Province are confined to the Deseado Massif, a 60,000 square kilometre geological block encompassing the northern third of the province. It is comprised largely of a thick sequence of Jurassic-age (130-170ma) rhyolitic volcanic and tuffaceous sedimentary rocks, and is crisscrossed by numerous extensive fault and fracture zones which served as conduits for hydrothermal activities during periods of Jurassic volcanism. The result of this activity is a widespread network of shallow level "epithermal" fisural veins, breccias, and stockwork systems, many of which carry gold and silver minerals. The Don Nicolàs Project is located within the Deseado Massif.

Broad similarities occur between the two main prospect areas of La Paloma and Martinetas. Each are hosted within rhyolitic to andesitic volcaniclastic lithologies which are interpreted to be flat to shallow dipping. Gold occurrences consist of low sulphidation, epithermal mineralization within multiple epithermal vein swarms with minor stockwork development.

At La Paloma, the Sulfuro-Rocio vein system comprises multiple, thin, arcuate and steeply dipping quartz veins. Drilling has defined three resource areas. The Sulfuro vein is the main deposit and is represented by a single, well developed quartz vein typically 2-4m in thickness and has a primarily north-south orientation. Associated sulphide minerals include pyrite. The Ramal Sulfuro vein occurs at the northern end of the main Sulfuro vein and is strongly curved from a north-south orientation to east-west, and is typically 2-4m in thickness. A third vein (Rocio) occurs to the west of the main Sulfuro vein. The Rocio vein is typically 2-5m in thickness and dips steeply to the east. It is arcuate in shape and runs parallel to the Sulfuro veins. A

resource has also been estimated for the Arco Iris prospect at La Paloma. It is represented by a series of narrow, parallel veins with erratic mineralization.

At the Martinetas area, three resource areas have been delineated. The main resource is at the Coyote prospect and comprises a series of narrow, parallel quartz veins varying in width from tens of centimetres to several metres, and typically averaging one metre or less in thickness. Gold mineralization is variable within the veins with some mineralization extending into the host volcanic lithologies.

Other resource areas at Martinetas include the Armadillo and the Cerro Oro prospects. These small deposits are also hosted by very narrow, steep dipping veins and display short strike lengths and erratic gold mineralization.

Exploration

The discovery of surface gold mineralization at the Martinetas prospect led to the commencement of drilling in 1996. Since that time extensive surface trenching as well as various programs of RC and diamond drilling have been completed. The majority of drilling was completed by Yamana between 1996 and 1999. An additional program was carried out in 2003. In 2006, Hidefield commenced drilling and trenching at the project. The program was continued through 2008.

At the La Paloma project, initial drilling was carried out in 1996 by Newcrest Minera Argentina SA (Newcrest). No further drilling was carried out until Yamana resumed exploration in 2003 and drilled a series of holes in that year. Hidefield then acquired the project and commenced drilling in 2006.

All drilling was carried out by drilling contractors. Surface exploration work was conducted by staff and contractors of the operating companies.

Numerous zones of gold mineralization have been identified at the project areas. Systematic exploration of these has continued under the management of Hidefield. Drilling has commenced with the objective of further delineating and extending the known mineralization as part of the feasibility study as well as new exploration throughout the tenement blocks.

Mineralization

The epithermal systems are classic "low sulphidation" type deposits consisting mainly of quartz with adularia and free gold, only small amounts of sulphides, and weak alteration haloes. They may also be associated with anomalous amounts of arsenic, mercury, or antimony. Many of the systems are large and extensive, with individual veins up to several kilometres long and ten or more meters wide.

Drilling

Drilling by Yamana commenced at Martinetas in October 1996. The initial program comprised 20 RC drill holes. This was followed in 1997 by several phases of RC and core drilling for a total of 86 RC and 46 core holes. Yamana completed further programs in 1999 with the drilling of 20 RC and 20 core holes. In 2003, further drilling was carried out by Recursos Yamana S.A. ("RYSA"), a joint venture between Yamana Resources and Cia M Buenaventura. A total of 18 core holes was completed by the RYSA. At the La Paloma project, initial drilling was carried out in 1996 by Newcrest Mining Limited. This work comprised a 12 hole RC program. In 2003, a 14 hole core drilling program was completed by the RYSA joint venture.

Details of procedures used in the historic drilling were not documented in English reports. However, the personnel responsible for the historic work have remained with the project during the various changes in ownership. Runge believe that it is likely that the high quality procedures evident in the Hidefield field programs were also in place for the majority of the historic drilling.

Since acquisition of the project in 2006, Hidefield has carried out drilling programs at a number of prospects throughout the Martinetas and La Paloma Projects. All holes were completed using HQ core drilling from surface.

For drilling completed by Hidefield, drill hole collars were accurately surveyed by contract surveyors using electronic total station equipment. Data was provided to Hidefield in Gauss Kruger coordinates.

The majority of core holes have been down hole surveyed using a single shot Eastman camera. Runge considered this practice satisfactory considering the lack of magnetic host rocks.

A total of 152 holes have been completed by Hidefield at the Don Nicolàs Project. Of these, 85 holes for 11,100m were drilled at La Paloma and 67 holes for 7,743m were drilled at Martinetas. In addition a substantial number of trenches have been completed at each project area.

The mineralization is generally steep dipping and holes drilled from surface are generally not orthogonal to the mineralization. Consequently the true thickness of intersections is generally less than the down hole thickness and typically 60% to 80% of the down hole length.

Sampling and Analysis

Runge reports that work carried out by Hidefield was consistent for all resource areas. No documentation was available for sampling procedures, however a review of the core facilities during the site visit clarified the site cutting and sampling system. Detailed sample preparation and assaying procedures were documented in the 2006 QAQC report by Lynda Bloom of Analytical Solutions Limited.

Runge did not source any documentation on sampling and assaying procedures for Yamana drilling. However, due to the continuity of geological staff between Yamana and Hidefield,

Runge expects a similar high standard of work would have been carried out by Yamana although this could not be verified.

Drill core from Hidefield drilling was transported to the El Condor ranch for processing. The core was photographed then geological logging carried out. Geologists define sample intervals based on geological boundaries with a minimum interval of 0.4m and a maximum interval generally of 1.0m. Core was then cut in half using a diamond saw. Half core samples were then bagged and dispatched for preparation and analysis. The left side of the core was uniformly taken for analysis.

Selective sampling was carried out in many drill holes. This resulted in some portions of the holes remaining unsampled where there was no apparent mineralization.

A number of RC holes drilled by Yamana were included in the resource estimate. No details of drilling or sampling procedures were provided for this work. However, a review of the available data showed that the majority of RC samples were 2m in length. Several holes were sampled at 0.5 intervals and a very small number of samples were taken at 1m and 1.5m intervals.

Drilling conditions were good at the majority of prospects. A weathering profile exists to a depth of 20-50m resulting in the formation of clay rich lithologies. These present some difficulties for core drilling, however core recovery in the oxidised material was considered by Runge to be reasonable.

The narrow nature of many of the mineralized zones required selective sampling based on geological contacts. In most cases, this was vein margins and alteration zone boundaries. Samples were frequently narrow with a minimum length generally of 0.4m. The most common sample length at both La Paloma and Martinetas is 0.5m.

Sample quality from the historic RC drilling is not known. However ground conditions observed at the project area suggest to Runge that no problems should have been encountered at either Martinetas or La Paloma. The RC drilling utilised a face sampling hammer (Yamana, 2001) which would have aided the collection of quality samples.

Sample quality from the core drilling is reflected in the core recovery for the mineralized intersections. Core recovery was recorded for each interval within the database provided by Hidefield. The recovery for samples within the resource intersections was tabulated by Runge. The core recovery for La Paloma is less than satisfactory, with a substantial number of intervals returning less than 90% core recovery in the mineralized zones. Core recovery at Martinetas is reasonable and satisfactory.

Security of Samples

The following information is from Bloom, 2008. Samples were cut and bagged in the core sampling facility constructed on site by Hidefield. Batches of samples were labelled and

packaged by Hidefield staff then shipped by commercial transport companies to the ALS-Chemex laboratory in Mendoza, Argentina for sample preparation. Received samples were weighed and then split using a riffle splitter. Samples were then fine crushed to 70% -2mm or better prior to being pulverised to 85% passing 75 microns or better.

Prepared pulp samples were sent from Mendoza to the ALS-Chemex laboratory at La Serena in Chile. Samples were routinely analysed for Au using a 50g fire assay with AAS finish. Samples with a grade in excess of 5 g/t Au were re-analysed using a gravimetric method.

Exploration samples were routinely analysed for silver using a 50g fire assay with gravimetric finish if results were greater than 100ppm.

Runge considers that the sample preparation and analytical procedures are appropriate for the samples and style of mineralization at Don Nicolàs; sample security was typical of that employed at remote exploration sites and is adequate for the programs completed.

Mineral Resource and Mineral Reserve Estimates

Mineralization outlines were created by Runge to reflect the mineralized veins and structures interpreted by Hidefield. The boundaries to the zones were determined using both geological and geochemical criteria. The majority of zones were defined by both drilling and surface trenching. The surface trenching was primarily used as a guide to geometry and continuity of the structures.

Runge reviewed the interpretations by Hidefield geologists then prepared digital outlines using the logged vein margins as the resource boundary unless significant mineralization (usually >0.5g/t Au) occurred outside the veins. These samples were also included in the resource outlines.

No minimum width was used and in many cases, zones of 0.5-1.0m true width were defined. There were numerous areas where resource grade mineralization was not included in the resource outlines due to the lack of supporting geological features, or the lack of support for the zone along strike or up and down dip.

The interpreted sectional outlines were manually triangulated to form wireframes. To form ends to the wireframes, the end section strings were copied to a position midway to the next section and adjusted to match the dip, strike and plunge of the zone. The wireframed objects were validated using Surpac software and set as solids.

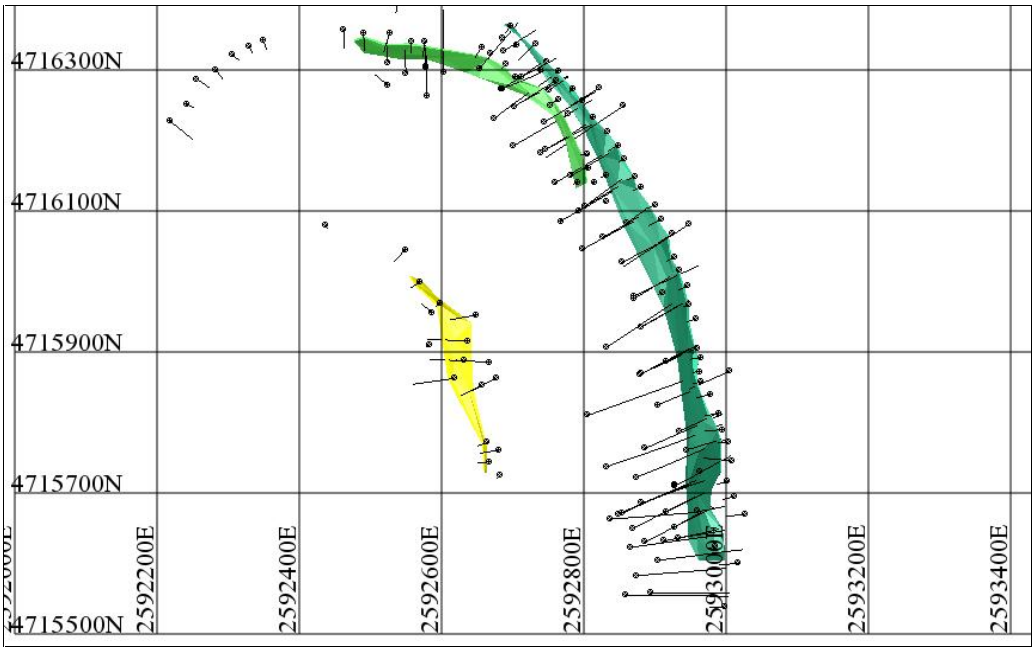


Figure 55 — Plan View of Sulfuro-Rocio Resource Zone Wireframes

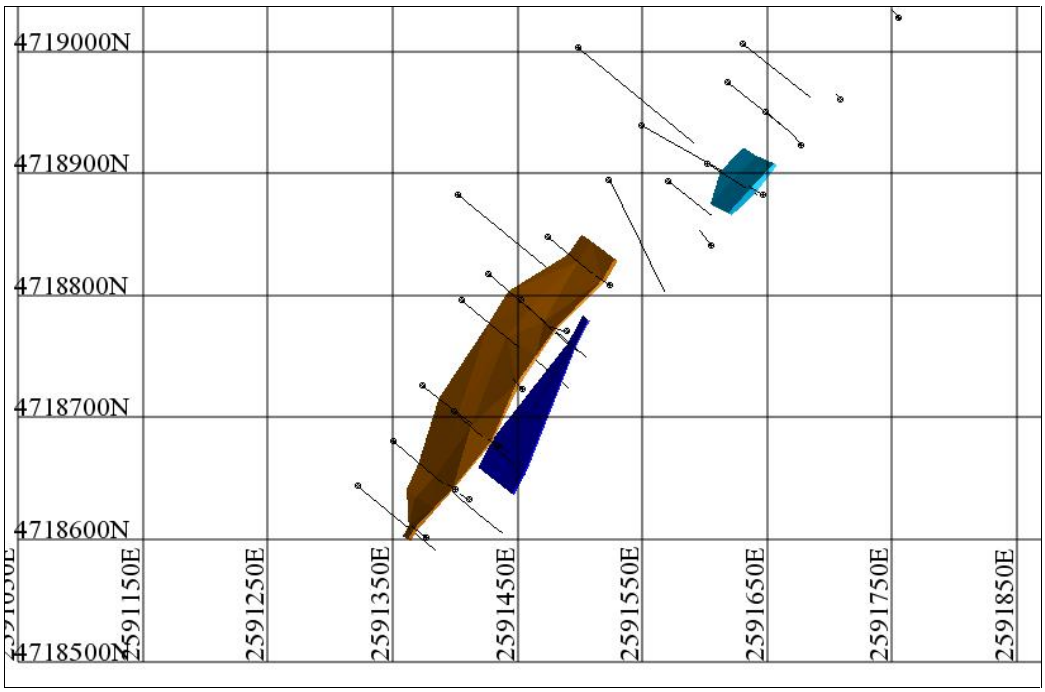


Figure 56 — Plan View of Arco Iris Resource Zone Wireframe

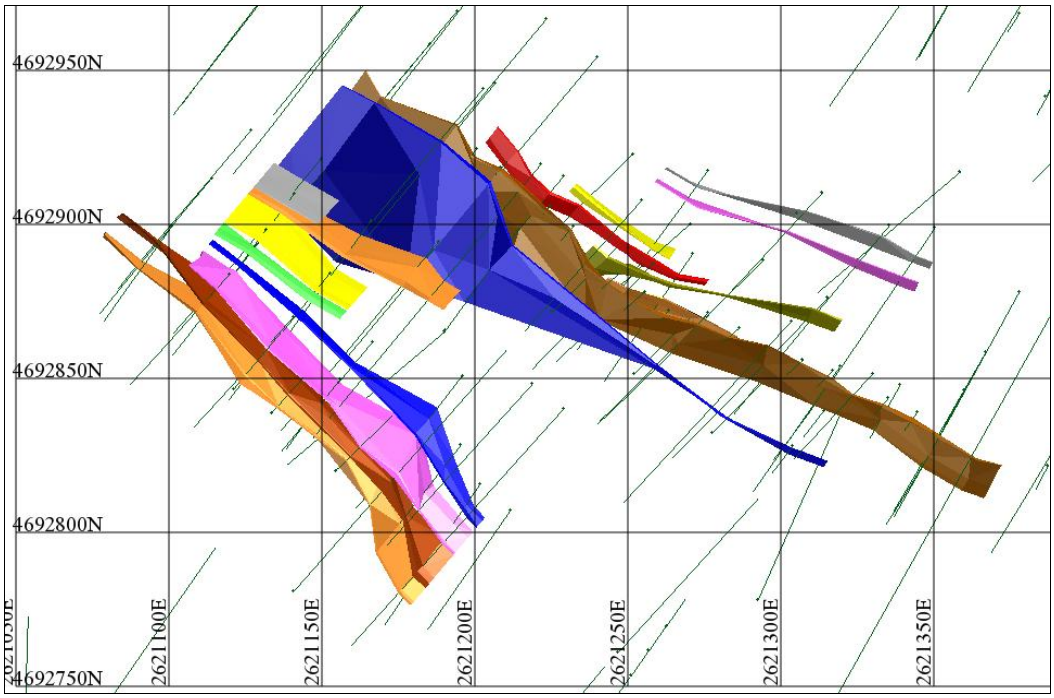


Figure 57 — Plan View of Coyote Resource Zone Wireframes

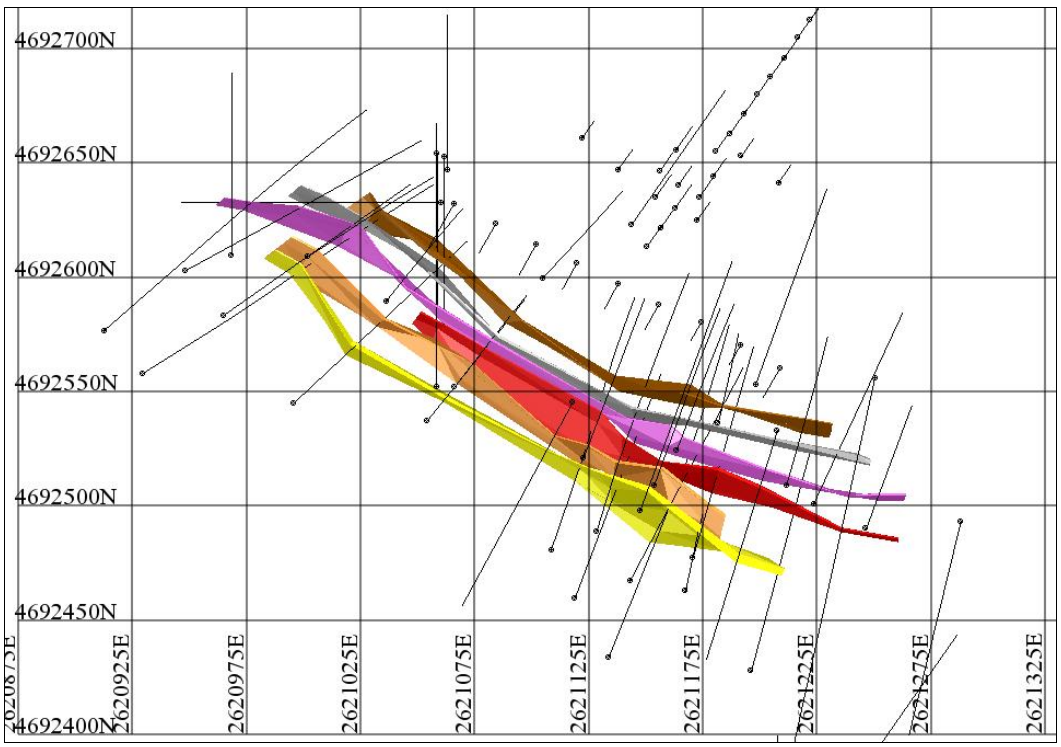


Figure 58 — Plan View of Cerro Oro Resource Zone Wireframes

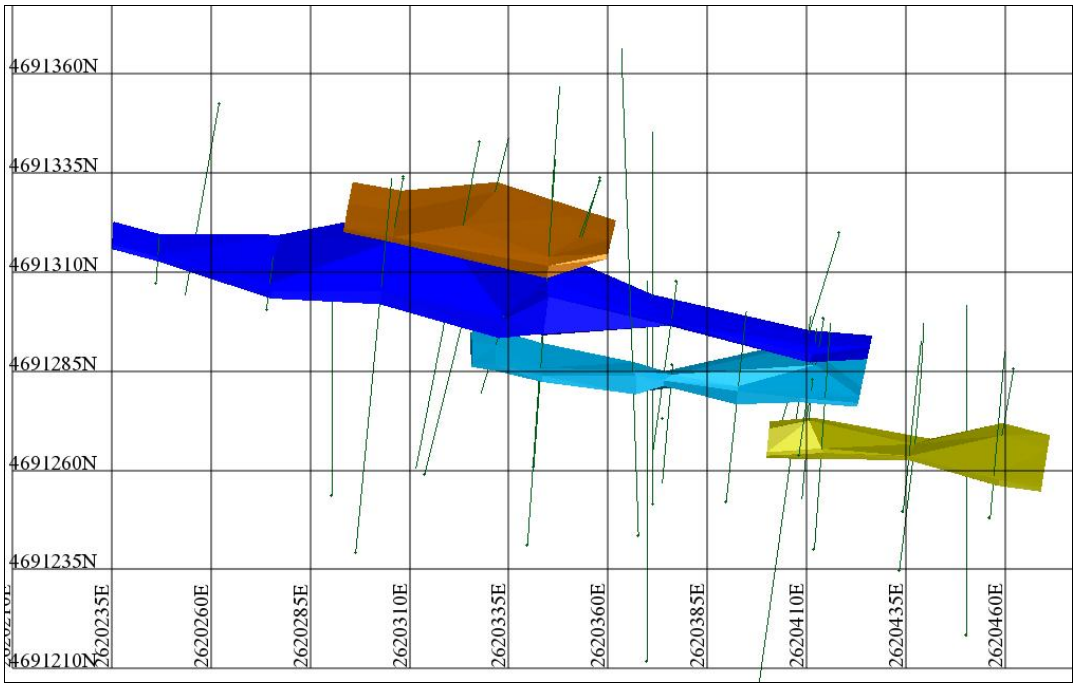


Figure 59 — Plan View of Armadillo Resource Zone Wireframes

The wireframes of the mineralized zones were used to code the database to allow identification of the resource intersections. Separate intersection files were generated for each object. Surpac software was then used to extract 0.5m down hole composites within the intervals coded as resource intersections. The composite length of 0.5m was selected after review of the sample lengths within the various resource outlines. In each case, 0.5m was the most frequent sample length.

To assist in the selection of an appropriate high grade cut, the composite data for each deposit was imported into GeoAccess software and log-probability plots were generated. The data showed an approximately lognormal distribution for the dataset. The plots are shown in Figures 60 and 61.

Table 29
Summary Statistics of Don Nicolàs 0.5m Resource Composites – Au

Parameter	Resource Area				
	Sulfuro	Arco Iris	Coyote	Armadillo	Cerro Oro
Number	770	120	585	320	360
Minimum	0.06	0.22	0.02	0.025	0.02
Maximum	386.00	48.22	1586.68	85.37	89.00
Mean	6.10	6.27	16.11	3.92	4.52
Median	1.95	2.74	2.55	1.567	1.94
Std Dev	22.21	9.54	84.89	9.00	8.62
Variance	493.15	91.03	7206.02	80.95	74.37
Std Error	0.03	0.08	0.15	0.03	0.02
Coeff Var	3.64	1.52	5.27	2.30	1.91
Sichel Statistics					
Mean	4.59	6.20	10.18	3.57	4.21
V	1.43	1.59	2.48	1.51	1.31
Gamma	2.04	2.20	3.44	2.12	1.92
Percentiles					
10	0.58	0.51	0.50	0.50	0.58
20	0.89	0.90	1.00	0.65	1.00
30	1.15	1.25	1.35	0.85	1.19
40	1.47	1.80	1.80	1.16	1.53
50	1.95	2.74	2.55	1.57	1.94
60	2.62	3.78	3.83	2.06	2.80
70	3.54	4.94	5.95	3.13	3.49
80	5.61	7.77	9.52	4.55	5.22
90	11.57	15.10	22.13	8.86	8.25
95	19.57	27.26	36.80	12.15	17.55
97.5	37.90	39.76	115.10	17.60	29.00
99	76.20	45.21	276.10	28.39	39.68

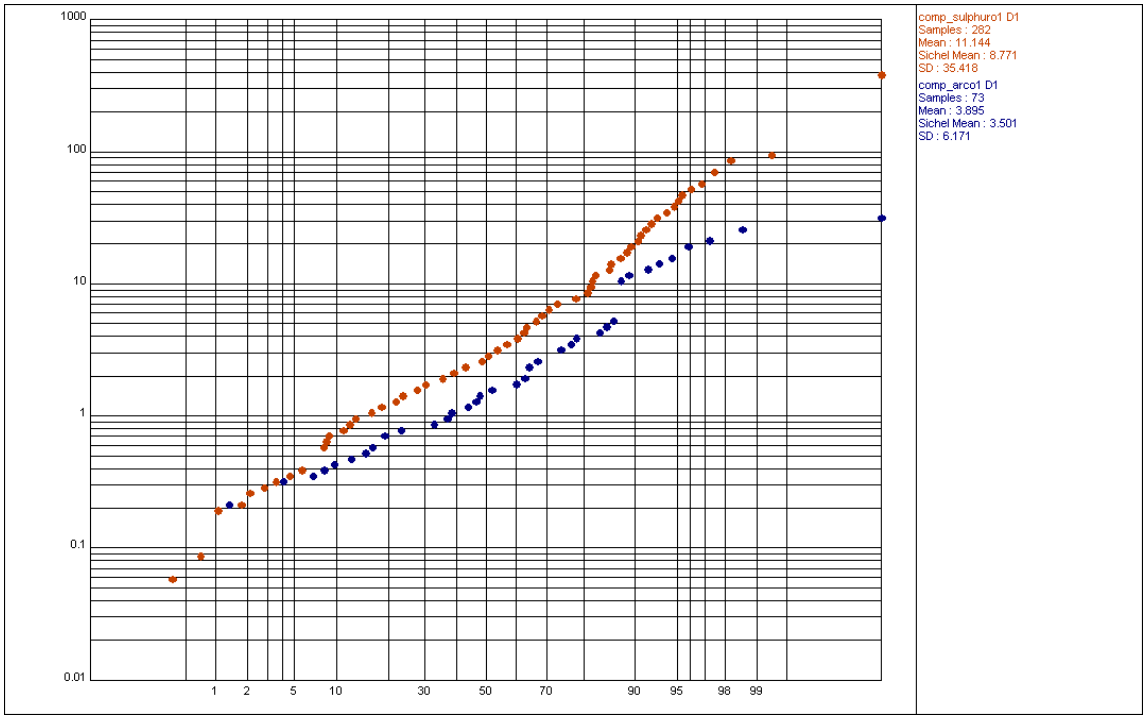


Figure 60 —Probability Plot La Paloma Deposit 0.5m Composite Data

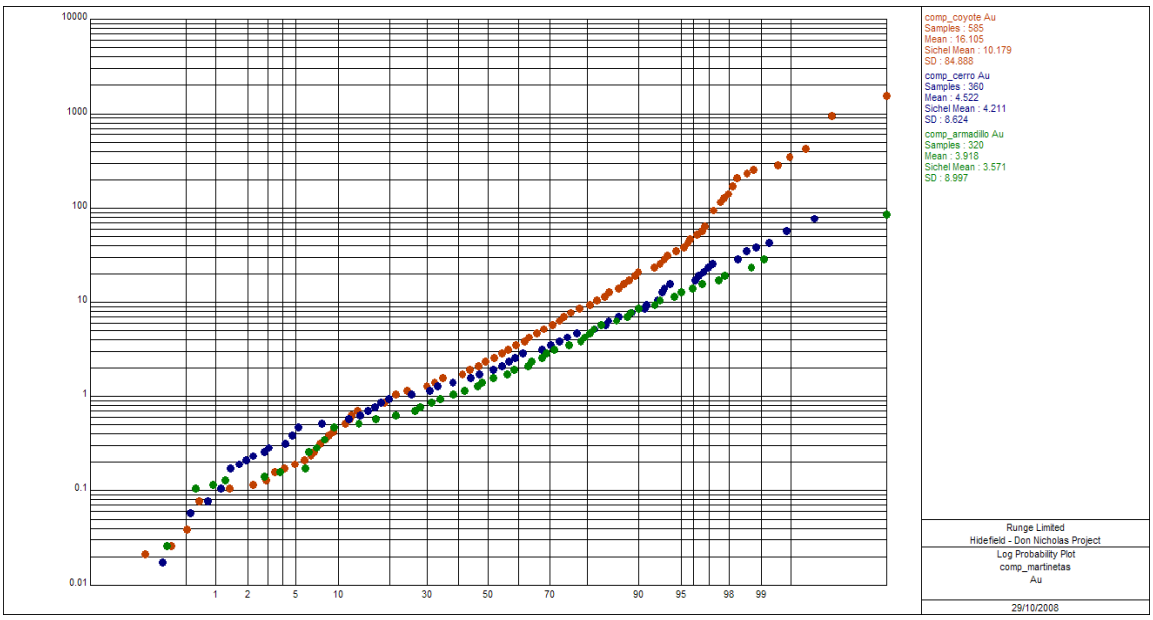


Figure 61 — Probability Plot Martinetas Deposit 0.5m Composite Data

Runge concludes that the clearly high grade nature of the Coyote mineralization is apparent from the plot. Likewise, the consistent grade distribution of the Sulfuro vein is clear. The smaller resources show more erratic grade distribution, partly due to the small number of composites defining the zones.

The small number of samples in most of the resources makes the selection of the high grade cuts somewhat subjective. In this case, there was a break in the distribution in the Sulfuro vein at 90g/t. This value was selected for Sulfuro and also applied to the other deposits.

For each of the five deposit areas (Sulfuro, Arco Iris, Coyote, Armadillo and Cerro Oro) a separate block model was created using Surpac software to encompass the full extent of the deposit. The Sulfuro block model used a primary block size of 4m east-west by 20m north-south by 20m vertical with sub-cells of 1m by 1.25m by 5m. The parent block size was selected on the basis of 50% of the average drill hole spacing in the resource areas, and a suitable value from which 1.25m sub-blocks could be generated.

Bulk density test work was available from pycnometer determinations carried out on prepared samples from core drilling. A total of 70 determinations were analysed at the University of San Luis (UNSL), Argentina. Results are presented in UNSL, 2007. The results were relatively consistent, and appeared to correlate with expected values for this style of mineralization. All samples were from the Sulfuro vein, but results have been applied to all mineralization in the resource. The results were separated by ResEval into the different oxidation types.

The individual values are shown graphically in Figure 62.

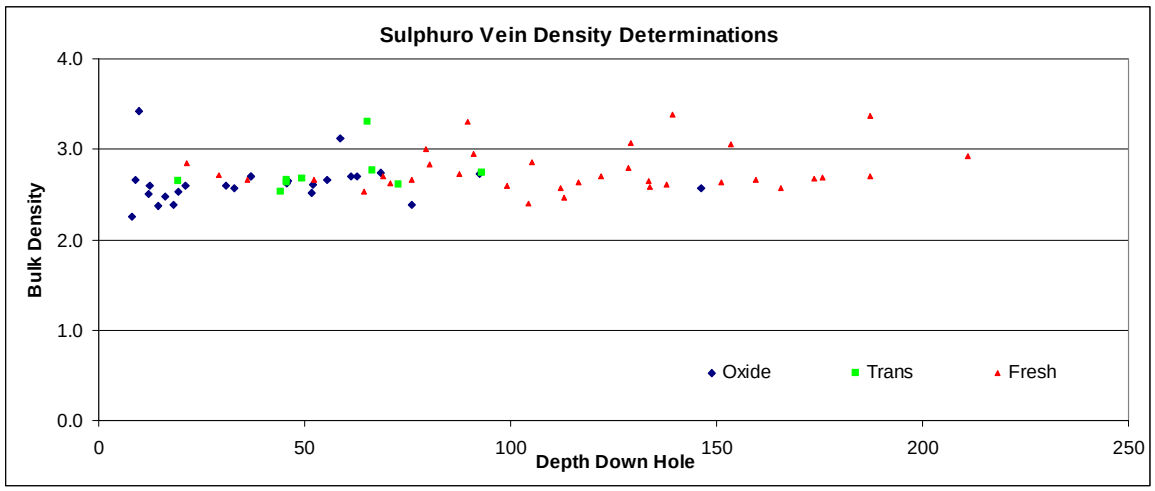


Figure 62 — Bulk Density Determinations - Sulfuro Vein

The following values were determined for use in the resource estimate:

Oxide	2.60t/m3
Transitional	2.67t/m3
Fresh	2.67t/m3

The Don Nicolàs resource was classified on the basis of data density and geological continuity. The estimate was classified as an indicated Mineral Resource for those portions of the Sulfuro vein and Coyote vein where surface trenching defined continuous structures and diamond drilling was sufficiently close to allow confident interpretation of the structures at depth.

The Inferred Mineral Resource represents those portions of the various structures where continuity of resource grade mineralization is assumed but not clearly defined due to the lack of surface trenching, the irregular grade distribution or sparse drilling data. All of the Arco Iris and Armadillo resources were classified as Inferred Mineral Resource.

The block model images shown in Figure 63 and 64 demonstrate the spatial positions of the different resource categories for Sulfuro vein and the Coyote resource respectively.

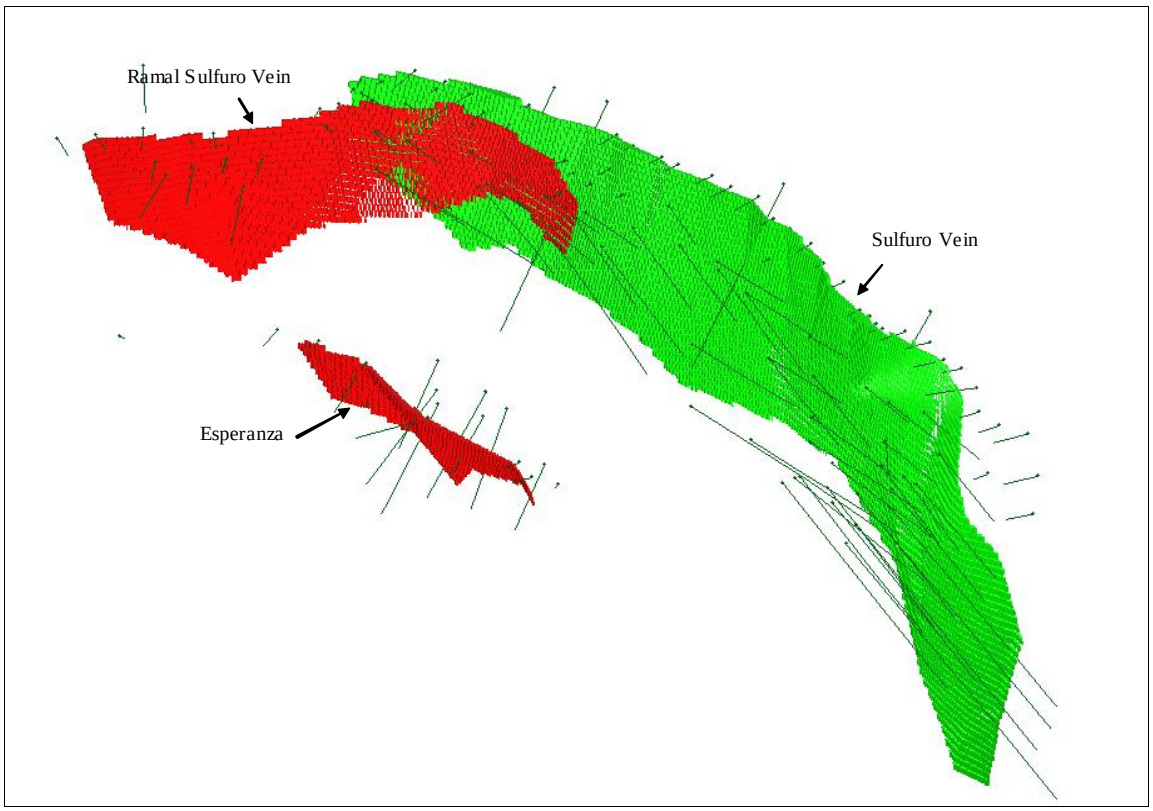


Figure 63 — Sulfuro Resource Classification (Green=Indicated, Red=Inferred) Looking NE

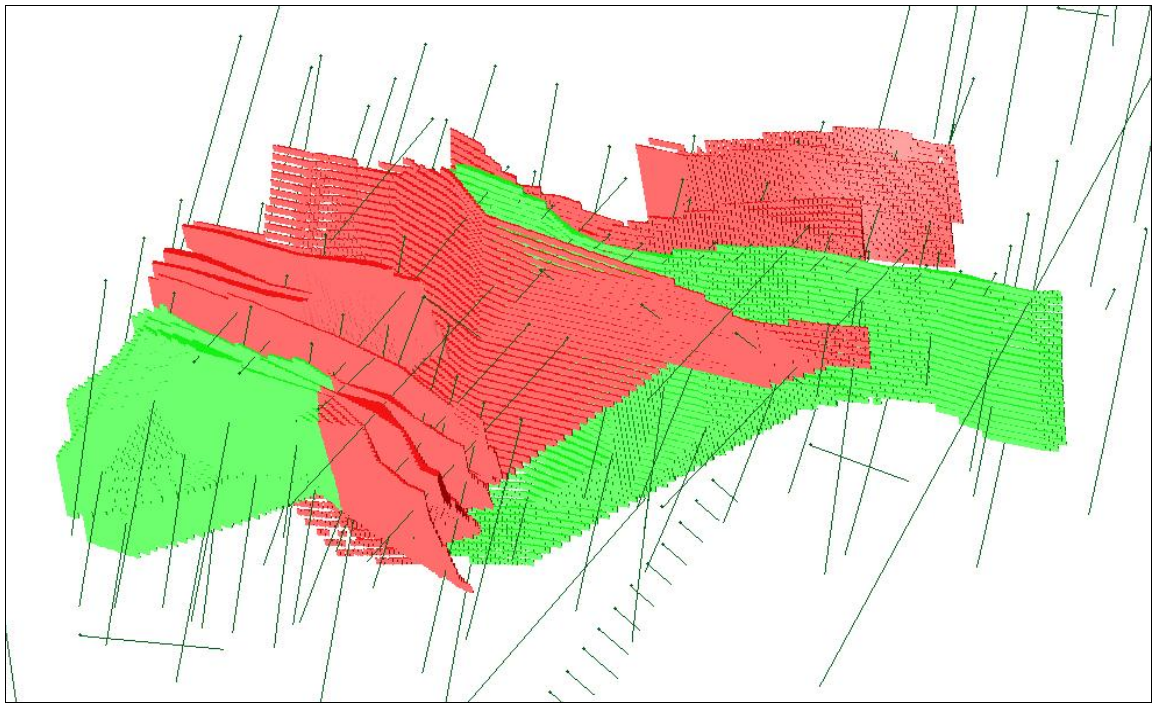


Figure 64 — Coyote Resource Classification (Green=Indicated, Red=Inferred) Looking NE

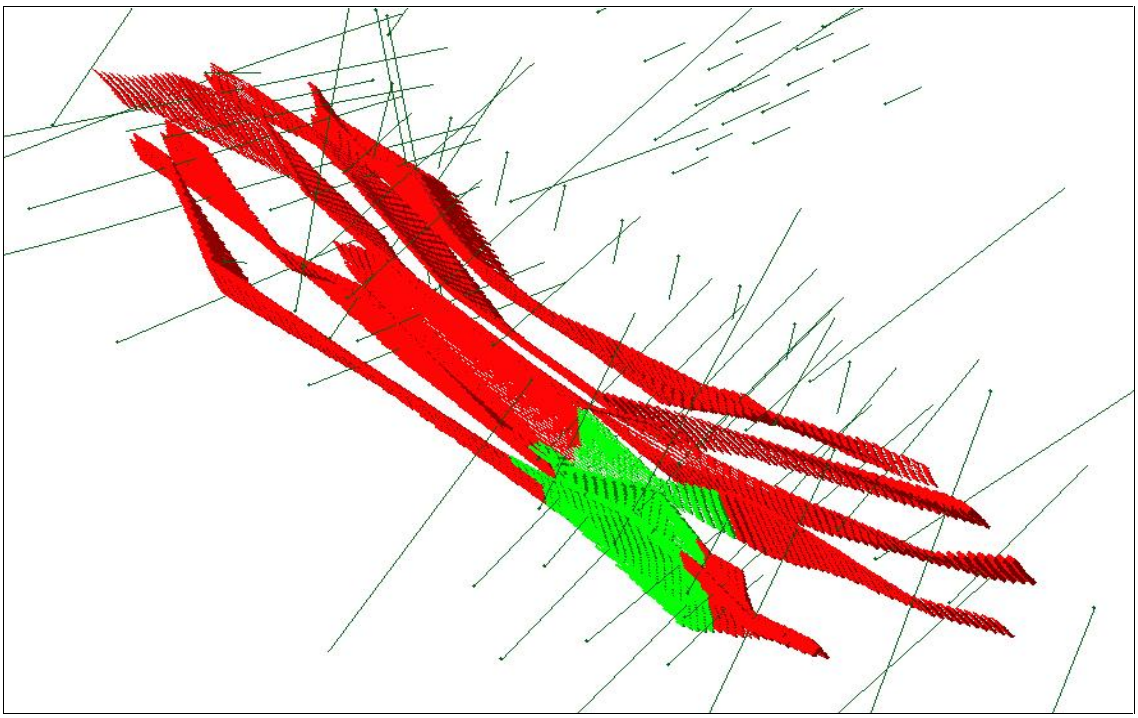


Figure 65 —Cerro Oro Resource Classification (Green=Indicated, Red=Inferred) Looking NE

The resource estimates are shown in Table 30 and total approximately 2.2 million tonnes grading 5.2 g/t Au containing 359,000 ounces using a 90 g/t Au top cut. Approximately 56% is in the Indicated category. The uncut inventory totals 463,000 ounces.

Table 30
Don Nicolàs Resource Estimates

Don Nicolas Project - All Deposits

Type	Indicated					Inferred				
	Tonnes T	Au Uncut g/t	Au_Cut90 g/t	Au Uncut Oz	Au_Cut90 Ox	Tonnes T	Au Uncut g/t	Au_Cut90 g/t	Au Uncut Oz	Au_Cut90 Ox
Oxide	109,000	8.40	5.00	30,000	18,000	309,000	5.80	4.80	58,000	48,000
Transitional	142,000	12.30	6.10	56,000	28,000	332,000	5.60	4.70	60,000	51,000
Fresh	827,000	7.30	5.80	194,000	155,000	433,000	4.80	4.30	66,000	60,000
Total	**1,078,000**	**8.10**	**5.80**	**279,000**	**201,000**	**1,075,000**	**5.30**	**4.60**	**184,000**	**158,000**

Don Nicolas Project - All Deposits

Type	Indicated					Inferred				
	Tonnes T	Au Uncut g/t	Au_Cut90 g/t	Au Uncut Oz	Au_Cut90 Ox	Tonnes T	Au Uncut g/t	Au_Cut90 g/t	Au Uncut Oz	Au_Cut90 Ox
Sulphuro Vein	930,000	6.80	5.50	202,000	166,000	134,000	2.00	2.00	8,000	8,000
Rocio Vein						93,000	4.10	4.10	12,000	12,000
Arco Iris Veins						310,000	5.50	5.50	55,000	55,000
Coyote Norte Veins	44,000	29.00	7.60	41,000	11,000	66,000	10.40	6.30	22,000	13,000
Coyote Sur Veins	63,000	14.50	8.70	30,000	18,000	71,000	14.90	8.60	34,000	20,000
Armadillo Veins						157,000	3.60	3.40	18,000	17,000
Cerro Oro Veins	41,000	5.40	5.10	7,000	7,000	245,000	4.30	4.10	34,000	32,000
Total	**1,078,000**	**8.10**	**5.80**	**279,000**	**201,000**	**1,075,000**	**5.30**	**4.60**	**184,000**	**158,000**

Metallurgy

Hidefield undertook a program of basic metallurgical testing in 2007. A total of 115.6 kg of sample was selected from La Paloma – Martinetas drill intercepts. Due to the small mass of samples available for testing, individual samples were composited into two composite samples (one oxide and one sulphide) for this testing.

Testwork was carried out at the AMMTEC laboratories in Perth, Western Australia.

The results of the testwork indicate that the ore is moderately hard and abrasive, but free milling and amenable to conventional CIP or flotation treatment. The oxide composite sample leached very well at a p80 grind size of 75 µm, producing recoveries of 98.9% for gold and 93.4% for silver with low reagent consumption. For the sulphide composite, leach recoveries were lower, but satisfactory, at 84.3% for gold and, not unexpectedly, 59.0% for silver. Reagent consumptions on this material were also satisfactory. Optimization work should improve upon these results.

Mining Operations

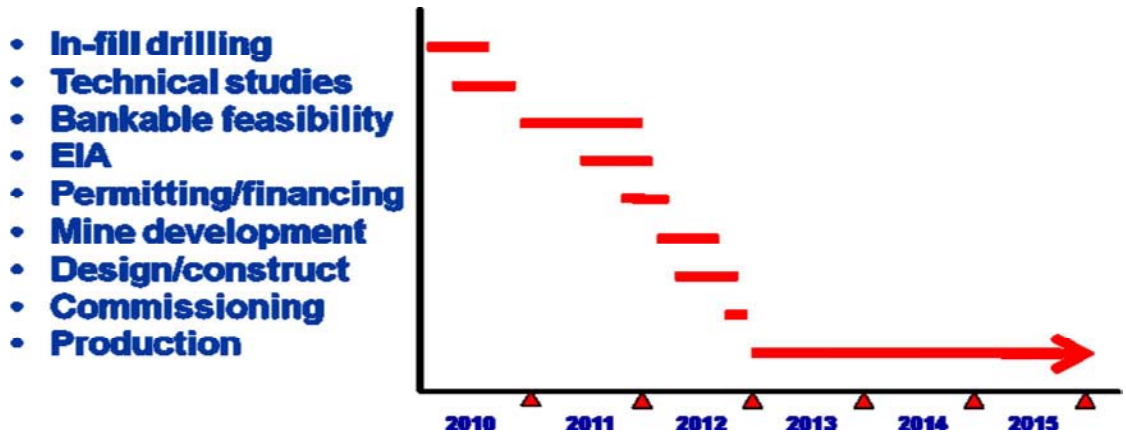
At this stage, there are no mining operations but the objective of the feasibility study is to work toward this goal.

Exploration and Development

Minera IRL has allocated a budget of over US$5 million for 2010 to the Don Nicolàs feasibility study and Deseado Massif exploration. The feasibility study is all embracing including in-fill and extension drilling, metallurgical testing, hydrological programs, environmental baseline data gathering, engineering studies and cost estimates.

Figure 66 provides an insight to the potential timing to bring a new development into production.

Figure 66
Preliminary development schedule for Don Nicolàs



The exploration program will include remote sensing, geophysics, mapping, trenching, target prioritization and drilling. Numerous targets are available to choose from.

4.4 Other Projects

Patagonia Regional Exploration - Argentina

In addition to the Don Nicolas Project, the Company advanced a number of exploration projects in Argentina's Patagonia region, including Escondido and Pan de Acuzar. A 4,400 line kilometre heli-borne magnetic and radiometric geophysical survey was commissioned over four project sites. This program was completed early in the third quarter 2010.

Escondido

The Escondido Project is contiguous to the Las Calandrias discovery announced by Mariana Resources Limited in late 2009. Extension of the Las Calandrias mineralization into the Escondido property has been confirmed by mapping and surface sampling conducted by Minera IRL, which has identified a breccias zone in excess of 100 meters wide with anomalous gold and silver values over a strike length of some 700 meters. This was followed up by geophysical studies which have identified structural and conductivity anomalies in several areas. Scout drilling was undertaken during the third quarter 2010. Of the 11 holes drilled, 10 intersected gold mineralization demonstrating that a significant portion of the deposit lies within Minera IRL Patagonia license. On 15 September 2010, the results of the scout drilling were announced. Best intersections are:

- E-D10-02 25.38 meters averaging 1.45 g/t gold and 9.62 g/t silver, including 13.75 meters grading 2.39 g/t gold and 14.56 g/t silver
- E-D10-03 100.0 meters averaging 1.19 g/t gold and 7.77 g/t silver, including 48.00 meters grading 1.71 g/t gold and 9.18 g/t silver
- E-D10-07 120.40 meters averaging 0.65 g/t gold and 5.70 g/t silver, including 14.70 meters grading 1.30 g/t gold and 11.86 g/t silver and 8.40 meters grading 2.45 g/t gold and 8.31 g/t silver

In December 2010, the widely spaced second-pass scout drilling program was carried out. On the 3 March 2011, results of the drill program was announced, which confirmed that mineralization extends over almost 700 meters of strike from the northern tenement boundary and remains open-ended toward both the east and south-east. Selected intercepts from the second pass Escondido scout drilling are tabulated below.

Hole Number	Intercept			Assay – g/t		Gold Equivalent – g/t*
	From	To	Meters	Au	Ag	
E-D10-020	51.00	84.50	33.50	0.89	2.83	0.91
including	56.15	66.35	10.20	1.83	4.45	1.90
E-D10-022	10.00	62.45	52.45	0.64	9.51	0.80
including	26.00	29.45	3.45	3.53	26.37	3.97
E-D10-024	15.00	32.00	17.00	1.13	8.23	1.27
E-D10-027	20.60	65.00	44.40	0.52	1.79	0.55
E-D10-033	86.25	90.70	4.45	0.82	59.02	1.80

*Gold equivalent grade is calculated by dividing the silver value by 60 and adding this to the gold value.

The results had also been received from an extended IP Gradient Array geophysical survey which shows a wide resistivity anomaly over the remaining 900 meters of untested ground between the current drilling and the eastern boundary of the Escondido tenement block. A substantial, chargeability anomaly coincident with the resistivity has also been identified. The extended geophysics provides another excellent drill target for the next round of drilling in 2011.

Pan de Azucar

At Pan de Azucar, further mapping and sampling has confirmed an outcropping epithermal vein with elevated gold and silver values over a strike length of some 1,300 meters. In addition, a gold anomalous breccias envelope has been mapped over a 300 meter portion of the vein. Scout drilling was completed in the fourth quarter of 2010. The assay results were announced on February 22, 2011 from the first pass diamond drilling program at Pan de Azucar, one of many prospects within Minera IRL's 2,700 square kilometres of exploration licences in the Deseado Massif in Patagonia. Twenty seven holes were drilled for a total of 3,976 meters. This program probed a 950 meter strike length with staggered holes which targeted the vein structure between 30 and 160 meters below surface. This drilling at the Pan de Azucar prospect is the first step in a much larger program to explore more than 8 kilometres of other outcropping epithermal veins within the Chispas Vein Field.

Selected intercepts for the Pan de Azucar drilling are shown in the table below.

Hole	Intercept			Assay – g/t		
PDA-D10	From	To	Meters	Au	Ag	Host
001	68.4	69.5	1.1	5.10	650	Fault structure
005	48.0	51.25	3.25	5.81	5.55	Vein
including	49.6	50.3	0.7	15.5	21.4	Vein
009	45.95	50.95	1.0	2.61	12.1	Vein
011	88.47	89.08	0.61	3.00	80.2	Vein
017	47.80	49.14	1.34	2.89	7.31	Splay
019	78.02	80.00	1.98	3.51	8.28	Vein
and	114.3	129.96	15.66	3.37	11.2	Fracture zone
021	96.0	101.0	5.0	3.48	7.98	Vein
022	134.42	135.33	0.91	5.68	12.1	Vein
025	131.45	131.85	0.4	21.5	2.6	Splay
and	135.0	137.0	2.0	2.67	37.1	Vein

Bethania - Peru

The Bethania exploration project is located approximately 10km east of the Corihuarmi Mine in central Peru at an elevation of approximately 4,700 meters.

Minera IRL SA has historically held three tenements in the area, namely Filpo I, Vera XI and Very IX totalling 2,400Ha at Bethania. In August 2009, Minera IRL SA entered into an option agreement to purchase 100% of a central, key 841Ha lease from Minera Monterrico Peru SAC.

Under the terms of the agreement, Minera IRL SA will have the right to commence immediate exploration. In August 2010, the Company exercised the option pursuant to the agreement by paying US$100,000 payment. Payment of US$10 per ounce in Proven and Probable Reserves upon presentation of a feasibility study at any time up to 4 years will secure 100% ownership in the property.

The area of interest at Bethania is a large porphyry system which shows a strong geophysical anomaly over approximately 3.5km by over 1km in size. Limited drilling was carried out by Newcrest Mining Limited in 1998 in which one hole showed interesting low grade gold copper mineralization.

Minera IRL SA completed a preliminary 12 hole, 4,856 meter reverse circulation drilling program in late 2009 and early 2010. Six drill holes intersected broad zones of gold copper molybdenum mineralization, characteristic of the targeted porphyry system. The best drill hole results, from RC10-BET10, intersected 276m from surface averaging 0.38g/t gold and 0.09% copper including, also from surface, 72m at 0.66g/t gold and 0.13% copper. Hole RC10-BET07 averaged 0.32g/t gold and 0.09% copper over the entire 426m of the hole and included a better zone of 124m at 0.39g/t gold and 0.10% copper from 260m down hole. RC10-09 recorded two intersections, 90m from surface at 0.46g/t gold and 0.15% copper plus 64m from 216m down

hole grading 0.41g/t gold and 0.11% copper. Drill hole RC10-BET11 averaged 0.29g/t gold and 0.11% copper for 422m from surface. Anomalously elevated molybdenum grades are present in all drill holes.

Quilavira - Peru

Minera IRL announced in late February 2010 that the Company had signed an option to purchase the Quilavira Gold Exploration Project from Ingerieria y Tecnologia Minero-Metalurgica SA ("ITMM").

The 5,100 hectare tenement package is located in the Tacna district of southern Peru. ITMM acquired the property from Newcrest Mining Limited in a competitive tendering process.

Minera IRL SA has entered into an option agreement to purchase 100% of the property from ITMM subject to payment of the sum of US$50,000 upon the grant of a supreme decree by the Peruvian government. The issue of a supreme decree is required where foreign registered companies seek to acquire exploration licenses within 50km of Peru's international boarder. Prior to commencing exploration on this property, a surface rights agreement will need to be negotiated with the local community.

The main exploration target on Quilavira is an alteration area approximately 1,200m by 300m. Sampling by Newcrest Mining Limited has identified a zone (200 x 200m) of anomalous gold mineralization (+1g/t Au rock chip values) within the western part of the alteration zone.

Huaquirca Joint Venture - Peru

On 13 January, 2011 it was announced that Alturas Minerals Corp ("Alturas") and Minera IRL had entered into an amendment of a letter agreement regarding Minera IRL's Chapi Chapi properties and Alturas's adjacent Utupara within the Huaquirca copper-gold district in southern Peru ("Huaquirca JV"). The amendment modifies an earlier letter agreement announced on June 2, 2010 and grants Alturas an extension within which to execute drilling at Huaquirca. Under the Letter Agreement and its Amendment, the two parties propose a joint venture with Minera IRL contributing the Chapi Chapi property and Alturas contributing the adjacent Utupara property.

The Chapi-Chapi property hosts a large copper-gold-molybdenum skarn system (the +3 km long "Chapi Chapi Corridor") within Cretaceous limestone and cut by dioritic and monzonitic stock-work. In addition, the property hosts a large "gold-in-soils" geochemical anomaly located within fractured Cretaceous sandstones. The limestone in the Huaquirca District is part of the same unit that hosts large skarn deposits in the Apurimac-Cusco porphyry-skarn belt, such as the Tintaya and Las Bambas copper-gold skarn projects of Xstrata. The quartzite unit also hosts a significant copper oxide resource at the nearby Antilla project of Panoro Minerals Ltd, situated some 15 kilometres to the west.

Alturas has the option to gain an 80% interest in the Huaquirca Joint Venture by starting drilling on the JV property no later than June 30, 2011 and must complete at least 15,000 meters of drilling on the Chapi-Chapi Property and completing a scoping study on any potential discovery before December 31, 2012. In consideration for granting Alturas the terms extensions, Alturas has paid Minera IRL US$ 200,000, made up of US$100,000 in cash and US$100,000 in shares. Once Alturas has fulfilled its obligations and have earned an 80% interest in the JV, both parties would contribute pro-rata according to their percentage interests, subject to usual dilution. If Minera IRL were to dilute below 20% interest it could convert that part of its interest to a 2% NSR. If Minera IRL were to further dilute its interest to below 10%, it would be entitled to an additional 1% NSR. The NSR is subject to a total buyout for US$ 5m at Alturas's option.

Alturas will be operator of the exploration program on the JV Property and will be responsible for all community and environmental issues during the drilling and Scoping Study phases.

Frontera Joint Venture – Chile

The Frontera project is 35/65 joint venture with Teck Cominco which is managed by the latter. The property consists of a 1,200Ha package of tenements located in region I of northern Chile, on the north-western border with Peru and close to the eastern border with Bolivia.

The Pucamarca high sulphidation Au deposit (~1.2 million oz Au resource), owned by Peruvian miner Minsur, is located in Peru only a few metres northwest of the Frontera property boundary. There is some evidence to show that the Pucamarca deposit and Frontera prospect might be part of one large alteration complex.

Limited work conducted by joint venture partner Teck-Cominco in 2006 confirms this complex extends over an area of some 8 x 6 km, similar to that observed around many large HS deposits in Peru and Chile. At the regional scale, the property is located at a major structural intersection. Principal structures include the north-west trending Inca Puquio fault system (said to control mineralization at several large Cu porphyries in southern Peru), and the north-north-west trending West Fisher fault system (known to control mineralization over hundreds of kilometres in northern and central Chile).

Known gold mineralization is mostly restricted to high-sulphidation vuggy silica alteration and locally to silica-alunite zones. Drilling conducted by then joint venture partner Hochschild (MHC) in 2005, indicates that the gold mineralization on the Frontera property is mainly found within hydrothermal breccias characterized by abundant iron oxide cement and to a lesser degree to oxides disseminated in silica and silica alunite alteration.

Another style of mineralization which consists in small zones of copper enrichment characterized by chalcocite coating pyrite, is recognized on the Frontera property. This mineralization has additionally been recognized in MHC 2005 drill hole intersections. The best sampled drilling interval assayed 0.25% Cu over 18 m. Very strong Mo, up to 565ppm is reported from a surface area extending eastwards from Frontera's Cerro Vuggy (Vuggy Mountain). Combined with the presence of Chalcocite mineralization, this suggests a possible

blind Cu-Mo porphyry target could underlie the advanced argillic alteration lithocap observed at surface. In 2006 Teck Cominco drilled 3 holes in this area to test this hypothesis but only intersected argillic to propylitic alteration below advanced argillic alteration. An area extending close to 2 km to the east of the main Mo anomaly remains untested.

5 RISK FACTORS

The following discussion summarises the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, financial condition and results of operations or the trading price of the Ordinary Shares.

Operating Risk

The operations of the Company may be disrupted by a number of events that are beyond the control of the Company. These include but are not limited to: the availability of transportation capacity, geological, geotechnical and seismic factors, industrial and mechanical accidents, equipment and environmental hazards, power supply failure, unscheduled shut downs or other processing problems. As a result, it cannot be guaranteed that any of the exploration projects carried out will bring any new commercial mining operations into operation.

As is common with all mining operations, there is uncertainty and therefore risk associated with the Company's operating parameters and costs. These can be difficult to predict and are often affected by factors outside the Company's control. If any such risks actually occur, the Company's business, financial condition and/or results of operations could be materially and adversely affected. In such a case, an investor may lose all or part of their investment.

There can be no guarantee that the Company will be able to effectively manage the expansion of its operations or that the Company's current personnel, systems, procedures and controls will be adequate to support the Company's operations. Any failure of management to effectively manage the Company's growth and development could have a material adverse effect on the Company's business, financial condition and results of operations.

Land Title

Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions from time to time may be severely constrained. In addition, unless the Company conducts surveys of the claims in which it holds direct or indirect interests, the precise area and location of such claims may be in doubt. Accordingly, such mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Environmental Regulations

The Company's operations are subject to environmental regulation in all of the jurisdictions in which the Company operates. Such regulation covers a wide array of matters, including without limitation waste disposal, protection of the environment, worker safety, mine development, land and water use, the protection of endangered and protected species. Existing and possible future environmental legislation, regulations and actions could cause the Company to incur additional expenses, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted.

Although precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have a material adverse impact on the business, operations and financial performance of the Company. Damages occurring as a result of such risks may give rise to claims against the Company which may not be covered, in whole or part, by any insurance carried. In addition, the occurrence of any of these incidents could result in the Company's current or future operational target dates being delayed or interrupted and increased capital expenditure.

Litigation

The board of directors is not aware of any material legal proceedings which have been threatened or actually commenced against the Company.

Legal proceedings may, however, arise from time to time in the course of the Company's business. Furthermore, litigation may be brought against third parties resulting in an adverse affect on the Company. There have been a number of cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The board of directors cannot preclude that such litigation may be brought against the Company in the future or that litigation against a third party will not have adverse effects on the Company.

Lack of Surface Rights

In Peru and Argentina, the countries in which the Company's material mineral projects are located, surface rights do not accompany exploration and mining rights. In both countries, the mining law provides for the resolution of conflicts arising between surface rights holders and mining rights holders, but the time within and cost with which such resolutions are reached is not assured. The failure of the Company to successfully negotiate surface rights access and purchase could cause substantial delays in the development of a project.

Health and Safety

The Company's activities are and will continue to be subject to health and safety standards and regulations. Failure to comply with such requirements may result in fines and penalties being assessed against the Company.

Additional Requirements for Capital

Further funds may be required once the Company completes its proposed development and exploration activities as disclosed in this document. Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, substantial additional financing will be required by the Company to permit and establish mining operations and production facilities. No assurances can be given that the Company will be able to raise the additional finances that may be required for such future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures, operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There are no assurances that additional financing will be available on terms acceptable to the Company, or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its tenements, incur financial penalties and reduce or terminate its operations.

Gold and Silver Prices

Gold and silver prices have historically fluctuated widely and are affected by numerous external factors beyond the Company's control. The profitability or viability of the Company's mineral projects is directly related to the price of commodities and, in particular, the price of gold and silver. These fluctuations make this sector particularly volatile from an investment perspective. The price of gold and silver is influenced by factors outside the Company's control, such as global demand and supply, international economic trends, the level of consumer product demand, the level of interest rates and the rate of inflation among others. Declines in the market price of either or both gold and silver may lead to the write down of assets or mineral resources and reserves, negative earnings and profitability and, ultimately, to the loss of resources and reserves and the prospect of development of Company projects.

Hedging and Use of Derivatives

Hedging activities are intended to protect a company from the fluctuations in the price of metals and to minimise the effect of declines in metal prices on results of operations for a period of time. Although hedging activities may protect a company against lower metal prices, they may also limit the price that can be realised on metals (such as gold and silver) that are subject to forward sales and call options where the market price of such metal exceeds its price in a forward sale or call option contract. Moreover, in some derivative structures, the Company could be exposed to margin calls where the price of the metal changes significantly (including upward increases) causing a cash flow crisis for the Company. There is no assurance that the Company will not enter into hedging and derivative products that provide for such exposure.

Mineral Reserves and Resources are Estimates Only

There is no certainty that the mineral resources or any mineral reserve, attributable to the Company will be realised. Until a deposit is actually mined and processed, the quantity of mineral resources and reserves and grades, must be considered as estimates only. In addition, the value of mineral resources and any mineral reserve, will depend upon, among other things, metal prices and currency exchange rates. Any material change in quantity of mineral resources or any mineral reserve, or grade, may affect the economic viability of any future mines. Any material reductions in the estimates of mineral resources, or mineral reserves, or the Company's ability to extract any ore, could have a material adverse affect on the Company's future results of operation and financial condition.

Insurance Coverage

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. The Company's insurance coverage is limited and, as a result, there may not be sufficient insurance for any particular loss, including political risks or environmental liabilities.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Key Management and Staff

The success of the Company is currently largely dependent on the abilities of some of its directors and its senior management. The loss of the services of any of these persons may have a materially adverse effect on the Company's business and prospects. There is no assurance that the Company can retain the services of these persons. Failure to do so could have a materially adverse affect on the Company and its prospects.

While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions the Company may carry on business from time to time. Adverse changes in such legislation may have a material adverse effect on the Company's business, results of operations and financial condition.

Legal Climate Considerations

The Peruvian, Argentinean and Chilean jurisdictions, where the Company will be operating, may have comparatively less developed legal systems than those found in Europe and North America. This could lead to exposure to any of the following risks: lack of guidance on interpretation of the applicable rules and regulations, delays in redress or greater discretion on the part of governmental authorities. In certain jurisdictions, commitment of judicial systems, government representatives, agencies and native businessmen to abide the legal requirements and negotiated agreements may be subject to doubt, creating concern with respect to the Company's agreements for business and licences. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others, and the effectiveness and enforcement of such arrangements in these jurisdictions cannot be certain.

Changes in Government Policy

The Company is subject to the rules and regulations of various countries in which it does business, including Peru and, Argentina. Its exploration activities, development projects and any future mining operations are subject to laws and regulations governing, among other things, the acquisition and retention of title to mineral rights, mine development, health and worker safety, employment standards, fiscal matters, waste disposal, protection of the environment, protection of endangered and protected species and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or interpretation could have a material and adverse impact on the Company's current exploration activities, planned development projects or future mining operations. Moreover, where required, obtaining necessary permits to conduct exploration or mining operations can be a complex and time consuming process and the Company cannot assure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all.

Geopolitical Climate

The political climate in Peru and Argentina is currently stable and generally held to offer a favourable outlook for foreign investments. There is no guarantee that it will remain so in the future. Changes in government, regulatory and legislative regimes, potentially leading to expropriation of mining rights cannot be ruled out.

Currency Risk

The Company will be reporting its financial results in US dollars and the gold and silver markets are predominantly denominated in US dollars, while costs will, for the most part, be incurred in local currencies. Subsequent appreciation of the local currencies against the US dollar may have the effect of rendering the exports from Peru and/or Argentina more expensive and less competitive, as well as having a negative impact on the financial statements of the company. Fluctuations in the Pound Sterling or Canadian dollar with respect to financial

reporting and/or local operating currencies could have an impact on the Pound Sterling or Canadian dollar denominated share price.

Economic Risks

Emerging markets such as Peru and Argentina are potentially subject to more volatility and greater risks than more mature markets. It should be noted that the emerging markets are frequently subject to rapid change, therefore some of the information set out in this AIF may become outdated. Investors should carefully consider all of the risks associated with investing in an emerging market.

Local Community

To date, the Company has enjoyed strong relationships with the local communities located around their relevant mining assets. The Company's policy is to actively consider, sponsor (through community projects) and work with the local communities and expects to maintain these relationships. However, such relationships cannot be guaranteed, nor can the Company be certain of forming new positive relationships with local populations with which it has not yet negotiated. Such relationships are important and can affect the ability of the Company to secure, amongst other things, surface rights, access, infrastructural support and the necessary labour required to operate a mine.

Geological Risks

The delineation of geological conditions and the definition of mineral resources and ore reserves is a complex process requiring input from many areas of specialisation and a high degree of interpretation of results obtained from exploration programs. While the Company employs best industry practises to develop reliable estimates, there remains a risk that if and when mining commences geological conditions could vary from those projected. In such case, there is a risk that geological conditions could adversely affect ongoing operations and in extreme circumstances, result in the abandonment of a project.

Competition

The Company competes with numerous other mining companies (many of which have greater financial resources, operational experience and technical capabilities than the Company) in connection with the acquisition of mineral properties as well as for the recruitment and retention of qualified employees.

General Business Risk

The activities of the Company are subject to usual commercial risks and such factors as industry competition and economic conditions generally may affect the Company's ability to generate income.

6 DIVIDENDS

The Company does not have a dividend policy in place and has never declared or paid dividends on the Ordinary Shares. Any future dividend payment will be made at the discretion of the Company's board of directors and will depend on its assessment of earnings, capital requirements, the operating and financial condition of the Company and any other factor that the Company's board of directors deems necessary to consider in the circumstances.

7 DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorised to issue an unlimited number of Ordinary Shares, of which 119,582,884 are issued as at 31 March 2011. Each share entitles the holder to one vote. All shares of the Company rank equally as to dividends, voting powers and participation in assets upon a dissolution or winding up of the Company.

As at 31 March 2011, the Company also had 17,733,431 options issued and outstanding, of which 9,155,000 options were issued for the benefit of directors, employees and consultants of the Company under the Company's Share Option Plans. Each option entitles the holder to acquire one Ordinary Share at exercise prices detailed below.

Date of grant	Exercisable from	Exercisable to	Exercise prices	Number granted	No. at 31 March 2011	No. at 31 December 2010
Share Option Plans Issued Options						
12 April 2007	12 April 2008 [1]	12 April 2012	£0.45	3,440,000	3,060,000	3,090,000
18 March 2008	18 March 2009 [1]	18 March 2013	£0.62	865,000	790,000	815,000
17 November 2009	17 November 2009	17 November 2014	£0.9125	2,300,000	2,300,000	2,300,000
25 January 2010	25 January 2010	25 January 2015	£0.8875	275,000	275,000	275,000
2 July 2010	2 July 2010	2 July 2015	£0.7250	50,000	50,000	50,000
17 November2010	17 November 2010	17 November 205	£1.08	2,680,000	2,680,000	2,680,000
Other Issued Options						
7 July 2010	7 July 2010	28 June 2013	US$1.08	6,944,444	6,944,444	6,944,444
30 September 2010	30 September 2010	28 June 2013	US$1.53	1,633,987	1,633,987	1,633,987
Total					**17,733,431**	**17,733,376**

1. 50% of the options were exercisable after one year of grant and the remaining 50% after two years.

8 MARKET FOR SECURITIES

The Ordinary Shares of the Company are listed for trading on the London Stock Exchange AIM and the Lima Stock Exchange (the "BVL") under the trading symbol "MIRL" and the Toronto Stock Exchange (the "TSX") under the trading symbol "IRL". The Company has been listed on AIM since 12 April 2007, BVL since 11 December 2007 and TSX since 28 April 2010.

Trading Price and Volume

The below table outlines the high and low prices, and volume of Ordinary Shares on AIM on a monthly basis during the financial year ended 31 December 2010.

Month	High (£)	Low (£)	Volume
January 2010	0.785	0.630	2,903,785
February 2010	0.675	0.655	810,721
March 2010	0.663	0.625	756,503
April 2010	0.735	0.620	1,420,132
May 2010	0.750	0.610	1,614,473
June 2010	0.610	0.565	801,409
July 2010	0.635	0.565	1,065,779
August 2010	0.635	0.605	537,674
September 2010	0.820	0.610	5,487,757
October 2010	0.815	0.765	4,215,019
November 2010	0.910	0.790	5,893,433
December 2010	0.938	0.850	4,466,833

The below table outlines the high and low prices, and volume of the Ordinary Shares on the BVL on a monthly basis during the financial year ended 31 December 2010.

Month	High (US$)	Low (US$)	Volume
January 2010	1.200	0.890	1,406,800
February 2010	1.050	0.900	758,412
March 2010	1.020	0.900	1,928,491
April 2010	1.080	0.930	1,432,092
May 2010	1.000	0.820	2,007,588
June 2010	0.850	0.780	870,257
July 2010	0.900	0.780	545,806
August 2010	0.980	0.890	450,637
September 2010	1.250	0.900	3,151,793
October 2010	1.350	1.140	3,519,180
November 2010	1.470	1.240	1,961,914
December 2010	1.400	1.270	1,289,495

The below table outlines the high and low prices, and volume of the Ordinary Shares on the TSX on a monthly basis during the financial year ended 31 December 2010.

Month	High (C$)	Low (C$)	Volume
28 -30 April 2010	1.050	1.050	1,000
May 2010	1.290	0.800	150,773
June 2010	0.820	0.810	3,200
July 2010	0.990	0.900	10,500
August 2010	1.200	1.020	61,977
September 2010	1.550	1.080	246,626
October 2010	1.570	1.200	678,444
November 2010	1.600	1.270	1,811,288
December 2010	1.520	1.210	8,041,026

Prior Sales

During the financial year ended 31 December 2010 the Company issued the following Ordinary Shares:

- 100,000 on 3 April 2010, at £0.45 per share via the exercise of options;
- 1,111,111 on 24 June 2010, at US$0.90 per share via debt for equity swap;
- 50,000 on 5 October 2010, at £0.45 per share via the exercise of options;
- 32,641,600 on 10 November 2010, at C$1.15 per share via an equity offering; and
- 50,000 on 23 November 2010, at £0.45 per share via an equity offering.

Subsequent to the financial year ended 31 December 2010 the Company issued 30,000 and 25,000 Ordinary Shares on 20 January 2011 at £0.45 and £0.62 per share respectively via the exercise of options.

In addition, the Company issued the following options:

- 25 January 2010, 275,000 options exercisable at £0.8875 per share on or before 25 January 2015;
- 2 July 2010, 50,000 options exercisable at £0.7250 per share on or before 2 July 2015;
- 7 July 2010, issued 6,944,444 options exercisable at US$1.08 per share on or before 28 June 2013;
- 30 September 2010, issued 1,633,987 options exercisable at US$1.53 per share on or before 28 June 2013; and
- 17 November 2010, 2,680,000 options exercisable at £1.08 per share on or before 17 November 2015.

9 ESCROWED SECURITIES

As at the date of this AIF there are no securities of the Company under escrow.

10 DIRECTORS AND OFFICERS

The names and municipalities of residence, present positions with the Company and principal occupations during the past five years of the directors and executive officers of the Company as at 31 March, 2011 are present in the below table.

At the annual general meeting, one-third of the directors shall retire from office or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but:

(a) if any one director has at the start of the annual general meeting been in office for more than three years since his last appointment or reappointment, he shall retire; and

(b) if there is only one director who is subject to retirement by rotation, he shall retire.

Name and Residence	Note	Principal Occupation During the Last Five Years	Director Since
Directors			
Courtney Charles Chamberlain Lima, Peru	(1)	Executive Chairman Minera IRL Limited	28 August 2003
Douglas Alan Jones Perth, Australia	(2)	Managing Director Chalice Gold Mines Limited Non-Executive Director Minera IRL Limited	28 August 2003
Graeme David Ross St Brelade, Jersey	(1)	Partner Rawlinson & Hunter Non-Executive Director Minera IRL Limited	30 October 2006
Kenneth Peter Judge Monte Carlo, Monaco	(1)	Consultant and Advisor Hamilton Capital Partners Limited Non-Executive Director Minera IRL Limited	21 December 2009
Napoleon Oscar Valdez Ferrand Lima, Peru	(2)	President Heinz Ferrand Glass S.A.C. Non-Executive Director Minera IRL Limited	3 February 2010
Executive Officers			
Tim Miller Melbourne, Australia		Chief Financial Officer and Company Secretary Minera IRL Limited	NA

Name and Residence	Note	Principal Occupation During the Last Five Years	Director Since
Diego Francisco Benavides Lima, Peru		President Minera IRL SA	NA

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Messrs. Chamberlain and Judge are retiring by rotation and offer themselves for re-election at the next Annual General Meeting.

Directors' Information

Mr Courtney Chamberlain
Executive Chairman
Mr Chamberlain is a metallurgist by profession with over 40 years' experience in precious and base metals management, operations and development as well as consulting in Australia, Asia, Africa and both North and South America. He is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Chamberlain spent 29 years with Newmont Mining Corporation and Newcrest Mining Ltd ("Newcrest"), including 13 years on the board of directors of Newmont Australia Ltd and Newcrest where he was responsible for operations and development. His responsibilities included key management roles in the development of the Telfer and New Celebration Gold Mines in Western Australia and the Cadia Mine in New South Wales. Mr Chamberlain was a co-founding partner of Investor Resources Limited (IRL), a financial and technical advisor to the international mining industry. He also founded Minera IRL.

Dr Doug Jones
Non-Executive Director
Dr Jones is a geologist with 33 years of international exploration, exploration management and consulting experience in the mining industry. Between 1997 and 2007 he served as Vice President Exploration for Golden Star Resources, responsible for world wide exploration. Before that he was Chief Geologist, New Business South America at Delta Gold Limited. He is currently the Chief Executive Officer of Australian Stock Exchange ("ASX") listed Chalice Gold Mines Limited and a non-executive director of ASX listed Liontown Resources Limited and Chalice Gold Mines Limited. Mr Jones is also a former director of TSX, AIM and ASX listed company, Moto Goldmines Limited.

Mr Graeme Ross
Non-Executive Director
Mr Ross qualified as a Chartered Accountant in 1984 and is now a partner at Rawlinson & Hunter, Jersey which is part of the Rawlinson & Hunter international network. He has worked in Jersey's finance industry since 1986 and has in-depth knowledge and experience of the structuring and ongoing administration requirements of publicly owned Jersey investment vehicles. Mr Ross is a director in both Computershare Investor Services (Jersey) Limited and R&H Trust Co. (Jersey) Limited, each of which provides services to and/or is remunerated by Minera IRL.

Mr Ken Judge
Non-Executive Director
Mr Judge is a corporate lawyer with extensive business management and corporate development experience, having held numerous public company directorships and having been engaged in the establishment or corporate development of oil and gas, mining and technology companies in the United Kingdom, Middle East, USA, Australia, Europe, Canada, Latin America and South East Asia. He has undergraduate and post-graduate degrees in Commerce, Jurisprudence and Laws from the University of Western Australia and was awarded an Order of Australia Medal in 1984. Mr Judge was the Executive Chairman of AIM listed Hidefield Gold Plc, until its acquisition by Minera IRL in December 2009 and is a senior consultant and advisor to Hamilton Capital Partners and director of London Stock Exchange listed Gulfsands Petroleum Plc and TSX-V listed Brazilian Diamonds Ltd.

Napoleon Valdez
Non-executive Director
Mr Valdez has extensive business management experience and is the President of the board and major shareholder of Heinz Ferrand Glass SAC and Cristalerias Ferrand, privately owned glass companies. He is also the owner and a director of Inversiones El Carmen, Agricola Topara and Gruval, Peru incorporated companies. Mr Valdez is a Peruvian resident, a well connected and experienced South American businessman and well informed on the Peruvian mining industry in which he has been a long standing investor.

Executive Officers' Information

Tim Miller
Chief Financial Officer and Company Secretary
Mr Miller has over 15 years of corporate finance, mergers & acquisitions and finance experience in the natural resources industry. He holds a BSc (Applied Chemistry) from RMIT, Graduate Diploma of Applied Finance and Investment from the SIA and a Masters in Applied Finance from the University of Melbourne. He has worked for WMC Ltd at their Olympic Dam Operations, in the stockbroking industry as a resources equity analyst and for diversified mining company, North Ltd in their M&A and financial planning & analysis divisions until their takeover in 2000 by Rio Tinto. He worked with Investor Resources Limited (IRL), a corporate advisory group specialising in the mining industry, where he assisted with the founding of Minera IRL Limited. More recently he worked for Australian investment banking group, Babcock & Brown, where he was a member of the resources team involved in advisory work and private equity transactions. He is a Member of Australasian Institute of Mining and Metallurgy (AusIMM) and a Fellow of Financial Services Institute of Australasia (finsia). In 2009, Mr Miller joined Minera IRL Limited responsible for the corporate finance activities of the Company and on 1 January 2011 he became chief financial officer of the Company.

Dr. Diego Benavides
President Minera IRL SA
Responsible for the Company's corporate, legal and community activities, Mr Benavides is a lawyer by training with particular experience in the Latin American mining industry. Mr Benavides' previous experience includes positions with Minera Mount Isa Peru SA, Minera Newcrest Peru SA and as a consultant to Minera Phelps Dodge Del Peru SA.

As of 31 March 2011, the Company's directors and officers, as a group, beneficially own, control or direct (directly or indirectly), an aggregate of 7,647,382 shares, representing approximately 6.42% of the Company's Ordinary Shares.

Corporate Governance

Minera IRL has well defined policies that govern the Company. Strict environmental guidelines are followed at all projects and the Corihuarmi Gold Mine has been constructed under stringent environmental controls of an international standard. The Company has a very strong community relations team and a track record of working closely with the local people in all project areas. In addition to local employment and training, programs cover other areas of social importance including health, education and Company sponsored projects are aimed at sustainable development.

The board of directors maintains audit and remuneration committees which further assist in the governance of the Company. Public and investor relations management have been developed coincident with the move into the public arena.

Audit Committee

The Audit Committee is appointed by the board of directors of the Company to oversee the accounting and financial reporting process of the Company, management's reporting on internal controls, the system of internal accounting and financial controls and the audit procedures and audit plans. The Audit Committee also reviews and recommends to the board of directors for approval the financial statements, the reports and certain other documents required by regulatory authorities.

Audit Committee Charter

The Company's Audit Committee Charter (the "Charter") is attached as Appendix 1 hereto.

Composition of the Audit Committee

As at the date hereof, the Audit Committee is composed of Graeme Ross and Ken Judge, all of whom are "financially literate" and "independent" within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Relevant Education and Experience

Mr. Ross, Chairman of the Audit Committee and a Chartered Accountant with over 25 years experience, has a clear understanding of the accounting principles used by the Company to prepare its financial statements; has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; has experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and has an understanding of internal controls and procedures for financial reporting.

Mr. Judge's business management and corporate development experience and public company directorships experience provides him with an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles and analyze or evaluate financial statements, and an understanding of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on an exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), Section 3.2 of NI 52-110 (*Initial Public Offerings*), Section 3.4 of NI 52-110 (*Events Outside Control of Member*), Section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*), Section 3.3(2) of NI 52-110 (*Controlled Companies*), Section 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*), Section 3.8 (*Acquisition of Financial Literacy*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 thereof.

Audit Committee Oversight

At no time since the commencement of Minera IRL's most recently completed financial year has the Audit Committee made a recommendation to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems to be necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The following table summarizes the aggregate fees billed by the Company's external auditors (on a consolidated basis) during the two most recent completed financial years:

Type of Work	Year ended 31 December 2009	Year ended 31 December 2010
Audit Fees(1)	US$113,000	US$124,000
Audit-related Fees(2)	US$54,000	US$79,000
Tax Fees(3)	-	US$15,300
All Other Fees(4)	US$57,000	US$53,400

(1). The aggregate fees billed by the Company's external auditor for audit services.
(2). The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported as "Audit fees".
(3). The aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.
(4). The aggregate fees billed for advisory services.

Compensation Committee

The Compensation Committee is appointed by the board of directors of the Company to develop the compensation policy for the Company, review remuneration levels and review stock option allocations.

11 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS

None of the Company's directors or executive officers is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Minera IRL) that was subject to one of the following orders, that was in effect for a period of more than 30 consecutive days:

(a) a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was issued while the director, chief executive officer or chief financial officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that

occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, none of the Company's directors or executive officers, or shareholders holding a sufficient number of our securities to affect materially control of the Company:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including Minera IRL) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or the shareholder; or

(c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

12 LEGAL PROCEEDINGS

The Company is not currently involved in any legal proceedings nor was it involved in any legal proceedings in the financial year ended 31 December 2010 and nor to the knowledge of management, are there any legal proceedings which may materially affect the business and affairs of the Company.

13 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the Company's current financial year and its three most recently completed financial years, no director, executive officer or person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the Ordinary Shares of the Company or any associate or affiliate of such persons or companies had any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect the Company or its subsidiaries.

14 TRANSFER AGENTS AND REGISTRARS

Principal Registrar
Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

Canada - Branch Registrar and Transfer Agent
Computershare Investor Services Inc.
University Avenue
Toronto, Ontario
M5J 2Y1
Canada

Peru - Transfer Agent
Registro Central de Valores y Liquidaciones (CAVALI)
Avenida Santo Toribio 143, oficina 501,
San Isidro, Lima 27
Perú.

15 MATERIAL CONTRACTS

The Company has the following material contracts that were entered into by the Company within the most recently completed financial year or were entered into since 27 August 2003 (date of incorporation) and are still in effect:

Agency Agreement

On 28 October 2010, the Company entered into an agency agreement ("Agency Agreement") with Jennings Capital Inc and National Bank Financial Inc. (collectively, the "Agents") for the offer of 28,391,304 Ordinary Shares at C$1.15 per share on a best endeavours basis. The Agent were granted an over-allotment option to sell up to additional 4,250,296 Ordinary Shares on the same basis as the previous Ordinary Shares. In consideration of the services rendered by the Agents in connection with the offering of ordinary shares, the Company agreed to pay a cash commission to the Agents representing 6.0% of the gross proceeds received by the Company

Feasibility Finance Facility Agreement

Pursuant to the feasibility finance facility agreement dated 7 July 2010 between Macquarie Bank Limited ("Macquarie"), Minera IRL, Minera IRL SA, Compania Minera Kuri Kulla SA and Hidefield Argentina SA, Macquarie provided Minera IRL with a US$20,000,000 facility comprising two tranches of US$10 million (the "Facility"). The first tranche is committed by Macquarie, with the second tranche being subject to further due diligence and approvals prior

to any drawdown of the second tranche. Each tranche has two drawdowns. The purpose of the Facility is to refinance the existing outstanding facility of $2.5 million with Macquarie, to assist with funding the working capital requirements in relation to the exploration and development of the Ollachea and Don Nicolas Projects and general working capital requirements. In consideration of providing the Facility, Macquarie will be granted options whose aggregate exercise price into Ordinary Shares in the Company will be equivalent to the amount of the Facility drawn down. The price of the options will be set prior to each drawdown based on a set pricing mechanism. To date Minera IRL has granted Macquarie 6,944,444 options exercisable at US$1.08 per share on or before 28 June 2013and 1,633,987 options exercisable at US$1.53 per share on or before 28 June 2013. Minera IRL has provided security arrangements typical for such a facility.

RCF Debt for Equity Swap

On 24 June 2010, the Company entered into an agreement with Resource Capital Fund III LP ("RCF") to exchange US$1 million of its outstanding principal amount under the RCF working capital facility for 1,111,111 Ordinary Shares at a price of US$0.90 per Ordinary Share. Previously issued options to RCF to acquire a total of 952,400 Ordinary Shares lapsed on 30 June 2010.

Ollachea Surface Agreement

MKK entered into a surface contract dated 25 November 2007 with Comunidad Campesina de Ollachea. See "Projects – Ollachea" and "General Development of the Business".

Ollachea Option Agreement

Minera IRL and Minera IRL SA entered into an agreement dated 1 September 2006 with Rio Tinto and Felipe Benavides regarding the Ollachea Project. See "Projects – Ollachea" and "General Development of the Business".

Corihuarmi Surface Rights Agreements

Minera IRL SA entered into a surface land concession agreement with Comunidad Campesina de Atcas dated 9 November 2004 regarding the Corihuarmi Project. See "Projects – Corihuarmi".

Minera IRL SA entered into a surface land usufruct agreement with Comunidad Campesina de Huantan dated 12 July 2006 regarding the Corihuarmi Project. See "Projects – Corihuarmi".

Corihuarmi Assignment Agreement

On 21 October 2002, Minera IRL SA and Minera Andina de Exploraciones SAA entered into an assignment agreement regarding the Corihuarmi Project. See "Projects – Corihuarmi" and "General Development of the Business".

16 INTERESTS OF EXPERTS

The following persons or companies have been named as having prepared or certified a report described or included in a filing, or referred to in a filing made under National Instrument 51-102 – Continuous Disclosure Obligations during or relating to the most recently completed financial year and for the period subsequent to the end of the most recently completed financial year to date the date of this AIF.

Doug Corley, BAppSc (Geo), BSc(Hons),MAIG, Associate Resource Geologist and Don McIver, BSc (Hons), MSc (Geology), FAusIMM are the authors of the Ollachea Resource Update dated 14 January 2011. Doug Corley does not have an interest, direct or indirect, in any securities or other property of the Company or of one of its associates or affiliates (an "Interest").. Don McIver is an employee and a shareholder in the Company of 325,895 Ordinary Shares or 0.27%.

Beau Nicholls, BSc (Geo), MAIG, Geology Manager - Brazil; Doug Corley, BAppSc (Geo), BSc(Hons),MAIG, Associate Resource Geologist; Jean-Francois St Onge eng., B.Sc.A. (Mining), MAusIMM, Mining Engineer; Barry Cloutt, BAppSc (Eng Met), MAusIMM, Chief Metallurgist; and Alex Virisheff BSc (Hons) (Geo), MAusIMM, MGSA, Principal Consultant – Resources; of Coffey Mining Pty Ltd are the authors of the Corihuarmi Report dated 6 April 2010. Neither of them have an Interest in the Company.

Beau Nicholls, BSc (Geo), MAIG, Geology Manager - Brazil; Bernardo Viana, Resource Geologist, BSc (Geo), MAIG; Jean-Francois St Onge eng., B.Sc.A. (Mining), MAusIMM, Mining Engineer; and Barry Cloutt, BAppSc (Eng Met), MAusIMM, Chief Metallurgist; of Coffey Mining Pty Ltd are the authors of the Ollachea Report dated 6 April 2010. Neither of them have an Interest in the Company.

Paul Payne, BAppSc, Grad Dip, Grad Cert, MAusIMM, Manager Mining Consulting WA of Runge Limited is the author of the Don Nicolàs Report dated 1 April 2010. Mr Payne does not have an Interest in the Company.

PKF (UK) LLP is the auditor who prepared the auditor's report for the Company's annual financial statements for the financial year ended 31 December 2010 and 2009. PKF (UK) LLP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia and the rules of the US Securities and Exchange Commission.

17 AUDITORS

PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London, EC1M 3AP have been the auditors for the Company from 30 October 2006.

18 ADDITIONAL INFORMATION

Additional information relating to the Company may be found on the Company's SEDAR profile at www.sedar.com.

Additional information is provided in the Company's financial statements and management's discussion and analysis thereon for its most recently completed financial year.

Information Regarding Jersey Law

The Company' s registered office address is Ordnance House, 31 Pier Road, St Helier, Jersey and its public company registration number is 94923.

1. If you are in any doubt as to the content of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.
2. A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the registrar has given, and has not withdrawn, consent to its circulation.
3. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Ordinary Shares. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947 from any liability arising from the discharge of its functions under that law.
4. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the company or for the correctness of any statements made, or opinions expressed, with regard to it.
5. Minera IRL has taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. Minera IRL accepts responsibility accordingly.
6. It should be remembered that the price of Ordinary Shares and the income from them can go down as well as up.

APPENDIX 1 – AUDIT COMMITTEE CHARTER

Overview and Purpose

The Audit Committee (the "Committee") is responsible to the Board of Directors (the "Board"). The Committee approves, monitors, evaluates, advises or makes recommendations to the Board, in accordance with these terms of reference, on matters affecting the external audit and the financial reporting and accounting control policies and practices of the Company.

The purpose of the Committee is to assist the Board in its oversight of:

1. the integrity of the Company's financial statements and related information;
2. the Company's compliance with applicable legal and regulatory requirements;
3. the independence, qualifications and appointment of the shareholders' auditor;
4. the performance of the Company's shareholders' auditor; and
5. management responsibility for reporting on internal controls and risk management.

Membership and Attendance at Meetings

1. The members of the Committee shall consist of the Chief Executive Officer plus a minimum of two independent and financially literate (as defined by securities legislation) Directors, appointed by the Board.
2. The Chair of the Committee shall be designated by the Board.
3. Attendance by invitation at all or a portion of Committee meetings is determined by the Committee Chair or its members and would normally include the Chief Financial Officer of the Company, the auditor, and such other corporate officers, advisors, or support staff as may be deemed appropriate.

Duties and Responsibilities of the Audit Committee

1. Financial Accountability
   a. To review, and recommend to the Board for approval, the annual audited financial statements.
   b. To review, and recommend to the Board for approval, the following public disclosure documents:
      i. the financial content of the annual report;
      ii. the annual Management information circular and proxy materials;
      iii. the annual information form; and
      iv. Management discussion and analysis section of the annual report.
   c. To review, and recommend to the Board for approval, all financial statements, reports of a financial nature, and the financial content of prospectuses or any other

reports which require approval by the Board prior to submission thereof to the shareholders, any regulatory authority, or the public.

d. To review any report of Management which accompanies published financial statements (to the extent such a report discusses the financial position or operating results) for consistency of disclosure with the financial statements themselves.
e. To review and assess, in conjunction with Management and the external auditor:
    i. the appropriateness of accounting policies and financial reporting practices used by the Company;
    ii. any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Company;
    iii. any new or pending developments in accounting and reporting standards that may affect or impact on the Company;
    iv. identification of the Company's principal financial risks and uncertainties and the systems to manage such risks and uncertainties;
    v. the integrity (including without limitation, the effectiveness) of the Company's disclosure controls and procedures, internal control and Management information systems; and
    vi. the key estimates and judgments of Management that may be material to the financial reporting of the Company.
f. To assess periodically and be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.
g. To assess the performance and consider the annual appointment of external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
h. To recommend to the Board the compensation of external auditors.
i. To review the terms of the annual external audit engagement including, but not limited to, the following:
    i. staffing;
    ii. objectives and scope of the external audit work;
    iii. materiality limits;
    iv. audit reports required;
    v. areas of audit risk;
    vi. timetable; and
    vii. the proposed fees.
j. To review with the external auditors the results of the annual audit examination including, but not limited to the following:
    i. any difficulties encountered, or restrictions imposed by Management, during the annual audit;

ii. any significant accounting or financial reporting issues;
iii. the auditor's evaluation of the Company's system of internal accounting controls, procedures and documentation;
iv. the post-audit or Management letter containing any findings or recommendations of the external auditor including Management's response thereto and the subsequent follow-up to any identified internal accounting control weaknesses; and
v. any other matters which the external auditors should bring to the attention of the Committee

k. To obtain reasonable assurance, by discussions with and reports from Management and the external auditors, that the accounting systems are reliable and that the system of internal controls is effectively designed and implemented.
l. When there is to be a change in auditor, review all issues related to the change, including the information to be included in the notice of change of auditor called for under applicable securities regulations and the rules of applicable exchanges, and the planned steps for an orderly transition.
m. To review any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company, and the manner in which these matters have been disclosed in the financial statements.
n. To review the internal control and approval policies and practices concerning the expenses of the officers of the Company, including the use of the Company's assets.
o. To review any claims of indemnification pursuant to the Bylaws of the Company.
p. To review, and recommend to the Board for approval, the Management report to be included in the annual report to shareholders.
q. To request such information and explanations in regard to the accounts of the Company as the Committee may consider necessary and appropriate to carry out its duties and responsibilities.
r. To request that the Chief Executive Officer and Chief Financial Officer or persons who perform functions similar to them, report on issues which are the subject of any Certificates to be signed and filed in accordance with applicable securities regulations by the Chief Executive Officer and Chief Financial Officer or persons who perform functions similar to them; and to review such report.
s. To establish procedures for:
    i. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
    ii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

iii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable practices or complaints raised through the whistle blower policy.

t. To review and approve the Company's hiring policies regarding employees and former employees of the present and former external auditors of the Company.

2. Oversight of the Company's Risk Management
   To ensure that Management discharges its responsibility to identify and mitigate financial risks faced by the Company. To review, monitor, report and, where appropriate, provide recommendations to the Board on the following:
   a) the Company's processes for identifying, assessing and managing risk; and
   b) the Company's major financial risk exposures and the steps the Company has taken to monitor and control such exposures.

General Responsibilities

1. To consider any other matters which, in the opinion of the Committee or at the request of the Board, would assist the Directors to meet their responsibilities.
2. To review annually the terms of reference for the Committee and to recommend any required changes to the Board.
3. To provide reports and minutes of meetings to the Board.

Meetings

1. Regular meetings of the Committee are held at least two times each year.
2. Meetings may be called by the Committee chair or by a majority of the Committee members, and usually in consultation with Management.
3. Meetings are chaired by the Committee Chair or, in the Chair's absence, by an independent member chosen by the Committee from among themselves.
4. A quorum for the transaction of business at any meeting of the Committee is a majority of members.
5. Meetings may be conducted with members present, or by telephone or other communications facilities which permit all persons participating in the meeting to hear or communicate with each other.
6. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee is as valid as one passed at a Committee meeting.

Authority of the Committee

1. The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties;
2. to set and pay the compensation for any advisors employed by the committee; and,
3. to communicate directly with the internal (if any) and external auditors.