MINERA IRL LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

- **Corihuarmi 2011 gold production of 33,255oz, up 2.2% from 32,533 oz in 2010. 2011 site operating costs were $410/oz, up 7.0% from $383/oz**
- **2011 gold sales of 33,718 ounces, up 1.4% from 33,240 oz in 2010 and realised gold price of $1,570/oz, up 28% from $1,232/oz in 2010, this resulting in record sales revenue of $53.0 million in 2011, up 29% from $41.1 million in 2010**
- **Gross profit up 41% to $25.0 million in 2011, from $17.8 million in 2010**
- **EBITDA up 79% to $24.8 million in 2011, from $13.8 million in 2010**
- **Profit before tax up 146% to $16.1 million, from $6.5 million in 2010**
- **Total income after tax up 237% to $9.6 million in 2011, from $2.8 million in 2010**
- **The Company's gold in resource increased to 2.4 Moz in the Measured & Indicated category plus an additional 1.2 Moz ounces in the Inferred category**
- **In July 2011, the Pre-feasibility Study at Ollachea was completed and indicated a robust project that is expected to produce over 1 Moz during a 9 year mine life. Using a gold price assumption of $1,100/oz, the project generates a NPV (7% real) of $226 million (pre tax) and $133 million (post tax), an IRR (real) of 28.1% (pre tax) and 20.5% (post tax) and a payback period of 3.8 years (post tax)**
- **In August 2011, announced an upgraded resource at Don Nicolas of 382,000 oz in the Measured and Indicated category (5.6 Mt at 2.1g/t gold) plus 145,000 oz in the Inferred category (3.1 Mt at 1.5g/t gold), with a Measured and Indicated high grade component of 1.5 Mt at 6.0g/t containing 280,000 oz which forms the basis for the Don Nicolas Feasibility Study**
- **In September 2011, announced a maiden Inferred Mineral Resource at the Ollachea Project's Concurayoc Zone of 10.4 Mt at 2.8g/t for 0.9 Moz of gold**
- **In the third quarter 2011, the Company committed to the development of the 1.2km Ollachea exploration tunnel, with the first cutting of the tunnel occurring in February 2012. The exploration tunnel is expected to be completed by early 2013**
- **Subsequent to the year end, February 2012; the Company completed a positive Feasibility Study on the Don Nicolas Project in Patagonia. Based on a gold price of US$1,250/oz, NPV (7% real) of US$40 million (pre-tax) and US$22 million (post tax); an IRR (real) of 34.6% (pre tax) and 22.8% (post tax) and a payback period of 2.0 years (post tax)**
- **Also subsequent to the year end, the Company completed a successful equity raising for gross proceeds of approximately CAD33.1 million by issuing 29,260,000 ordinary shares at CAD1.13 per share (equivalent to GBP72p based on exchange rate at pricing) on 5 March 2012**
- **Cash held of $11.1 million as at 31 December 2011**

Note: $ represents USD unless otherwise stated.

CORPORATE INFORMATION

DIRECTORS
Courtney Chamberlain (Executive Chairman)
Douglas Jones (Non-Executive)
Kenneth Judge (Non-Executive)
Graeme Ross (Non-Executive)
Napoleon Valdez Ferrand (Non-Executive)

COMPANY SECRETARY
Timothy Miller

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CHAIRMAN'S STATEMENT

I am pleased to present the Minera IRL Limited Annual Report to shareholders, our sixth as a publicly listed Company.

Our Company had an excellent year in 2011, again making substantial progress on all fronts and strongly underpinned by record sales from our Corihuarmi Gold Mine. Particular highlights are the successful pre-feasibility study at our flagship Ollachea Project in Peru, a recently completed full feasibility on the Don Nicolas Project in Argentina and, once again, a substantial expansion of our gold resource base. This augers well to achieve our objective of producing approximately 180,000 ounces of gold per annum by 2015.

In March 2012, the Company completed a successful equity raising of CAD33.1 million gross proceeds which, along with cash flow from Corihuarmi, is expected to provide the financial underpinning to complete all pre-development programmes planned for the year.

PROJECTS

Corihuarmi Gold Mine

The Corihuarmi Gold Mine, located in the Peruvian high Andes, continued to perform well throughout the year, generating record sales from a gold price which averaged $1,570 per ounce, $338 per ounce higher than the previous year. A total of 33,255 ounces was produced, which was 16% above budget and the highest annual gold production since the first year of operation in 2008. Cash operating cost averaged $410 per ounce. The Company made a seamless conversion from contractor mining to owner mining at the beginning of the year and mining of scree (broken rock below the cliff faces) began supplementing ore mined from the pits.

Corihuarmi has now produced over 150,000 ounces of gold in less than four years of production at an average cash operating cost of approximately $300 per ounce. This is well in excess of the estimate in the feasibility study to produce 112,000 ounces over a four year mine life. Corihuarmi has produced much of the cash requirements needed to grow the Company and has also cemented Minera IRL's reputation as an efficient mine developer and operator even under arduous conditions. Although production at Corihuarmi is expected to decrease and costs rise in 2012, the mine will continue to generate strong cash flow over the remaining life, which has been extended until at least mid-2015.

Ollachea

Several milestones were reached at Ollachea, Minera IRL's flagship project in southern Peru.

Exploration and in-fill drilling has been continuous with two diamond rigs on the project since October 2008 with, at the time of writing, more than 75,000 meters drilled from more than 194 holes. This orogenic type gold discovery was recognized as a deposit of international standard by NewGenGold, a group that researches and identifies the top new gold discoveries in the world. The result was an opportunity for the Company to present a paper on the deposit at the NewGenGold biannual international conference in November 2011.

The drill defined resource at Ollachea increased substantially in size and quality in 2011. The Indicated Resource, all in the Minapampa zone, now stands at 10.4 million tonnes grading 4.0g/t containing 1.4 million ounces of gold. The Inferred Resource, boosted by a maiden resource of over 0.9 million ounces at Concurayoc only 400 meters to the west of Minapampa, increased to 13.7 million tonnes grading 2.8g/t containing 1.2 million ounces of gold. The deposit remains open and untested along strike in both directions as well as down-dip.

The Ollachea Pre-feasibility study was completed in mid-2011 and produced very encouraging results. This study indicated a viable mine that will produce over 1 million ounces during a nine year mine life at an average cash operating cost of $436 per ounce. The base case financial model assumed a gold price of $1,100 per ounce; on that basis the life-of-mine post tax cash flow was estimated at $280 million, the NPV (at 7% discount) was $133 million, an IRR of 20.5% and a pay-back period of 3.8 years. With these positive results, the Company embarked on a full feasibility study which is expected to be completed during the second half of 2012. Permitting will then ensue, followed by the commencement of mine development with the objective of bringing Ollachea into production in late 2014.

During the year, a 1.2 kilometer long exploration tunnel from the proposed plant site into the Minapampa orebody was permitted and a well established Peruvian underground mining contractor engaged. The initial cut on this tunnel was announced in February 2012 and is expected to take approximately 12 months to complete. This tunnel will allow diamond drilling from underground to explore the eastern strike extent of the Minapampa orebody where the mountain side is too steep to explore by drilling from surface. This exploration drilling will commence about midway through the driving of the tunnel in the second half 2012.

Community relations at Ollachea remained excellent throughout the year with extensive programmes in health and welfare, nutrition, education and sustainable development. The Company is also providing considerable employment to members of the community which, in turn, is making a significant contribution to the local economy.

Patagonia

Minera IRL Patagonia SA continues to build our new business unit in the mining friendly province of Santa Cruz, Argentina, following the take-over of Hidefield Gold Plc at the end of 2009. Effort was divided between the Don Nicolas Feasibility Study and a major exploration program to test the many low sulphidization, epithermal targets on the Company's large exploration concession totaling some 2,700 square kilometers.

The Don Nicolas Feasibility Study encompasses two principal epithermal vein fields, La Paloma and Martinetas, approximately 50 kilometers apart. Following approximately 24,000 meters of in-fill and extension drilling since acquiring Hidefield, the Company completed its inaugural resource estimate in August 2011. The Measured and Indicated Resource in the combined High and Low Grade category is 5.6 million tonnes grading 2.1 g/t Au for 381,400 ounces gold representing an 89% increase in these categories compared to the Hidefield resource published in 2009. An additional 3.1 million tonnes grading 1.5g/t gold (145,000 ounces) are in the Inferred Resource category.

The results of the Don Nicolas Feasibility Study, completed in February 2012, are highly encouraging. The basis for the project is the high grade Measured and Indicated Resource of 1.5 million tonnes above a lower cut-off of 1.6 g/t gold grading 6.0 g/t gold and containing 281,000 ounces. All ore will be mined from open pits and processed with a conventional carbon-in-leach (CIL) plant producing an average of 52,000 ounces of gold and 56,000 ounces of silver over a 3.6 year mine life at an average cash operating cost, after silver credits, of $528 per ounce. Using a gold price of $1,250 per ounce, the post tax cash flow is projected at $36 million, the NPV using a 7% discount is $22 million, the IRR is 23% and the payback period is 2.0 years. At current spot gold prices the project economics are outstanding. Moreover, a compelling feature of Don Nicolas is the upside potential from brown-fields and near-by green-fields exploration, open ended deeper ore shoots which could become future underground mines and a substantial low grade resource which, subject to metallurgical testing in 2012, could form the basis for production from a parallel heap leach plant.

With the completion of the feasibility study, the Environmental Impact Assessment (EIA) is being completed and permitting will then commence. All required permits should be in place during the second half of 2012 and development will then commence with the objective of bringing Minera IRL's next mine into production in late 2013.

The Deseado Massif, the 77,000 square kilometer volcanic complex in which our leases are located, is proving an outstanding, yet under explored, precious metals district. Minera IRL Patagonia has one of the largest exploration tenement holdings in the Deseado Massif and many outstanding targets. Exploration during the year focused on three key areas: Escondido where a bulk tonnage discovery was made in 2010; Michelle to the south west and within the same vein field as Anglo Gold's Cerro Vanguardia Mine; and Chispas, to the south east. Diamond drilling was carried out on each of these properties during the year. Of particular interest was the discovery of two separate high grade veins at Escondido which recorded 0.7 meters grading 136g/t gold and 157g/t silver in one area and 4.2 meters grading 1.6g/t gold and 663g/t silver in another structure. Based upon the encouraging results from the 2011 field season, an expanded exploration program is underway for 2012.

FINANCIAL RESULTS

Production from the Corihuarmi Gold Mine was slightly higher than 2010 and yielded a record sales of $53.0 million (2010: $41.1 million). The increase in revenue compared to 2010 was due to the average gold price from spot sales increasing from $1,232 per ounce to $1,570 per ounce. Mining and treatment of 37.5% more ore in 2011 contributed to an increase in the cost of sale to $28.0 million (2010: $23.3 million). The combined effect was an increased gross profit to $25.0 million (2010: $17.8 million). Administration expenses of $8.2 million were slightly higher than the prior year (2010: $7.8 million). This combined with the stronger gold price resulted in an increased operating profit of $16.4 million (2010: $7.2 million). The income tax expense, which arises solely in Peru, increased to $6.3 million (2010: $4.3 million) with the increase in profit before tax in Peru. The Company's profit after tax increased to $9.8 million (2010: $2.2 million).

The group spent a total of $35.7 million on development & exploration during the year (2010: $22.3 million) of which $34.7 million was added to the intangible assets of the group ($18.4 million for the Ollachea project) and $1.0 million was recognised as a cost in profit or loss.

At the end of 2011 the group had a cash balance of $11 million. In March 2011, the Company raised gross proceeds of CAD33.1 million in equity leaving the Company in a strong position to continue with its exploration and development programmes.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

There were no changes in the Minera IRL Limited Board of Directors in 2011. The Company is presided over by five directors which includes four outstanding independent directors with extensive experience and diverse backgrounds. There were no changes in the executive management team.

CORPORATE GOVERNANCE

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

The Board of Directors maintains audit and compensation committees which further assist in the governance of the Company. Public and investor relations management have been developed in line with publically listed company standards.

Share Price Performance

Notwithstanding the outstanding achievements by the Minera IRL team in 2011, the share price performance was disappointing. Early in the year the share price peaked at a record £1.005 (7 March 2011) which translated into a market capitalization of $195 million. However, the general malaise in the international resource share markets after the first quarter, exacerbated by negative sentiment, particular in Canada, about the change in government in Peru, resulted in an erosion of the share price followed by an extended flat performance. The share price finished the year at £0.6675, a decrease of 29% from the beginning of the year.

The UK and Canadian stock markets commenced 2012 on a more positive note with Minera IRL's stock price firming somewhat. Considering the recent share price performance and the state of the markets, the March 2012 capital raising was at a respectable £0.72, the same price obtained from the October 2010 raising. At the time of writing the share price was £0.65 which equates to a market capitalization of approximately $154 million.

Current Investment Climate and Country Outlook

The growth in most Latin American countries slowed somewhat in 2011 reflecting some flow-on effect from global economic conditions. However, the mining industry in the region continued to perform well on the back of strong metal prices.

A number of countries are still adjusting to recent changes of government. In Peru, Ollanta Humala was elected president in June and took up his 5 year post in late July. As is normally the case in recent years when presidents change in Peru, a period of uncertainty and concern has been followed by optimism and recognition that the new government is doing a credible job of running the country. Apprehension about the much anticipated replacement of the federal royalties with an excess profit tax aimed at a broader distribution to local communities gave way to relief once it was recognized that the new system would not impose an unbearable burden on the mining industry. Overall, the new government maintains the strongly pro-mining policy that has been so successful in recent years.

During 2011 Peru has had several problematic projects, often driven by very specific issues involving local communities, but these relate to a relatively minor part of the mining industry in this country. The involvement of and support by local communities remains a key component in successful Peruvian mining projects which, in turn, have a major impact on the local economy, skills, employment, infrastructure and standard of living in regional communities. Minera IRL, through its local subsidiary Minera Kuri Kullu SA, has been a trend setter by granting the local community a 5% equity participation in the Ollachea Project at the start of production. Whilst controversial in some circles, this model is receiving wide interest as a means of forming true and enduring partnerships with local communities. The result has been that Minera IRL has managed its mine and projects on schedule and with overwhelming support from the local communities.

Argentina also held presidential and local elections in October 2011. Cristina Fernandez was re-elected President of Argentina and the strongly pro-mining government of Governor Daniel Peralta, was re-elected in Santa Cruz Province where the Company is active. Argentina continues to grapple with issues such as high inflation and a weakening peso, nevertheless, the Company considers Santa Cruz a good location to develop its next mine and explore for new discoveries. This particular area has no competing industries and other companies in the district have been highly successful in developing modern mines.

I wish to convey my sincere appreciation to our fine Board of Directors, Management Team and all employees for their loyalty, dedication and hard work in building the Company. I would also like to thank our long term shareholders for their continuing support and to welcome those that have recently joined our company's register. I feel very confident that our growing resource base, quality of assets and exploration potential, managed by an excellent team, places Minera IRL Limited in a very strong position to continue building a mid-tier gold mining company.

Courtney Chamberlain
Executive Chairman
Minera IRL Limited 29 March 2011

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year to 31 December 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the Minera IRL Group is the development and operation of gold mines in Latin America.

The Group operates the Corihuarmi Gold Mine, has two projects in differing stages of feasibility evaluation, as well as a number of exploration projects.

A full review of the business and plans for its future development are contained in the Chairman's Statement. A summary of the financial risk management policies and objectives is contained in the notes to the financial statements.

RESULTS AND DIVIDENDS
The total income for the year after tax was US$9,591,000 (2010: US$2,847,000). No dividend was paid during the year and no final dividend is proposed. A profit of US$9,759,000 (2010: US$2,249,000) is to be transferred to reserves.

DIRECTORS
The names of the directors who served during the year and their interests in the share capital of the Company at the start and the end of the year are:

Director	Ordinary shares of no par value	
	31-Dec-2011	31-Dec-2010
C Chamberlain	3,492,692	3,472,692
D Jones	292,936	292,936
K Judge [1]	1,389,062	1,389,062
G Ross	5,000	5,000
N Valdez Ferrand (appointed 2 March 2010)	44,000	44,000

Note: (1) Hamilton Capital Partners is the direct or indirect holder of these Ordinary Shares, an associate company of Mr Judge.

On 31 December 2011 the directors who served during the year held the following share options under the Minera IRL Limited Incentive Stock Option Scheme:

Director	No. Held 31-Dec-2010	Granted	Exercised	Expired or cancelled	No. Held 31-Dec-2011	Exercise price (£)	Expiry Date
C Chamberlain	2,000,000	-	-	-	2,000,000	0.45	12-Apr-2012
	250,000	-	-	-	250,000	0.62	18-Mar-2013
	750,000	-	-	-	750,000	0.9125	17-Nov-2014
	500,000	-	-	-	500,000	1.08	17-Nov-2015
D Jones	100,000	-	-	-	100,000	0.45	12-Apr-2012
	50,000	-	-	-	50,000	0.62	18-Mar-2013
	100,000	-	-	-	100,000	0.9125	17-Nov-2014
	120,000	-	-	-	120,000	1.08	17-Nov-2015
K Judge	50,000	-	-	-	50,000	0.8875	26-Jan-2015
	120,000	-	-	-	120,000	1.08	17-Nov-2015
G Ross	50,000	-	-	-	50,000	0.45	12-Apr-2012
	25,000	-	-	-	25,000	0.62	18-Mar-2013
	50,000	-	-	-	50,000	0.9125	17-Nov-2014
	120,000	-			120,000	1.08	17-Nov-2015
N Valdez Ferrand	50,000	-	-	-	50,000	0.725	01-Jul-2015
	120,000	-	-	-	120,000	1.08	17-Nov-2015

Details of these share options may be found in note 17 to the accounts.

There have been no other movements in any of the directors' interests in the share capital of the Company between 1 January 2012 and 29 March 2012.

It is proposed that Mr Jones and Mr Ross retire by rotation and offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains appropriate insurance to cover directors' and officers' liability in the course of discharging their duties to the Company. This insurance does not provide cover where a director or an officer has acted dishonestly or fraudulently.

DONATIONS

The Company made no charitable donations outside of the areas in which it hopes to establish mines. However, extensive work is done to help the local communities of the Andean Cordillera where the Company is mining or is intending to establish mines, and where the relationship with the local communities is extremely important.

No political donations were made during the past year or the previous year.

SUBSTANTIAL SHAREHOLDERS

As at 29 March 2012 the Company has been notified of the following substantial shareholdings in addition to those of the directors:

	Number of Shares	Percentage of Issued Share Capital
BlackRock Investment Management (UK) Limited managed funds	16,419,026	11.0
Midas Capital plc	14,186,900	9.5
JP Morgan Asset Management (UK) Limited	12,558,650	8.4
Fratelli Investments Ltd	11,063,016	7.4
Baker Steel Capital Managers (UK) managed funds	7,550,000	5.0
Shairco for Trading, Industry and Contracting	4,705,000	3.2
Geologic Resource Partners LLC managed funds	4,500,000	3.0

SPECIAL BUSINESS AT FORTHCOMING ANNUAL GENERAL MEETING

An ordinary resolution will be proposed at the forthcoming Annual General Meeting to give the directors the authority to allot the Company's Ordinary shares up to a maximum of approximately 50% of shares in issue at the time of the Annual General Meeting. This authority is being sought to give the Company flexibility to make further issues of shares.

Subject to the passing of this ordinary resolution a special resolution will be proposed to renew the directors' power to disapply the pre-emption rights specified in the Articles of Association of the Company in respect to the allotment of the same approximately 50% of shares in issue. These authorities, if granted, would be valid from the date of the passing of the resolutions until the date of the next Annual General Meeting.

DISCLOSURE OF INFORMATION

So far as the directors are aware, there is no information needed by the Group's auditor in connection with the preparation of their report, which they have not been made aware of, and the directors have taken all the steps that they ought to have taken to discover any relevant audit information and to establish that the Group's auditor has been made aware of that information.

By order of the Board

Timothy W. Miller
Company Secretary

29 March 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the group and parent company financial statements in accordance with applicable law and regulations. Company law in Jersey requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and to prepare the parent company financial statements on the same basis.

The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- states whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINERA IRL LIMITED

We have audited the group and parent company financial statements ("the financial statements") of Minera IRL Limited for the year ended 31 December 2011 which comprise the consolidated and company statements of total comprehensive income, balance sheets, statements of changes in equity, cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2011 and of the group's profit and the company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Separate opinion in relation to IFRSs

As explained in Note 1 to the group financial statements, the group, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- proper returns adequate from our audit have not been received from branches not visited by us; or
- the company's accounts are not in agreement with its accounting records; or
- we have not received all the information and explanations which are necessary for the purposes of our audit.

Jason Homewood
For and on behalf of PKF (UK) LLP
London, UK 30 March 2012

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Notes	2011 US$000	2010 US$000
Revenue		**53,002**	41,082
Cost of sales		**(27,955)**	(23,302)
Gross profit		**25,047**	17,780
Other Income		**200**	-
Administrative expenses		**(8,211)**	(7,755)
Exploration costs		**(1,014)**	(3,321)
Gains on disposal of available for sale investments		**403**	468
Operating profit		**16,425**	7,172
Finance income	**6**	**56**	95
Finance expense	**6**	**(418)**	(731)
Profit before tax	**3**	**16,063**	6,536
Income tax	**7**	**(6,304)**	(4,287)
Profit for the year attributable to the equity shareholders of the parent		**9,759**	2,249
Retranslation of foreign operations		**102**	-
Gain on valuation of available for sale investments		**18**	598
Recycled on disposal of available for sale investments		**(288)**	-
Total comprehensive income for the year attributable to the equity shareholders of the parent		**9,591**	2,847

Earnings per ordinary share (US cents)			
- Basic	**8**	**8.2**	2.5
- Diluted	**8**	**8.0**	2.4

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Notes	2011 US$000	2010 US$000
Assets			
Property, plant and equipment	**9**	**19,989**	24,443
Intangible assets	**10**	**88,474**	53,746
Available for sale investments	**12**	**547**	1,014
Deferred tax asset	**11**	**574**	77
Other receivables	**14**	**7,253**	4,735
Total non-current assets		**116,837**	84,015
Inventory	**13**	**2,809**	2,508
Other receivables and prepayments	**14**	**5,330**	3,345
Cash and cash equivalents	**15**	**11,134**	34,648
Total current assets		**19,273**	40,501
Total assets		**136,110**	124,516
Equity			
Share capital	**16**	**100,752**	100,707
Foreign currency reserve		**231**	129
Share option reserve	**16**	**1,917**	1,938
Revaluation reserve		**328**	598
Accumulated profit/(losses)		**8,751**	(1,029)
Total equity attributable to the equity shareholders of the parent		**111,979**	102,343
Liabilities			
Interest bearing loans	**17**	**-**	10,000
Provisions	**17**	**2,443**	1,639
Total non-current liabilities		**2,443**	11,639
Interest bearing loans	**17**	**10,000**	-
Current tax		**2,290**	1,737
Trade and other payables	**17**	**9,398**	8,797
Total current liabilities		**21,688**	10,534
Total liabilities		**24,131**	22,173
Total equity and liabilities		**136,110**	124,516

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 March 2012.

Courtney Chamberlain
Executive Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Note	Share capital US$000	Foreign currency reserve US$000	Share option reserve US$000	Reval-uation reserve US$000	Retained earnings/ (losses) US$000	Total US$000
Balance at 1 January 2010		**65,784**	**129**	**1,363**	**-**	**(3,400)**	**63,876**
Profit for the year		-	-	-	-	2,249	2,249
Gain on available for sale financial assets		-	-	-	598	-	598
Total comprehensive income		-	-	-	598	2,249	2,847
New share capital subscribed	16	37,987	-	-	-	-	37,987
Cost of raising share capital		(3,064)	-	-	-	-	(3,064)
Credit on share option issue		-	-	697	-	-	697
Exercise of share options	16	-	-	(122)	-	122	-
Balance 31 December 2010		**100,707**	**129**	**1,938**	**598**	**(1,029)**	**102,343**

	Note	Share capital US$000	Foreign currency reserve US$000	Share option reserve US$000	Reval-uation reserve US$000	Retained earnings/ (losses) US$000	Total US$000
Balance at 1 January 2011		**100,707**	**129**	**1,938**	**598**	**(1,029)**	**102,343**
Profit for the year		-	-	-	-	9,759	9,759
Retranslation of foreign operations		-	102	-	-	-	102
Gain on available for sale financial assets		-	-	-	18	-	18
Recycled on disposal of available for sale investments		-	-	-	(288)	-	(288)
Total comprehensive income		-	102	-	(270)	9,759	9,591
New share capital subscribed	16	45	-	-	-	-	45
Exercise and expiry of share options	16	-	-	(21)	-	21	-
Balance 31 December 2011		**100,752**	**231**	**1,917**	**328**	**8,751**	**111,979**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

	Note	2011 US$000	2010 US$000
Cash flows from operating activities			
Operating profit		**16,425**	7,172
Depreciation	**9**	**8,349**	6,689
Impairment of exploration assets	**10**	**-**	2,766
Provision against non-current assets		**-**	600
Share option costs	**16**	**-**	697
Provision for mine closure costs and other		**652**	176
Loss on disposals of assets		**89**	101
Profit on disposal of available for sale investments		**(403)**	(468)
Available for sale investments impairment		**80**	-
Foreign exchange losses relating to non-operating items		**-**	147
Increase in inventory		**(301)**	(982)
(Increase)/decrease in other receivables and prepayments		**(4,999)**	(3,558)
(Decrease/increase in trade and other payables		**752**	(4,005)
Corporation tax paid		**(5,751)**	(3,152)
Net cash flow from operations		**14,893**	6,183
Interest received		**56**	95
Interest paid		**(418)**	(574)
Net cash flow from operating activities		**14,531**	5,704
Cash flows from investing activities			
Sale of available for sale investments		**672**	1,619
Acquisition of property, plant and equipment	**9**	**(3,984)**	(5,843)
Acquisition of available for sale investments		**(152)**	-
Acquisition of intangible assets (exploration expenditure)		**(34,728)**	(22,315)
Net cash outflow from investing activities		**(38,192)**	(26,539)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		**45**	36,987
Cost of raising share capital		**-**	(3,064)
Receipt of loans		**-**	10,000
Repayment of loans		**-**	(2,511)
Net cash inflow from financing activities		**45**	41,412
Net (decrease)/ increase in cash and cash equivalents		**(23,616)**	20,577
Cash and cash equivalents at beginning of period	**15**	**34,648**	14,218
Exchange rate movements		**102**	(147)
Cash and cash equivalents at end of period	**15**	**11,134**	34,648

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Minera IRL Limited (the “Company”) is registered in Jersey and its registered office is at Ordnance House, 31 Pier Road, St. Helier, Jersey.

The principal activity of the Company and its subsidiaries is the exploration for and development of mines for the extraction of metals.

The consolidated financial statements of the Company for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the “Group”).

The financial statements were authorised for issue by the directors on 29 March 2012.

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) in force at the reporting date and their interpretations issued by the International Accounting Standards Board (“IASB”) as adopted for use within the European Union and with IFRS and their interpretations issued by the IASB.

There has not been any significant impact on the financial statements, from new Standards or Interpretations which became effective during the year.

No Standards and Interpretations that have been issued but are not yet effective, and that are available for early application, have been applied by the group in these financial statements. There are no Standards or Interpretations issued, but not yet effective, which are expected to have a material effect on the financial statements in the future.

Basis of Preparation and Going Concern

The financial statements are presented in United States dollars, rounded to the nearest thousand.

In common with many exploration and mining companies, the Company raises finance for its exploration activities in discrete tranches to finance itself for limited periods only. Further funding is raised as and when required, the most recent being in March 2012 (note 21).

Having taken into account the balance of cash at the year end, the recent equity fund raising and the fact that the Corihuarmi mine has a positive cash flow, the Directors of the Company consider that it will have sufficient funds to continue as a going concern for the foreseeable future.

Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of Consolidation

The consolidated financial statements incorporate the statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. The excess of cost of acquisition over the fair value of the Group’s share of identifiable net assets acquired is recognised as goodwill. Any excess of the fair value of assets acquired over the cost of acquisition is recognised directly in the consolidated statement of comprehensive income.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Impairment

In undertaking an impairment review for the operating mine or advanced projects an economic model is prepared which includes full details of the mining and processing schedule, head grade, strip ratios of waste to ore, operating costs and capital costs. From this information the amount of gold production is calculated and revenues estimated. Operating costs, including royalties and refining charges; and capital costs are entered and a cash flow model is produced, which is used to calculate the net present value of the pre-tax cash flow from the operation or project. This net present value is then compared to the carrying value of the operation or project on the balance sheet and an assessment is made regarding impairment.

Should any key parameters differ from the assumptions contained within the technical economic model, such as tonnes of ore mined, grade of ore mined, recovery profile or gold price, the net present value will be affected either positively or negatively. If the impact is negative, an impairment charge may be required that has not been recognised in these financial statements.

Depreciation

The depreciation of the mining assets of the group is calculated on a straight-line basis over the expected life of the mine. This calculation requires regular estimates to be made of the remaining reserves of ore in the mine, and will be subject to revision as further information about the size of the resource becomes available.

Environmental provisions

Management uses its judgement and experience to provide for and amortise the estimated costs for decommissioning and site rehabilitation over the life of the mine. The ultimate cost of decommissioning and site rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions estimated which could affect future financial results.

Estimation of recoverable gold contained on the leach pads

Valuations of gold on the leach pads require estimations of the amount of gold contained on the heaps. These estimations are based on analysis of samples; historical operating data and prior experience. It is requires an estimation of the costs associated with the gold on the leach pads.

(c) Revenue Recognition

The Group enters into contracts for the sale of gold. Revenue arising from gold sales under these contracts is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are assessed to have occurred once the gold has been received by the smelter and a sale price has been agreed for the majority of the contained gold.

(d) Income Tax

The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation. Deferred tax is expected to be payable or recoverable on differences between the carrying value amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(e) Foreign Currency

The Group's presentation currency is US Dollars and has been selected based on the currency of the primary economic environment in which the Group as a whole operates. In addition, the significant entities in the group have a functional currency of USD.

Transactions in currencies other than the functional currency of a company are recorded at a rate of exchange approximating to that prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the amounts prevailing at the balance sheet date and any gains or losses arising are recognised in profit or loss.

On consolidation, the assets and liabilities of the Group's overseas operations that do not have a US Dollar functional currency are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits, and money market investments readily converted to cash. Bank overdrafts are shown within borrowings in current liabilities. For the purposes of the Cash Flow Statements, cash includes cash on hand and in banks, and money market investments readily convertible to cash, net of outstanding bank overdrafts.

(g) Trade and Other Receivables

Trade and other receivables are not interest bearing and are stated at their original invoiced value less an appropriate provision for irrecoverable amounts.

(h) Property, plant and equipment

(i) Owned asset

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy j below).

(ii) Subsequent costs

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iii) Depreciation

Depreciation on these assets is calculated by the straight-line method to allocate their cost over their estimated useful lives, as follows:

- vehicles 5 years;
- computer equipment 4 years;
- furniture and fixtures, and other equipment 10 years;
- buildings 25 years;
- land is not depreciated.

The residual values and useful economic lives of all assets are reviewed annually.

Mining assets are depreciated on a straight-line basis over the expected life of the mine, which is presently 64 months. The amount of ore remaining and the expected future life of the mine are reviewed each year.

(iv) Deferred development costs

When the technical and commercial feasibility of an area of interest has been demonstrated and the appropriate mining licence has been issued, the area of interest enters its development phase. The accumulated costs are transferred from exploration and evaluation expenditure and reclassified as development expenditure.

Once mining commences the asset is amortised on a straight line basis over the expected life of the mine. Provision is made for impairments to the extent that the asset's carrying value exceeds its net recoverable amount.

(i) Intangible assets

Deferred exploration costs

Once legal title is obtained, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against the result in the year in which the decision to abandon the area is made.

The recoverability of the deferred exploration cost is dependent upon the discovery of economically recoverable ore reserves, continuing compliance with the terms of relevant agreements, the ability of the Group to obtain the necessary financing to complete the development of ore reserves, and the future profitable production or profitable disposal of the area of interest.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(j) Impairment

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable the asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value, less costs to sell, and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances apply:

▪ Unexpected geological occurrences that render the resource uneconomic;
▪ Title to the asset is compromised;

- Variations in metal prices that render the project uneconomic; and
- Variations in the currency of operation.

(k) Inventory

Inventory of consumables is valued at the lower of cost and net realisable value. The value of metal on the leach pads is calculated by applying the estimated cost of production incurred to place the metal on the leach pads to the number of ounces estimated to remain on the leach pads. The value of metal in process is calculated by applying the total cost of production per ounce to the number of ounces which have been extracted from the ore, but not yet been converted into doré bars.

(l) Trade and other payables

Trade and other payables are not interest bearing and are stated at amortised cost.

(m) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of operating segments, has been identified as the Executive Chairman together with the Board of Directors.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events when it is more likely than not that an outflow of resources will be required to settle the obligation and when the amount of the obligation can be reliably estimated.

(o) Share based payments

The Group rewards directors, senior executives and certain consultants with share options. These instruments are stated at fair value at the date of grant, using the Black-Scholes valuation model, and are expensed to the income statement over the vesting period of the options. The valuation model requires assumptions to be made about the future, including the length of time the options will be held before they are exercised, the number of option holders who will leave the Company without exercising their options, the volatility of the share price, the risk free interest rate and the dividend yield on the Company's shares. The resulting valuation does not necessarily reflect the value attributed to the options by the option holders.

(p) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value, less attributable transactions costs. Subsequent to initial recognition they are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(q) Available-for-sale financial assets

Available-for-sale financial assets comprise equity investments. Subsequent to initial recognition these assets are stated at fair value. Movements in fair value are recognised in other comprehensive income, with the exception of impairment losses which are recognised in profit or loss. Fair values are based on prices quoted in an active market if such a market is available. If an active market is not available, the Group establishes the fair value of financial instruments by using a valuation technique, usually discounted cash flow analysis. When an investment is disposed of, any cumulative gains and losses previously recognised in equity are recognised in profit or loss. Dividends are recognised as profit or loss when the right to receive payments is established.

NOTE 2 SEGMENT REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal reports on the performance of the managerial units of the Group to the chief operating decision maker, in this case the Executive Chairman and the Board of Directors. The Group identifies these units primarily according to the country of operations. Within the countries of operation the managerial functions are divided into mining operations, the exploration activities related to the individual properties which the Group has the rights to explore, the activities related to the acquisition of properties and the administration of the Group. The assessment of exploration activities is dependent principally on non-financial data.

The Group has only one customer (2010: one). The following table sets out the income and expenditure of the Group according to these reporting segments:

2011	Peru US$000	Argentina US$000	Other US$000	Total US$000
Mining Revenue	53,002	-	-	53,002
Mining cost of sales	(19,630)	-	-	(19,630)
Mining gross profit	33,372	-	-	33,372
Other Income	-	-	200	200
Exploration of properties acquired	(20,952)	(14,790)	-	(35,742)
Capital expenditure	(3,345)	(637)	(2)	(3,984)
Acquisition of properties	-	-	-	-
Administration	(4,255)	(1,373)	(2,583)	(8,211)
Net income/(expenditure)	4,820	(16,800)	(2,385)	(14,365)
Reconciliations				
Revenue				
Segmental revenues	53,002	-	-	53,002
Group revenues	53,002	-	-	53,002
Segment Result				
Segmental net income/(expenditure)	4,820	(16,800)	(2,385)	(14,365)
Exploration costs deferred	20,285	14,443	-	34,728
Impairment of exploration assets	-	-	-	-
Depreciation	(8,325)	-	-	(8,325)
Capital expenditure	3,345	637	2	3,984
Gain on disposal of available for sale investments	-	-	403	403
Group operating profit/(loss)	20,125	(1,720)	(1,980)	16,425
Net finance income/(expense)	(39)	(0)	(323)	(362)
Group profit before tax	20,086	(1,720)	(2,303)	16,063
Group assets				
(not allocated for internal reporting)				
Non-current assets	81,068	29,522	6,247	116,837
Inventory	2,809	-	-	2,809
Other receivables and prepayments	279	5,001	50	5,330
Cash and cash equivalents	5,539	780	4,815	11,134
Group total assets	89,695	35,303	11,112	136,110

Note: Chile was not included in Segment Reporting for 2011 as only project was abandoned in 2010.

2010	Peru US$000	Argentina US$000	Chile US$000	Other US$000	Total US$000
Mining Revenue	41,082	-	-	-	41,082
Mining cost of sales	(17,322)	-	-	-	(17,322)
Mining gross profit	23,760	-	-	-	23,760
Exploration of properties acquired	(13,491)	(7,128)	(1,696)	-	(22,315)
Capital expenditure	(5,280)	(563)	-	-	(5,843)
Acquisition of properties	(555)	-	-	-	(555)
Administration	(3,808)	(619)	(215)	(3,113)	(7,755)
Net income/(expenditure)	626	(8,310)	(1,911)	(3,113)	(12,708)
Reconciliations					
Revenue					
Segmental revenues	41,082	-	-	-	41,082
Group revenues	41,082		-	-	41,082
Segment Result					
Segmental net income/(expenditure)	626	(8,310)	(1,911)	(3,113)	(12,708)
Exploration costs deferred	13,491	7,128	1,696	-	22,315
Impairment of exploration assets	(363)	-	(2,403)	-	(2,766)
Depreciation	(5,980)	-	-	-	(5,980)
Capital expenditure	5,280	563	-	-	5,843
Gain on disposal of available for sale investments	-	-	-	468	468
Group operating profit/(loss)	13,054	(619)	(2,618)	(2,645)	7,172
Net finance income/(expense)	(291)	-	-	(345)	(636)
Group profit before tax	12,763	(619)	(2,618)	(2,990)	6,536
Group assets (not allocated for internal reporting)					
Non-current assets	61,441	19,277	-	3,297	84,015
Inventory	2,508	-	-	-	2,508
Other receivables and prepayments	2,924	403	-	18	3,345
Cash and cash equivalents	4,469	382	41	29,756	34,648
Group total assets	71,342	20,062	41	33,071	124,516

NOTE 3 PROFIT BEFORE TAX

	2011 US$000	2010 US$000
Profit is stated after charging/(crediting):		
Auditor's remuneration:		
Audit of group financial statements	**105**	74
Fees payable to the Company's auditor and its associates in respect of :		
The auditing of accounts of associates of the Company pursuant to legislation	**120**	111
Corporate finance services	**17**	53
Share based payments	**-**	697
Foreign exchange gains	**(79)**	(405)

NOTE 4 STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2011	Number of employees 2010
Corporate finance and administration	**74**	48
Technical	**132**	83
Construction and production	**353**	225
	559	356

The aggregate payroll costs of these persons were as follows:

	2011 US$000	2010 US$000
Wages and salaries	**10,871**	6,559
Social security	**1,265**	1,125
Share based payments	**-**	697
	12,136	8,381

NOTE 5 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Salary & fees US$000	Bonus US$000	Other Benefits US$000	Share Based Payments [2] US$000	2011 Total Remuneration US$000
2011					
Directors:					
C Chamberlain	273	39	20	-	**332**
D Jones	35	-	-	-	**35**
K Judge [1]	35	-	-	-	**35**
G Ross	34	-	-	-	**34**
N Valdez Ferrand	35	-	-	-	**35**
Directors Total	412	39	20	-	**471**
Non-Directors:	1,434	127	252	-	**1,813**
TOTAL	1,846	166	272	-	**2,284**

Note:

1. The Director fees are paid to Hamilton Capital Partners Limited, with which Mr Judge is associated.
2. There was no Share Based Payments in 2011 as no options were issued and the options issued in the prior period vested in that period.

	Salary & fees US$000	Bonus US$000	Other Benefits US$000	Share Based Payments US$000	2010 Total Remuneration US$000
2010					
Directors:					
C Chamberlain	258	23	17	163	**461**
D Jones	25	-	-	29	**54**
K Judge [1]	34	-	-	22	**56**
G Ross	23	-	-	23	**46**
N Valdez Ferrand	21	-	-	21	**42**
Directors Total	361	23	17	258	**659**
Non-Directors	796	40	251	209	**1,296**
TOTAL	1,157	63	268	467	**1,955**

Note:

1. The Director fees are paid to Hamilton Capital Partners Limited, with which Mr Judge is associated.

NOTE 6 FINANCE INCOME/ (EXPENSE)

	2011 US$000	2010 US$000
Interest income	**56**	**95**
Interest expense	**(418)**	**(574)**
Unwinding of discount on contractual liabilities (note 18)	**-**	**(157)**
Total interest expense	**(418)**	**(731)**
Net finance expense	**(362)**	**(636)**

NOTE 7 INCOME TAX EXPENSE

	2011 US$000	2010 US$000
Current tax-foreign	**6,801**	4,364
Deferred tax	**(497)**	(77)
Income tax expense	**6,304**	4,287

The income tax expense charge for the year is higher than the charge on the profit before tax at the standard rate of corporation tax of 30% (2010: 30%) based on the Peru tax rate, the location of the Company's main operations. The differences are explained below:

	2011 US$000	2010 US$000
Tax reconciliation		
Profit before tax	**16,064**	6,536
Tax at 30% (2010: 30%)	**4,819**	1,961
Effects (at 30%) of:		
Expenses not deductible for tax purposes	**820**	1,526
Income not taxable	**(192)**	-
Unrecognised deferred tax movements	**701**	800
Adjusted to tax charge in respect of prior years	**(335)**	-
Withholding tax suffered	**491**	-
Income tax expense	**6,304**	4,287

NOTE 8 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders of US$9,759,000 (2010: US$2,249,000) and the weighted average number of ordinary shares outstanding during the year ended 31 December 2011 of 119,580,000 (2010: 90,913,000).

Diluted earnings per share assumes that dilutive options have been converted into ordinary shares. The calculation is as follows:

	2011 Profit US$000	2011 Number of shares '000	2011 Earnings per share US cents	2010 Profit US$000	2010 Number of shares '000	2010 Earnings per share US cents
Basic earnings	**9,759**	**119,580**	**8.2**	**2,249**	**90,913**	**2.5**
Dilutive effects- options	**-**	**2,393**		**-**	**1,241**	
Diluted earnings	**9,759**	**121,973**	**8.0**	**2,249**	**92,154**	**2.4**

NOTE 9 PROPERTY, PLANT and EQUIPMENT

	Mining assets & deferred development costs US$000	Land & buildings US$000	Motor Vehicles US$000	Computers & other equipment US$000	Total US$000
Cost					
Balance at 1 January 2010	33,314	1,000	422	1,594	36,330
Additions	2,290	308	2,364	881	5,843
Disposals	(161)	-	-	-	(161)
Balance 31 December 2010	35,443	1,308	2,786	2,475	42,012
Balance at 1 January 2011	35,443	1,308	2,786	2,475	42,012
Additions	2,112	777	296	799	3,984
Disposals	-	-	(229)	(2)	(231)
Balance 31 December 2011	37,555	2,085	2,853	3,272	45,765
Depreciation and impairment losses					
Balance at 1 January 2010	10,447	-	124	369	10,940
Depreciation charge for the year	5,989	19	161	520	6,689
Disposals	(60)	-	-	-	(60)
At 31 December 2010	16,376	19	285	889	17,569
Balance at 1 January 2011	16,376	19	285	889	17,569
Depreciation charge for the year	7,248	13	466	622	8,349
Disposals	-	-	(140)	(2)	(142)
At 31 December 2011	23,624	32	611	1,509	25,776
Carrying amounts					
At 1 January 2010	22,867	1,000	298	1,225	25,390
Balance 31 December 2010	19,067	1,289	2,501	1,586	24,443
At 1 January 2011	19,067	1,289	2,501	1,586	24,443
Balance 31 December 2011	13,931	2,053	2,242	1,763	19,989

Mining assets and deferred development costs relate to the Corihuarmi Gold Mine.

NOTE 10 INTANGIBLE ASSETS

	Deferred exploration costs US$000
Carrying value 1 January 2010	**34,197**
Additions	**22,315**
Impairment	**(2,766)**
Balance 31 December 2010	**53,746**
Carrying value 1 January 2011	**53,746**
Additions	**34,728**
Balance 31 December 2011	**88,474**

The carrying values of the remaining deferred exploration costs at the year end have been assessed for indications of impairment and the results of these assessments have been sufficiently encouraging to justify the retention of the deferred exploration assets in the balance sheet.

NOTE 11 DEFERRED TAXATION

Recognised deferred tax assets

	2011 US$000	2010 US$000
Temporary differences	**574**	77

Unrecognised deferred tax assets

The Group has estimated tax losses of approximately US$15.4 million (2010: US$11.7 million) available to carry forward for offset against future profits. At the year end the potential deferred tax asset of US$4.5 million (2010: US$3.8 million) has not been recognised because there is insufficient evidence of the timing of future taxable profits against which they can be recovered.

NOTE 12 AVAILABLE FOR SALE INVESTMENTS

These securities have been valued at the market price quoted on the Toronto Stock Exchange on 31 December 2011.

NOTE 13 INVENTORY

	2011 US$000	2010 US$000
Gold in process	2,030	1,858
Mining materials	779	650
	2,809	2,508

NOTE 14 OTHER RECEIVABLES AND PREPAYMENTS

	2011 US$000	2010 US$000
Non current assets		
Other receivables	7,253	4,735
Current assets		
Other receivables	4,856	2,628
Prepayments	474	717
	5,330	3,345

Included in other receivables is an amount of US$10,452,000 (2010: US$6,660,000) relating to sales tax paid on the purchase of goods and services. This balance is expected to be fully recovered in due course against the revenue earned from exploitation of the respective projects. Included within this is a total of US$7,253,000 (2010: US$4,735,000) relating to purchases for the Ollachea and the Don Nicolas projects, which will not be recovered in the next accounting period and has therefore been included in non-current assets.

NOTE 15 CASH AND CASH EQUIVALENTS

	2011 US$000	2010 US$000
Bank balances	10,382	11,744
Term deposits	752	22,904
Cash and cash equivalents in the statement of cash flows	11,134	34,648

NOTE 16 CAPITAL AND RESERVES

As at 31 December 2011 and 31 December 2010 the Company's share capital is made up of no par shares. There is no upper limit on the value of shares to be issued.

Issued share capital	Ordinary shares
Shares in issue 1 January 2010	**85,575,173**
Shares issued 8 February 2010 for total cash consideration of US$71,964	**100,000**
Shares issued 24 June 2010 as a result of a debt for equity swap of US$1,000,000	**1,111,111**
Shares issued 5 October 2010 for total cash consideration of US$35,570	**50,000**
Shares issued 10 November 2010 for total cash consideration of US$36,843,390	**32,641,600**
Shares issued 25 November 2010 for total cash consideration of US$36,099	**50,000**
Shares in issue 1 January 2011	**119,527,884**
Shares issued 20 January 2011 for total cash consideration of US$20,925	**30,000**
Shares issued 20 January 2011 for total cash consideration of US$24,025	**25,000**
Total Shares in issue 31 December 2011	**119,582,884**

Potential issues of ordinary shares

The Company has a share option scheme for the benefit of directors, employees and consultants of the Group. The purpose of the scheme is to provide incentives to those people whose efforts and skills are most important to the success of the Group, and to ensure that the interests of the management of the Group are fully aligned with the interests of shareholders. The terms of the scheme allow the directors to decide at the date of grant when the option becomes exercisable. Options granted before 17 November 2009 allow for the exercise of half of the options after one year from the date of grant and half after two years. Options granted on or after 17 November 2009 allow immediate exercise. The options lapse on the fifth anniversary of the date of grant and have no performance conditions.

	2011		2010	
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of year	**9,210,000**	**0.7784**	6,405,000	0.6377
Granted during the year	**-**	**-**	3,005,000	1.0565
Exercised during the year	**(55,000)**	**0.5273**	(200,000)	0.4500
Lapsed during the year	**(200,000)**	**0.9356**	-	-
Outstanding at the end of the year	**8,955,000**	**0.7765**	9,210,000	0.7784
Exercisable at the end of the year	**8,955,000**	**0.7765**	9,210,000	0.7784

The average remaining contractual life of the outstanding options as at 31 December 2011 was 2.1 years (2010: 3.2 years).

There were no options granted in the current period, In the prior year, for the purpose of calculating the fair value of the options granted under the share option scheme the directors used the Black-Scholes model and the following information:

Date of grant	**2010**
Share price on date of grant	GBP0.85
Exercise price	GBP1.0565
Expected volatility	30%
Expected option life	2.25 years
Risk free rate of return	0.5%
Expected dividends	0%
Expected rate at which holders will leave without exercising	10%
Fair value	GBP0.09

Where more than one set of options has been issued during a year a weighted average of the prices has been used. The volatilities used in this calculation have been derived from an analysis of the share price over the two years before the issue of the options.

Other share options	**Exercisable from**	**Exercisable to**	**Exercise price**	**Number Granted**	**Number at 31 December 2011**	**Number at 31 December 2010**
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
					8,578,431	8,578,431

The other share options were granted to third parties for services and have not been recognised as the amounts involved are not significant.

Dividends
The directors do not recommend the payment of a dividend.

Reserves

The Group maintains reserves for the cost of issuing share options, for foreign gains and losses arising on the retranslation of foreign subsidiaries and the revaluation of available for sale financial assets.

Capital Maintenance

The directors manage the capital resources of the Company to ensure that there are sufficient funds available to continue in business. Share capital is generally raised for the purpose of funding capital developments and significant exploration programmes, and loans for the purpose of funding working capital requirements.

	At 31 December 2011 US$000	At 31 December 2010 US$000
Total interest bearing debt	**10,000**	**10,000**
Total equity	**111,979**	**102,343**
Debt-to-equity ratio	**8.9%**	**9.8%**

NOTE 17 LIABILITIES

Interest bearing loans

	At 31 December 2011 US$000	At 31 December 2010 US$000
Non-current liabilities		
Bank loans due after one year	**-**	**10,000**
Current liabilities		
Bank loans due within one year	**10,000**	**-**
	10,000	**-**

The bank loans bear interest at 3.5% over the London Interbank Offered Rate (LIBOR), are secured against the assets of the Group and are repayable on 31 December 2012.

Provisions

The Group has made a provision of US$2,443,000 against the present value of the cost of restoring the Corihuarmi site and Ollachea exploration tunnel site to its original condition. This provision is an estimate of the cost of reversing the alterations to the environment which had been made up until 31 December 2011. The timing and cost of this rehabilitation is uncertain and depend upon the duration of the mine life and the quantity of ore which will be extracted from the mine. At present time the directors estimate that the remaining mine life is approximately 3.5 years with the approval of the new EIA in January 2012.

	Environmental provisions US$000
Balance 1 January 2010	**1,463**
Additional provision	**176**
Balance 31 December 2010	**1,639**
Balance 1 January 2011	**1,639**
Additional provision	**804**
Balance 31 December 2011	**2,443**

	2011 US$000	2010 US$000
Trade and other payables		
Current		
Trade payables	**5,274**	5,664
Other payables	**3,662**	2,156
Accrued expenses	**462**	977
	9,398	8,797

NOTE 18 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

The Group's principal financial assets comprise available for sale financial assets, cash and cash equivalents, and other receivables. The Company also has amounts due from subsidiaries. With the exception of available for sale financial assets, which are recorded at fair value, all of the Group's and the Company's financial assets are classified as loans and receivables and are measured at amortised cost.

The Group's and the Company's financial liabilities include trade and other payables, interest bearing loans and other long term liabilities. They are all classified as financial liabilities and measured at amortised cost.

Risk management

The Group is exposed to certain financial risks due to its business activities. The potential adverse effects of these risks are constantly assessed by the management of the Group with a view to minimising them, and the directors consider whether it is appropriate to make use of financial instruments for this purpose. The following are major financial risks which the Group is exposed to:

Exchange rate risk
The functional currency of the significant entities within the Group is deemed to be the US dollar because the revenues from the sale of minerals are denominated in US dollars and the costs of the Group are likewise predominantly in US dollars. Some transactions are however denominated in currencies other than US dollars. These transactions comprise operating costs and capital expenditure in the local currencies of the countries in which the Group works.

The balances of cash and cash equivalents held in various currencies were:

	2011 US$000	2010 US$000
Pounds sterling	**3,206**	8,147
Australian dollars	**35**	40
Canadian dollar	**88**	16,305
Argentine pesos	**782**	381
Chilean pesos	**20**	44
Peruvian nuevo soles	**1,250**	239
United States dollars	**5,753**	9,495
	11,134	34,648

The table below shows an analysis of net financial assets and liabilities:

	2011 US$000	2010 US$000
Pounds sterling	**3,042**	7,939
Australian dollars	**(86)**	(149)
Canadian dollar	**600**	17,118
Argentine pesos	**(698)**	2,090
Chilean pesos	**6**	41
Peruvian nuevo soles	**(3,689)**	(1,245)
United States dollars	**(4,339)**	(4,225)
	(5,164)	21,569

The table below shows the profit/(loss) effect on the Group's results of a 10% and 20% weakening or strengthening of the US dollar against the net monetary assets shown in the table above:

	2011 US$000	2010 US$000
10% weakening of the US dollar	**(508)**	2,579
20% weakening of the US dollar	**(1,016)**	5,158
10% strengthening of the US dollar	**508**	(2,579)
20% strengthening of the US dollar	**1,016**	(5,158)

Liquidity risk
Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents as well as an adequate amount of committed credit facilities. The management of the Group safeguards its cash resources and makes regular forecasts of the requirements to use those resources. If necessary the management adapt their plans to suit the resources available. Current liabilities were all due within one year.

Market price of minerals risk
The Group's business exposes it to the effects of changes in the market price of minerals. Severe changes in the market price of minerals may affect the recoverability of the Group's investments in its mine, exploration assets and mining rights, and of the Company's intercompany receivables. However, considering the market prices in the last few years and available projections of future prices, the management believes that changes in market prices of minerals will not have a damaging impact on the Group's financial statements.

Credit risk
The Group is exposed to credit risk in so far as it deposits cash with its banks as detailed in note 16. However the banks used are international institutions of the highest standing. In addition the Group is exposed to sovereign risk in so far as it is owed recoverable sales tax, as detailed in note 15, by the governments of the Latin American countries in which it works.

The Company is exposed to credit risk on the loans it makes to subsidiaries of US$43 million (included in investments in note C5). Provisions have been made on these balances as detailed in that note.

Interest rate risk
The Company has debt denominated in US dollars and is therefore exposed to movements in US dollar interest rates. This debt bears interest at 3.5% over LIBOR and allows for interest periods of between 30 and 180 days. A change in LIBOR of +/- 1% would not have a material effect on the financial results of the Group or the Company. It is the policy of the Group to settle trade payables within the agreed terms and no interest is incurred on those liabilities.

Price risk
Investments by the Group in available for sale financial assets expose the Group to price risk. All of the available for sale financial assets are valued by reference to quoted market prices. The directors do not consider this risk to be material as the Group does not have a significant portfolio of available for sale financial assets.

Fair values of financial assets and liabilities
The Group has performed a review of the financial assets and liabilities as at 31 December 2011 and has concluded that the fair value of those assets and liabilities is not materially different to book value.

NOTE 19 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group has entered into agreements with Rio Tinto to make payments in connection with the Ollachea project in addition to the payments mentioned in note 18. This agreement allows for a further payment upon the successful completion of a feasibility study. Based on the project economics available, the management estimates that the payment will be approximately US$15.1 million.

NOTE 20 RELATED PARTIES

During the year ended 31 December 2011, the Company entered into the following transactions with related parties:

The Company incurred US$4,967 (GBP3,047) (2010: US$9,553 (GBP6,102)) of registrar services fees from Computershare Investor Services (Jersey) Limited, a company related through a common director. The contract for these services provides for a minimum annual charge of GBP3,500 to be paid by the Company. The common director resigned from Computershare Investor Services (Jersey) Limited effective from 1 July 2011. The fees stated were incurred only for the period that there was a related party transaction.

NOTE 21 SUBSEQUENT EVENTS

On 5 March 2012, the Company completed an equity offering where the Company issued 29,260,000 ordinary shares at a price of CAD1.13 per share.

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011	2010
		US$000	US$000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other income		200	-
Administrative expenses		(2,166)	(4,981)
Exploration costs		(53)	(722)
Operating loss		(2,019)	(5,703)
Finance income		1,202	454
Finance expense		(377)	(213)
Loss before tax		(1,194)	(5,462)
Income tax		(491)	(82)
Loss for the year and total comprehensive income		(1,685)	(5,544)

COMPANY BALANCE SHEET

As at 31 December 2011

	Note	2011 US$000	2010 US$000
Assets			
Property, plant and equipment	*C3*	**39**	63
Investments available for sale	*12*	**36**	-
Intangible assets	*C4*	**5,662**	2,219
Investments in subsidiary undertakings	*C5*	**85,182**	65,668
Total non-current assets		**90,919**	67,950
Other receivables and prepayments	*C6*	**50**	13
Cash and cash equivalents	*C7*	**3,681**	28,554
Total current assets		**3,731**	28,567
Total assets		**94,650**	96,517
Equity			
Issued share capital	*16*	**100,752**	100,707
Share option reserve	*16*	**1,917**	1,938
Accumulated losses		**(18,481)**	(16,817)
Total equity		**84,188**	85,828
Liabilities			
Interest bearing loans	*C9*	**-**	10,000
Total non-current liabilities		**-**	10,000
Interest bearing loans	*C9*	**10,000**	-
Trade and other payables	*C8*	**462**	689
Total current liabilities		**10,462**	689
Total liabilities		**10,462**	10,689
Total equity and liabilities		**94,650**	96,517

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 March 2012.

Courtney Chamberlain
Executive Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Note	Share Capital US$000	Share option reserve US$000	Retained earnings/ (losses) US$000	Total equity US$000
Balance at 1 January 2010		**65,784**	**1,363**	**(11,395)**	**55,752**
Loss for the year		**-**	**-**	**(5,544)**	**(5,544)**
Total comprehensive income for the year		**-**	**-**	**(5,544)**	**(5,544)**
New share capital subscribed	*16*	**37,987**	**-**	**-**	**37,987**
Cost of raising share capital		**(3,064)**	**-**	**-**	**(3,064)**
Credit on share option issue	16	**-**	**697**	**-**	**697**
Exercise of options		-	**(122)**	**122**	**-**
Balance at 31 December 2010		**100,707**	**1,938**	**(16,817)**	**85,828**
Balance at 1 January 2011		**100,707**	**1,938**	**(16,817)**	**85,828**
Loss for the year		**-**	**-**	**(1,685)**	**(1,685)**
Total comprehensive income for the year		**-**	**-**	**(1,685)**	**(1,685)**
New share capital subscribed	*16*	**45**	**-**	**-**	**45**
Exercise of share options		-	**(21)**	**21**	**-**
Balance at 31 December 2011		**100,752**	**1,917**	**(18,481)**	**84,188**

COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2011

	Note	2011 US$000	2010 US$000
Cash flows from operating activities			
Operating loss from continuing operations		**(2,019)**	(5,703)
Depreciation of deferred development costs	*C3*	**27**	26
Impairment of exploration assets		**-**	722
Impairment of available for sale investments		**64**	-
Share option costs		**-**	697
Foreign exchange losses		**(467)**	147
Provision for investment in subsidiary		**-**	1,945
Increase in other receivables and prepayments		**(37)**	(13)
Decrease in trade and other payables		**(227)**	(468)
Foreign tax paid		**(491)**	(82)
Cash used in operations		**(3,150)**	(2,729)
Interest received		**1,202**	454
Interest paid		**(377)**	(213)
Net cash outflow from operating activities		**(2,325)**	(2,488)
Cash flows from investing activities			
Acquisition of property, plant & equipment	C3	**(3)**	-
Acquisition of investment		**(100)**	-
Acquisition of intangible assets	*C4*	**(3,442)**	(1,269)
Amounts remitted to existing subsidiary undertakings	*C5*	**(19,514)**	(20,016)
Net cash outflow from investing activities		**(23,059)**	(21,285)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		**45**	36,987
Cost of raising share capital		**-**	(3,064)
Receipt of loans		**-**	10,000
Repayment of loans		**-**	(2,500)
Net cash inflow from financing activities		**45**	41,423
Net (decrease)/ increase in cash and cash equivalents		**(25,339)**	17,650
Cash and cash equivalents at beginning of period		**28,554**	11,051
Exchange rate movements		**466**	(147)
Cash and cash equivalents at end of period		**3,681**	28,554

NOTES TO THE COMPANY FINANCIAL STATEMENTS

The accounting policies in the Group accounts also form part of the Company accounts

C1. Accounting policies for the Company

The accounting policies applied to the Company are consistent with those adopted by the Group with the addition of the following:-

Subsidiary investments

Investments in subsidiary undertakings are stated at cost less impairment losses.

C2. Remuneration of directors and key management personnel

	Salary & fees US$000	Bonus US$000	Other Benefits US$000	Share Based Payments US$000	Total Remuneration US$000
2011					
Directors:					
C Chamberlain	217	-	-	-	**217**
D Jones	35	-	-	-	**35**
K Judge	35	-	-	-	**35**
G Ross	34	-	-	-	**34**
N Valdez Ferrand	35	-	-	-	**35**
Directors Total	356	-	-	-	**356**
Non-Directors	768	32	22	-	**822**
TOTAL	1,124	32	22	-	**1,178**

	Salary & fees US$000	Bonus US$000	Other Benefits US$000	Share Based Payments US$000	Total Remuneration US$000
2010					
Directors:					
C Chamberlain	202	-	-	163	365
D Jones	25	-	-	29	54
K Judge	34	-	-	22	56
G Ross	23	-	-	23	46
N Valdez Ferrand	21	-	-	21	42
Directors Total	305	-	-	258	563
Non-Directors	352	-	68	78	498
TOTAL	657	-	68	336	1,061

C3. Property, plant and equipment

	Deferred development costs US$000
Carrying value at 1 January 2010	**89**
Depreciation	**(26)**
Carrying value at 31 December 2010	**63**
Carrying value at 1 January 2011	**63**
Additions	**3**
Depreciation	**(27)**
Carrying value at 31 December 2011	**39**

C4. Intangible assets

	Deferred exploration costs US$000
Cost and carrying value at 1 January 2010	**1,672**
Additions	**1,269**
Impairment	**(722)**
Cost and carrying value at 31 December 2010	**2,219**
Cost and carrying value at 1 January 2011	**2,219**
Additions	**3,442**
Cost and carrying value at 31 December 2011	**5,661**

The carrying value of the deferred exploration costs at the year end have been assessed for indications of impairment and the results of these assessments have been sufficiently encouraging to justify the retention of the deferred exploration assets in the balance sheet.

C5. Investments in subsidiary undertakings

	Investments in Group undertakings US$000
Cost	
Balance at 1 January 2010	50,385
Additions	20,016
Balance at 31 December 2010	**70,401**
Balance at 1 January 2011	70,401
Additions	19,514
Balance at 31 December 2011	**89,915**
Amortisation and impairment losses	
Balance at 1 January 2010	2,788
Impairment	1,945
Balance at 31 December 2010	**4,733**
Balance at 1 January 2011	4,733
Impairment	-
Balance at 31 December 2011	**4,733**
Carrying amounts	
At 1 January 2010	47,597
At 31 December 2010	**65,668**
At 1 January 2011	65,668
At 31 December 2011	**85,182**

The Company has a controlling interest in the following subsidiary undertakings:

	Country of Incorporation and operation	Principal activity	Minera IRL Limited effective interest 2011	2010
Minera IRL SA	Peru	Mining and exploration	100%	100%
Minera IRL Argentina SA	Argentina	Mining and exploration	100%	100%
Compañia Minera Kuri Kullu SA *	Peru	Mining and exploration	100%	100%
Hidefield Gold Limited	United Kingdom	Mining and exploration	100%	100%
Minera IRL Patagonia SA *	Argentina	Mining and exploration	100%	100%
Exploraciones Bema SRL *	Argentina	Mining and exploration	100%	100%
Hidefield Gold (Alaska) Inc *	USA	Mining and exploration	100%	100%
Minera IRL Chile Limitada	Chile	Mining and exploration	100%	100%
Hidefield International Gold Holdings Ltd *	British Virgin Islands	Mining and exploration	100%	100%

Note: * Controlling interest held indirectly through other subsidiary.

C6. Other receivables and prepayments

	2011 US$000	2010 US$000
Other receivables	**50**	13

C7. Cash and cash equivalents

	2011 US$000	2010 US$000
Bank balances	**3,681**	5,650
Term deposits	**-**	22,904
Cash and cash equivalents in the statement of cash flows	**3,681**	28,554

C8. Trade and other payables

	2011 US$000	2010 US$000
Current		
Other payables	**-**	45
Accrued expenses and deferred income	**462**	644
	462	689

C9. Interest bearing loans

	At 31 December 2011 US$000	At 31 December 2010 US$000
Non-current liabilities		
Bank loans due after one year	**-**	**10,000**
Current liabilities		
Bank loans due within one year	**10,000**	**-**

The bank loans bear interest at 3.5% over the London Interbank Offered Rate (LIBOR), are secured against the assets of the Group and are repayable on 31 December 2012.

C10. Related parties

The Company has a related party relationship with its subsidiaries (see note C5), directors and other key management personnel (see note 5).

The following table details transactions carried out with subsidiary undertakings:

	2011 US$000	2010 US$000
Transfer of cash to subsidiaries	**19,514**	20,016

Other related parties
Transactions with other related parties are detailed in note 20.

C11. Financial risk management

The Company has the same exposure to financial risks as the Group, details of which are shown in note 18.