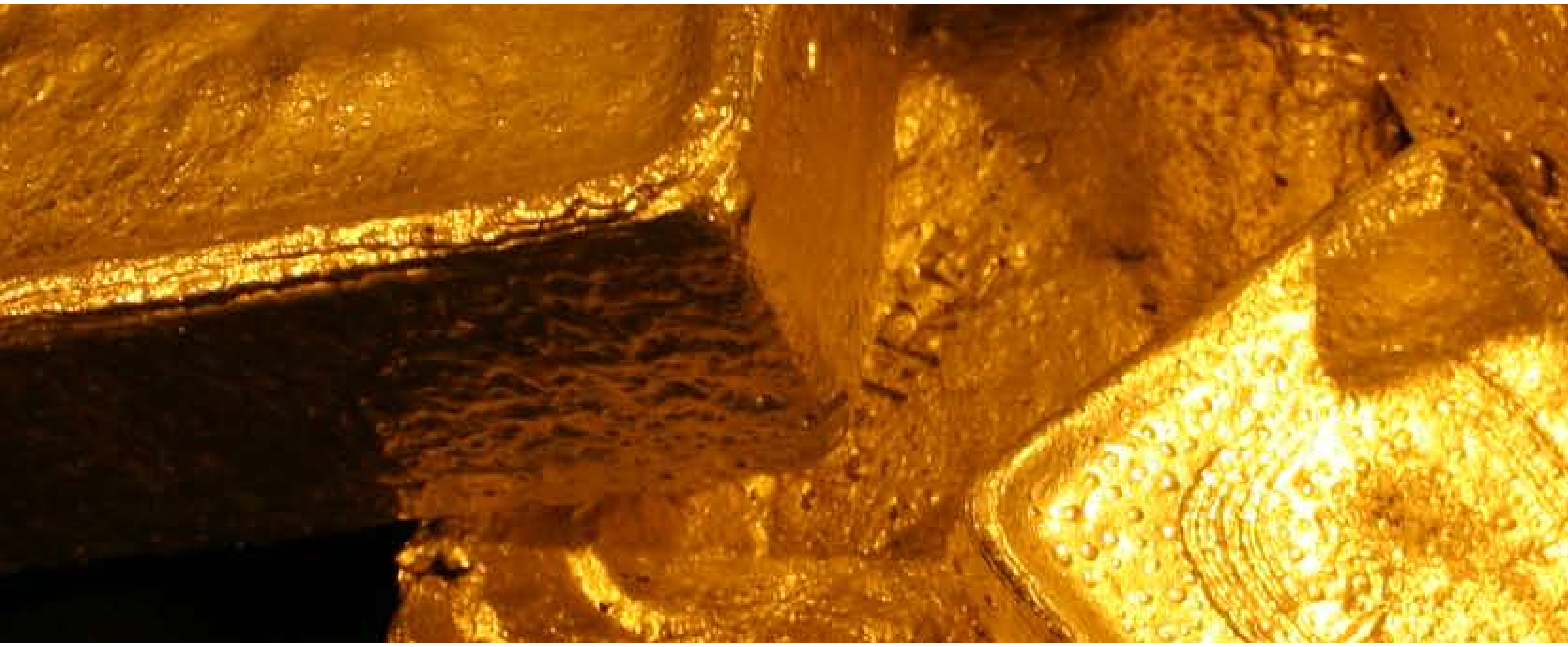
Minera IRL
LIMITED

Report & Accounts
Year ended 31 December 2009



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
Richard Michell

REGISTERED OFFICE
Ordnance House
31 Pier Road
St Helier
Jersey JE4 8PW

NOMINATED ADVISOR & BROKER
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London EC2Y 9AR

BROKER
Fox-Davies Capital Limited
Whitefriars House
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AUDITORS
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London EC1M 3AP

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300 Queen Street
Brisbane, Queensland 4000
Australia

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Jersey Law
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Peruvian Law
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Av. San Felipe 758 – Jesús Maria
Lima
Perú

Argentinean Law
Baker & McKenzie Sociedad Civil
Av. Leandro N. Alem 1110, Piso 13
C100 1AAT Buenos Aires
Agentina

REGISTRARS
Computershare Investor Services (Jersey) Limited
PO Box 83
Ordnance House
31 Pier Road
St Helier
Jersey JE4 8PW

Registered in Jersey under number 94923

HIGHLIGHTS

- **Corihuarmi gold mine production of 33,012 ounces in 2009 above expectations, at a cash operating cost of US$341 per ounce;**
- **Gold sale average price of US$988 per ounce;**
- **EBITDA of US$11.3 million, profit before tax of US$5.4 million and profit after tax of US$3.0 million;**
- **Successful placing of shares raised US$14.2 million net of expenses;**
- **Cash at 31 December 2009 of US$14.2 million;**
- **Major gold discovery at Ollachea; positive scoping study based upon 1.3 million ounces and pre-feasibility study commenced;**
- **Acquisition of Hidefield Gold, including the Don Nicolas project in Pategonia, Argentina, with a resource base of 359,000 ounces;**
- **Resource inventory increased from 0.1 million ounces to 1.8 million ounces;**
- **Acceptance to Toronto Stock Exchange (TSX) in April 2010.**

DIRECTORS

COURTNEY CHAMBERLAIN
Executive Chairman
Minera IRL Limited

Metallurgical Engineer. 40 years professional worldwide experience in senior executive positions in mining industry

GRAEME DAVID ROSS
Non-executive Director

Qualified as a Chartered Accountant in 1984 and is now a Partner in Rawlinson & Hunter Chartered Accountants, Jersey which is part of the Rawlinson & Hunter international network

DOUGLAS ALAN JONES
Non-executive Director

Geologist with 30 years of international exploration, exploration management and consulting experience in the mining industry.

KENNETH PETER JUDGE
Non-executive Director

Qualified Barrister and Solicitor, specializing in international mergers and acquisitions law. He has extensive business management experience having held a number of public company directorships

NAPOLEÓN VALDEZ
Non-executive Director

Extensive business management experience and is the President of the Board and major shareholder of Heinz Ferrand Glass and Cristalerias Ferrand, privately owned glass companies

MANAGEMENT

DIEGO BENAVIDES
President
Minera IRL S.A.

Corporate lawyer. Experience in legal business transactions in Peruvian mining industry

RICHARD MICHELL
Chief Financial Officer
Minera IRL Limited

Broad financial experience with multinational companies

TRISH KENT
Vice President
Corporate Relations

International experience in public relations, investment and social affairs.

DONALD MCIVER
Vice President Exploration
Minera IRL S.A.

Geologist with 26 year experience in Africa and Latin America/ Peru

STUART SMITH
Technical Manager
Minera IRL Limited

Metallurgical engineer specializing in gold extractive technology 22 years professional worldwide experience.

BILL HOGG
Project Development
Consultant - Minera IRL S.A.

Mechanical engineer and project manager with expertise in gold leach projects. 34 years professional experience

FRANCIS O'KELLY
Internal Consultant
Minera IRL S.A.

Mining engineer, 42 years experience in mining and banking in the Americas. Corporate and M&A Specialist.

CONTENTS

CHAIRMAN'S STATEMENT

I am pleased to present this annual report for Minera IRL Limited to shareholders, our fourth as a publicly listed company. Whilst the year 2008 was important with the timely implementation and strong operating performance of our first gold mine at Corihuarmi, 2009 was, from a number of perspectives, even more important in securing our long term future. We commenced the year with approximately 150,000 ounces in resources; we finished the year with almost 1.8 million ounces. In January last year we were uncertain how our next mine would manifest itself. Now we are confident that we have two new mines in the making. The Ollachea discovery in southern Peru has gone from strength to strength and the successful take-over of Hidefield Gold Plc in December 2009 presents the most immediate opportunity for a new mine.

Projects

Corihuarmi

The Corihuarmi Gold Mine continued to perform well throughout the year producing strong cash flow for the Group. At the beginning of the year mining moved from the Diana Pit to the larger, but lower grade, Susan Pit. A total of 33,012 ounces was produced, which was above expectations, at a cash cost of US$341 per ounce. The Company policy of no gold hedging continues with an average sale price of US$988 per ounce, which was US$119 per ounce higher than 2008. A new Life-of-Mine plan was produced with the updated ore reserve more than replacing depletion in 2008, which extends the mine life to at least mid 2013. In addition, more than 50,000 ounces of broken scree material below the Susan and Diana cliff faces has been classified as an Inferred Resource and is expected to give a further significant extension to Corihuarmi's life.

Ollachea

Excellent progress has been made at the Ollachea Project in the Puno District of southern Peru. Two diamond rigs have been drilling continuously since October 2008 and thus far more than 90 holes with over 35,000 meters have been drilled. The strike length of the central Minapampa Zone has been extended to almost 700 meters and has provided the basis for a Scoping Study which was completed by Coffey Mining in November 2009. The estimated Inferred Resource in this zone, based on 15,400 meters of drilling, totaled 8.9 million tonnes grading 4.5 grams of gold per tonne and containing 1.3 million ounces.

The Scoping Study indicated that a viable development was possible with an underground mine producing 1 million tonnes per annum for treatment through a conventional carbon-in-leach plant. A projected 117,000 ounces per annum will be produced over a 9 year mine life at a cash cost of approximately US$400 per ounce. Capital cost is estimated at US$156 million. With these positive indications, the Company has embarked upon a pre-feasibility study. If all goes to plan, the mine could be up-and-running during 2014.

The Minapampa Zone has not been closed off along strike nor down dip. Exploration continues over a strike length of almost 2 kilometers, including the Minapampa Zone, with many encouraging intersections. We have much unfinished business at Ollachea.

Patagonia

In December 2009 a transaction was completed in which our Company acquired Hidefield Gold Plc for a consideration of 9,767,291 Minera IRL Limited shares. We consider this to have been an excellent transaction which brought us a new business unit in mining friendly Santa Cruz State in the Patagonia region of Argentina. Key to this transaction is the Don Nicolas Project with a

CHAIRMAN'S STATEMENT (continued)

resource base of 359,000 ounces. Management believes that this can be advanced to become the Group's next mine by late 2012 or early 2013. A feasibility study is underway and two drill rigs are working on better defining and extending the known resources.

Another important factor in the Patagonia initiative is the very large exploration licence of more than 2,500 square kilometers in a geological region known as the Deseado Massif. A number of important discoveries have been made in recent years and our ground is highly prospective with many identified targets. We also embarked on an exploration program in an attempt to make new discoveries.

Other Projects

During the year we have moved ahead on a number of new exploration initiatives. An Agreement was signed with Minera Monterrico Peru SAC in which the Bethania ground package was consolidated. This project is only 10km from Corihuarmi and presents a large gold copper porphyry target. A twelve hole preliminary drilling program was completed in early 2010 and results are being assessed.

Another gold porphyry, La Falda, is being drill tested in the Maricunga District in Chile where Minera IRL has an option to earn a 75% interest. Early in the year, the Company acquired an option for 100% of the Quilivara Project in southern Peru where Newcrest had encouraging gold surface samples over a wide area. In addition, Minera IRL acquired an option over the Veca Project in Peru, and having assessed it, decided not to continue.

The Huaquirea Joint Venture continues to be managed by JV partner Minera Alturas Corporation and the Frontera Project in Chile continues to be managed by Teck Cominco.

Financial Results

Production from the Corihuarmi Gold Mine yielded sales revenue of US$31.9 million (2008: US$43.6 million). This reduction from revenues in 2008 was fully expected by the management and was entirely due to the lower grade of the Susan deposit, which accounted for most of the ore mined during the year. Mining and treatment of 13% more ore in 2009 also resulted in an 8% increase in the cost of sale to US$18.8 million (2008: US$17.3 million). The combined effect was a reduced gross profit of US$13.1 million (2008: US$26.2 million). However, both administrative expenses and exploration write-offs were reduced to US$6.6 and US$1.7 million respectively, and the acquisition of Hidefield Gold PLC yielded a credit to income of US$1.1 million which represents the excess of the fair value of the assets acquired over the price paid. The result was an operating profit of US$5.8 million (2008: US$15.6 million). The tax charge, which arises solely in Peru, remained at a similar level to 2008 because in 2009 there were no accumulated losses to offset against the profit for the year, as had been the case in 2008.

The group spent a total of US$16.4 million on exploration during the year (2008: US$6.7 million), excluding the acquisition of the Hidefield group, of which US$14.7 million was added to the intangible assets of the group (US$11.9 million for the Ollachea project) and US$1.7 million was recognised as a cost in the income statement.

At the end of 2009 the group had a cash balance of US$14.2 million, leaving the company in a strong position to enter the next phase of its development.

CHAIRMAN'S STATEMENT (continued)

Board of Directors

Two new additions have strengthened the Minera IRL Limited Board of Directors. Mr Ken Judge, the former CEO of Hidefield Gold Plc, brings extensive commercial and legal experience. Mr Napoleon Valdez, our first Peruvian director, adds a wealth of business and Latin American experience. I am delighted to have these gentlemen on our Board and I extend a warm welcome to them on your behalf. I would also like to express my sincere appreciation to Mr Terry Streeter, who retired after four years of valuable contribution to our Board of Directors.

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 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, education and projects 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 in line with the move into the public arena.

Share Price Performance

Minera IRL Limited commenced the year on a strong note having been the best performing mining stock on both the London AIM and Lima Bolsa for 2008. There was a strong demand for the placement in May, in which US$14.2 million was raised to advance our emerging projects. However, share price performance later in the year, and into 2010, was lacklustre, and in spite of much progress in the business, Minera IRL closed 2009 at virtually the same price as at the beginning of the year. A major reason for this, particularly recently, has been the introduction of a capital gains tax on share trading in Peru, which applies a substantially higher tax rate to Peruvians who invest in internationally registered companies, such as Minera IRL, than if they invest in Peruvian registered companies. The effect has been a 40% reduction in volume on the Lima market in early 2010 compared to 2009.

Current Investment Climate and Country Outlook

The world economic crisis which commenced in mid 2008 eased in 2009 with some regions faring better than others. By all accounts Peru performed well and, bolstered by a strong mining economy, was the only country in Latin America that did not slip into negative growth. The Lima Stock Exchange staged a strong resurgence in 2009 before the strong negative reaction to the capital gains tax in early 2010. Peru remains politically stable with the Garcia government doing an admirable job. The country is beginning to look toward the 2011 Presidential and Congressional elections.

CHAIRMAN'S STATEMENT (continued)

Argentina has fared less well with inflation increasing and the Peso weakening. However, we feel that selected provinces are very good places for mining and we have already received strong support and encouragement from the authorities in Santa Cruz, Patagonia. Chile, where the Company is exploring, is a strong mining country, but its economy has come under some pressure with the devastating earthquake at the end of February.

We believe the Company has matured to the point that a listing on the Canadian TSX is in the best interests of all shareholders, and the Company has now been accepted on the Main Board, Senior status (exempt). The TSX is the premier world mining stock exchange and understands and supports mining in Latin America. Exposure to the TSX should enhance liquidity, provide a broader exposure to the equity markets and counter the current doldrums in Lima trading.

Whilst the price of most metals fell sharply in 2008, gold did well. Most metals have staged a recovery and in 2009 gold had another good year, trading to above US$1,200 per ounce, and it appears to have established a new platform at around US$1,100 per ounce. We are optimistic about the future strength of the gold price.

I wish to convey my sincere appreciation to the fine Board and Management team and all employees for their loyalty, dedication and hard work in building the Company. I would also like to thank all shareholders for their support during the past year. I feel very confident of a continuing strong performance positioning us well for a bright future.

Courtney Chamberlain
Executive Chairman
Minera IRL Limited

28 April 2010

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year to 31 December 2009.

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 profit for the year after tax was US$2,971,000 (2008: US$12,523,000). No dividend was paid during the year and no final dividend is proposed. A profit of US$2,971,000 (2008: US$12,523,000) 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:

	Ordinary shares of no par value	
Name	31 December 2009	31 December 2008 (or date of appointment)
Courtney Chamberlain	3,472,692	3,430,000
Douglas Jones	204,936	160,160
Kenneth Judge (appointed 21 December 2009)	1,389,062	
-		
Graeme Ross	5,000	-
Terence Streeter (resigned 15 July 2009)	2,912,220	3,143,000

On 31 December 2009 the directors who served during the year held the following share options under the Minera IRL Limited Incentive Stock Option Scheme:

Name	31 December 2009	31 December 2008
Courtney Chamberlai	3,000,000 shares	2,250,000 shares
Douglas Jones	250,000 shares	150,000 shares
Graeme Ross	125,000 shares	75,000 shares
Terence Streeter	100,000 shares	150,000 shares

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

DIRECTORS' REPORT (continued)

On 4 January 2010 Courtney Chamberlain bought a further 20,000 shares in the company. There have been no other movements in any of the directors' interests in the share capital of the Company between 1 January 2010 and 20 April 2010.

Mr Jones and Mr Ross retire by rotation and offer themselves for re-election at the forthcoming Annual General Meeting. Mr Judge and Mr Valdez (appointed 1 March 2010), having been appointed since the last Annual General Meeting, offer themselves for re-appointment in accordance with the Articles of Association.

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 20 April 20010 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
Funds managed by BlackRock Investment Management (UK) Limited	8,481,933	9.9
Midas Capital plc	7,600,000	8.9
Shairco for Trading, Industry and Contracting	4,705,000	5.5
Resource Capital Fund III LP	2,770,174	3.2

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 20% 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.

DIRECTORS' REPORT (continued)

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 20% 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 auditors 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 auditors have been made aware of that information.

By order of the Board

Richard Michell
Company Secretary 28 April 2010

DIRECTORS' REMUNERATION REPORT

This report, which has been prepared in accordance with the provisions of the revised Combined Code, has been approved by the Board of Directors for submission to the shareholders for approval at the forthcoming Annual General Meeting.

Remuneration Committee

The Board of Directors is responsible for establishing the remuneration policy for the Company as a whole. The Remuneration Committee meets regularly to review the level of remuneration of the directors and senior management of the Company and make the appropriate recommendations to the Board. The committee is composed of the Executive Chairman and two non-executive directors, Napoleon Valdez and Douglas Jones. Douglas Jones is also Chairman of the Committee.

Remuneration Policy

The objective of the remuneration policy is to ensure that the Company is able to attract, motivate and retain executives of the quality necessary to ensure the successful management of the Group. The remuneration of directors and senior management is decided having regard to their performance and experience, and to the level of remuneration of individuals with the same responsibilities in other companies of similar size and type. All directors and senior management have share options and some have significant shareholdings. The Company's remuneration policy is therefore based on the principle that the fortunes of the directors and the senior management are aligned with those of shareholders. Changes in the remuneration of directors and senior management are decided by the committee. There are no plans to make changes to this procedure.

Components of Remuneration

The sole executive director is the Executive Chairman, who receives a basic salary. There is no provision in his contract for a pension to be paid. The Executive Chairman is also granted share options from time to time as the Remuneration Committee sees fit.

The remuneration of non-executive directors consists of fees for their services in connection with Board and Board Committee meetings. Their fees, which are reviewed from time to time, are determined having regard to the level of fees paid by similar sized companies and the demands made on their time for the proper discharge of their duties.

Directors' Remuneration

Details of directors' remuneration for the year are as follows:

	Basic Salary & Fees US$'000	Bonus US$'000	Other Emoluments US$'000	2009 Total US$'000	2008 Total US$'000
Courtney Chamberlain	**258**	**6**	**16**	**280**	301
Douglas Jones	**25**	**-**	**-**	**25**	25
Kenneth Judge	**-**	**-**	**-**	**-**	-
Graeme Ross	**18**	**-**	**-**	**18**	18
Terence Streeter	**12**	**-**	**-**	**12**	25
Total	**313**	**6**	**16**	**335**	369

DIRECTORS REMUNERATION REPORT (continued)

In addition, the directors were granted share options during the year, the details of which are shown in the Directors' Report of this document.

Share Option Schemes

The Company has a share option scheme which comprises two share option plans, one for the benefit of executive directors and the employees of the Group, the other for the benefit of non-executive directors, consultants or providers of services to the Group. The purpose of these plans is to provide incentives to those who are most important to the success of the Company. These options are not subject to any performance criteria and the committee believes that this is appropriate because of the uncertainty and risks associated with a mining Company in the early stages of development.

Directors' Contracts of Service

There are Service Contracts for all directors. None of these contracts provide for a notice period or for compensation for loss of office except that of Mr Chamberlain, who is entitled to payment for one year of service on termination of his contract, except in the case of a change in control of the company, in which case the period is two years. The Company is not obliged to give Mr Chamberlain any notice of such termination.

Pension Schemes

The Company makes no contributions to the pensions of its directors.

Douglas Jones
Chairman of the Remuneration Committee
On behalf of the Board 28 April 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Jersey Company law 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, prepared the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the company financial statements in accordance with those standards.

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 estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 the Group 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 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 and the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINERA IRL LIMITED

We have audited the group and company financial statements ('the financial statements') of Minera IRL Limited for the year ended 31 December 2009, which comprise the consolidated and company statements of comprehensive income, balance sheets, cash flow statements and statements of changes in equity, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with the provisions of part 16 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 auditors' 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 auditors

The directors' responsibilities for preparing the annual report and the group financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the chairman's statement, the directors' report and the directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's and the company's affairs as at 31 December 2009 and of the group's profit and the company's loss for the year then ended;

- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Nicole Kissun
For and on behalf of
PKF (UK) LLP, auditors
London, UK

28 April 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2009

	Notes	2009 US$000	2008 US$000
Revenue		**31,856**	43,568
Cost of sales		**(18,804)**	(17,344)
Gross profit		**13,052**	26,224
Administrative expenses		**(6,637)**	(8,447)
Exploration costs		**(1,739)**	(2,185)
Excess of fair value of assets acquired over consideration	**2**	**1,134**	-
Operating profit		**5,810**	15,592
Finance income	**7**	**36**	151
Finance expense	**7**	**(402)**	(657)
Profit before tax	**4**	**5,444**	15,086
Income tax	**8**	**(2,473)**	(2,563)
Profit for the year attributable to the equity shareholders of the parent		**2,971**	12,523

Earnings per ordinary share (US cents)			
- Basic	**9**	**4.3**	20.2
- Diluted	**9**	**4.3**	18.0

There are no other elements of comprehensive income.

CONSOLIDATED BALANCE SHEET as at 31 December 2009

	Notes	2009 US$000	2008 US$000
Assets			
Property, plant and equipment	**10**	**25,390**	26,249
Intangible assets	**11**	**34,197**	10,504
Available for sale investments	**13**	**1,567**	-
Deferred tax asset	**12**	**426**	-
Other receivables	**15**	**2,808**	-
Total non-current assets		**64,388**	36,753
Inventory	**14**	**1,526**	773
Other receivables and prepayments	**15**	**1,714**	8,170
Cash and cash equivalents	**16**	**14,218**	8,992
		17,458	17,935
Non-current assets held for sale	**2**	**600**	-
Total current assets		**18,058**	17,935
Total assets		**82,446**	54,688
Equity			
Share capital	**17**	**65,784**	41,459
Foreign currency reserve		**129**	129
Share option reserve	**17**	**1,363**	1,173
Accumulated losses		**(3,400)**	(6,371)
Total equity attributable to the equity shareholders of the parent		**63,876**	36,390
Liabilities			
Provisions	**18**	**1,463**	1,235
Other long term liabilities	**18**	**1,843**	3,081
Total non-current liabilities		**3,306**	4,316
Interest bearing loans	**18**	**3,511**	6,000
Current tax		**951**	2,385
Trade and other payables	**18**	**10,802**	5,597
Total current liabilities		**15,264**	13,982
Total liabilities		**18,570**	18,298
Total equity and liabilities		**82,446**	54,688

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 April 2010.

Courtney Chamberlain
Executive Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2009

	Note	Share capital US$000	Foreign currency reserve US$000	Share option reserve US$000	Accumulated losses US$000	Total US$000
Balance at 1 January 2008		**41,423**	**129**	**543**	**(18,894)**	**23,201**
Total comprehensive income for the year		-	-	-	**12,523**	**12,523**
New share capital subscribed	**17**	**36**	**-**	**-**	**-**	**36**
Reserve for share option costs		**-**	**-**	**630**	**-**	**630**
Balance 31 December 2008		**41,459**	**129**	**1,173**	**(6,371)**	**36,390**

	Note	Share capital US$000	Foreign currency reserve US$000	Share option reserve US$000	Accumulated losses US$000	Total US$000
Balance at 1 January 2009		**41,459**	**129**	**1,173**	**(6,371)**	**36,390**
Total comprehensive income for the year		**-**		**-**	**2,971**	**2,971**
New share capital subscribed	**17**	**25,166**	**-**	**-**	**-**	**25,166**
Cost of raising share capital		**(841)**	-	-	-	**(841)**
Reserve for share option costs		**-**	**-**	**190**	**-**	**190**
Balance 31 December 2009		**65,784**	**129**	**1,363**	**(3,400)**	**63,876**

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2009

	Note	2009 US$000	2008 US$000
Cash flows from operating activities			
Operating profit		**5,810**	15,592
Depreciation	**10**	**5,509**	5,394
Impairment of exploration assets	**11**	**-**	51
Share option costs	**17**	**190**	630
Provision for mine closure costs		**228**	233
Loss on disposals of assets		**28**	64
Excess of fair value of assets acquired over consideration		**(1,134)**	-
Foreign exchange losses relating to non-operating items		**250**	-
Increase in inventory		**(753)**	(745)
Decrease/(increase) in other receivables and prepayments		**5,097**	(4,620)
Increase in trade and other payables		**709**	1,289
Corporation tax paid		**(4,473)**	(887)
Net cash flow from operations		**11,461**	**17,001**
Interest received		**36**	151
Interest paid		**(140)**	(337)
Net cash outflow from operating activities		**11,357**	**16,815**
Cash flows from investing activities			
Acquisition of subsidiaries net of cash received	**2**	**(1,843)**	-
Acquisition of property, plant and equipment	**10**	**(3,581)**	(11,588)
Acquisition of intangible assets (exploration expenditure)		**(12,416)**	(4,512)
Net cash outflow from investing activities		**(17,840)**	**(16,100)**
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		**15,300**	36
Cost of raising share capital		**(841)**	-
Repayment of loans		**(2,500)**	3,000
Net cash inflow from financing activities		**11,959**	**3,036**
Net increase in cash and cash equivalents		**5,476**	**3,751**
Cash and cash equivalents at beginning of period	**16**	**8,992**	5,241
Exchange rate movements		**(250)**	-
Cash and cash equivalents at end of period	**16**	**14,218**	**8,992**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009

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 2009 comprise the Company and its subsidiaries (together referred to as the "Group").

The financial statements were authorised for issue by the directors on 28 April 2010.

Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

The following standards have been applied by the group from 1 January 2009:
• IAS 1 Presentation of financial statements – Revision. Amendments to the standard include changes to titles of some of the financial statements and presentational changes to the components of the financial statements.

• IFRS 8 Operating Segments. This requires the amount reported for each operating segment to be the measure used by management for the purposes of allocating resources to the segment and assessing its performance.

The adoption of these Standards and Interpretations had no measurement impact on these financial statements however they have resulted in presentation and disclosure amendments.

Issued IFRS that are not yet effective
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. Application of the majority of these Standards and Interpretations is not expected to have a material effect on the financial statements in the future.

The Standards which are expected to have a material effect on the financial statements in the future are:
- IAS 27 (Amendment) Consolidated and separate financial statements
- IFRS 3 (Revised) Business Combinations

In accordance with the transitional provisions, these standards will be prospectively applied and changes in accounting policy resulting from their application will have no impact on the opening balances in future financial statements.

IAS 27 (Amendment) - The amendment introduced guidance on accounting for changes in non-controlling interests (currently 'minority interests') where there is no effect on control. The amended IAS 27 states that such transactions should be accounted for as equity transactions, and that any difference between the amount which the non-controlling interests will be adjusted by and the consideration paid or received should be recognised directly in equity.

IFRS 3 (Revised) - There have been some significant changes to IFRS 3 that will impact on the way that business combinations will be accounted for by the group. These changes will be accounted for prospectively and only effect acquisitions made in the future financial years. The main changes brought about by the revision are:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

The inclusion of an accounting policy option to account for non-controlling interests (currently 'minority interests');

- Amendments to the calculation of goodwill;
- Accounting for acquisitions in stages;
- Requirement to immediately expense acquisition costs;
- Accounting for contingent consideration; and
- Recognition and measurement of certain assets and liabilities

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 activities in discrete tranches to finance itself for limited periods only. Further funding is raised as and when required, the most recent being in July 2009 (note 17).

Having taken into account the balance of cash at the year end 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, plus costs directly attributable to the acquisition. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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:

- Capitalisation and impairment of deferred exploration and development costs- accounting policies h, i and j
- Estimation of share based payments – accounting policy o
- Environmental provisions – accounting policy n
- Fair value of assets and liabilities acquired in a business combination- accounting policy a.

The depreciation of the mining assets of the group is calculated on a straight-line basis over the expected life of the mine (accounting policy hiii). 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.

(c) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The sale of gold is recognised when the significant risks and rewards of ownership are transferred to the buyer.

(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 functional and presentational currency is United States dollars (US$).

Foreign currency transactions are brought to account using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(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 Statement of Cash Flows, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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. During the year, the Company announced a revised mine plan that extended the mine life by one year. The impact of this change in accounting estimates has been to decrease the depreciation charged on these assets by US$1,172,000.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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. The directors have not placed a value on the ore on the heap leach pads as they estimate that the amounts involved are not material.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 taken directly to equity, with the exception of impairment losses which are recognised in the income statement. 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.

(r) Non-current assets held for resale

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 2 ACQUISITION OF A SUBSIDIARY

On 21 December 2009 the group acquired 100% of the share capital of Hidefield Gold PLC, which subsequently became Hidefield Gold Limited. The consideration for the acquisition was predominately through the issue of 9,767,291 shares. The fair value of these shares by reference to the market price was US$9,866,000. In addition to the shares a convertible loan note was also provided to Hidefield Gold of US$1,213,000 with further costs of US$1,037,000 also being capitalised. The fair value of the consideration is therefore US$12,116,000.

The fair value of assets acquired and liabilities assumed on that date were as follows:

	US$'000
Cash	407
Property plant and equipment	1,097
Intangible assets	8,977
Available-for-sale financial assets	1,567
Other receivables	1,449
Non-current assets held for sale	600
Loans	(11)
Trade payables	(696)
Tax payables	(140)
Total net assets	13,250
Total fair value of consideration paid	12,116
Excess of fair value of assets acquired over consideration	1,134

	US$'000
Total consideration	12,116
Fair value of shares issued	9,866
Cash	2,250
Less cash of subsidiary Hidefield Gold Limited	407
Cash flow on acquisition net of cash acquired	(1,843)

The non-current asset held for resale represents the Brazilian operations of the acquired group for which a sale agreement has been signed. This is held at the fair value less costs of sale.

Since the date of the acquisition was so close to the end of the accounting period, the impact of the post acquisition results on the group is not material. Had the business combination occurred at the beginning of the accounting period the profit for the year would have decreased by US$1,281,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 3 SEGMENT REPORTING

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. 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 following table sets out the income and expenditure of the Group according to these reporting segments:

2009	**Peru US$000**	**Argentina US$000**	**Chile US$000**	**Other US$000**	**Total US$000**
Mining Revenue	31,856	-	-	-	31,856
Mining cost of sales	(13,630)	-	-	-	(13,630)
Mining gross profit	18,226	-	-	-	18,226
Exploration of properties acquired	(14,009)	-	(707)	-	(14,716)
Capital expenditure	(3,581)	-	-	-	(3,581)
Acquisition of properties	(1,646)	-	-	(93)	(1,739)
Administration	(4,878)	(34)	-	(1,725)	(6,637)
Net income/(expenditure)	(5,888)	(34)	(707)	(1,818)	(8,447)
Reconciliations					
Revenue					
Segmental revenues	31,856	-	-	-	31,856
Group reserves	31,856	-	-	-	31,856
Segment Result					
Segmental net income/(expenditure)	(5,888)	(34)	(707)	(1,818)	(8,447)
Exploration costs deferred	14,009	-	707	-	14,716
Depreciation	(5,174)	-	-	-	(5,174)
Capital expenditure	3,581	-	-	-	3,581
Excess of fair value of assets acquired over consideration				1,134	1,134
Group operating profit/(loss)	6,528	(34)	-	(684)	5,810
Net finance income/(expense)	(292)	-	-	(74)	(366)
Group profit before tax	6,236	(34)	-	(758)	5,444
Group assets					
(not allocated for internal reporting)					
Non-current assets	50,670	11,444	707	1,567	64,388
Inventory	1,526	-	-	-	1,526
Other receivables and prepayments	1,633	81	-	-	1,714
Cash and cash equivalents	2,754	211	-	11,253	14,218
Non-current assets held for sale	-	-	-	600	600
Group total assets	56,583	11,736	707	13,420	82,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

The Group has only one customer (2008: one).

2008	Peru US$000	Argentina US$000	Chile US$000	Other US$000	Total US$000
Mining Revenue	43,568	-	-	-	43,568
Mining cost of sales	(12,071)	-	-	-	(12,071)
Mining gross profit	31,497	-	-	-	31,497
Exploration of properties acquired	(4,512)	-	-	-	(4,512)
Capital expenditure	(12,090)	-	-	-	(12,090)
Acquisition of properties	(2,035)	-	-	(99)	(2,134)
Administration	(6,361)	(73)	-	(2,013)	(8,447)
Net income/(expenditure)	6,499	(73)	-	(2,112)	4,314
Reconciliations					
Revenue					
Segmental revenues	43,568	-	-	-	43,568
Group revenues	43,568	-	-	-	43,568
Segment Result					
Segmental net income/(expenditure)	6,499	(73)	-	(2,112)	4,314
Exploration costs deferred	4,512	-	-	-	4,512
Depreciation	(5,273)	-	-	-	(5,273)
Capital expenditure	12,090	-	-	-	12,090
Impairment of exploration costs deferred	(51)	-	-	-	(51)
Group operating profit/(loss)	17,777	(73)	-	(2,112)	15,592
Net finance income/(expense)	(301)	9	-	(214)	(506)
Group profit before tax	17,476	(64)	-	(2,326)	15,086
Group assets					
(not allocated for internal reporting)					
Non-current assets	37,035	4	-	-	37,039
Inventory	773	-	-	-	773
Other receivables and prepayments	7,858	-	-	26	7,884
Cash and cash equivalents	2,862	16	-	6,114	8,992
Group total assets	48,528	20	-	6,140	54,688

NOTE 4 PROFIT BEFORE TAX

	2009 US$000	2008 US$000
Profit is stated after charging/(crediting):		
Auditors' remuneration:		
Audit of group financial statements	**72**	80
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	**79**	37
Corporate finance services	**45**	-
Share based payments	**190**	630
Foreign exchange losses/(gains)	**694**	(36)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 5 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 2009	Number of employees 2008
Corporate finance and administration	**46**	33
Technical	**24**	21
Construction and production	**151**	142
	221	196

The aggregate payroll costs of these persons were as follows:

	2009 US$000	2008 US$000
Wages and salaries	**5,489**	3,551
Social security	**881**	591
Share based payments	**190**	630
	6,560	4,772

NOTE 6 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Basic Annual Salary US$000	Bonus US$000	Other Benefits US$000	Share Based Payments US$000	2009 Total Remuneration US$000
2009					
Directors:					
Non-executive	55	-	-	16	**71**
Executive	258	6	16	71	**351**
Non-Directors	781	78	228	57	**1,144**
TOTAL	1,094	84	244	144	**1,566**

	Basic Annual Salary US$000	Bonus US$000	Other Benefits US$000	Share Based Payments US$000	2008 Total Remuneration US$000
2008					
Directors:					
Non-executive	74	-	-	**68**	**142**
Executive	238	50	13	**298**	**599**
Non-Directors	836	50	221	**191**	**1,298**
TOTAL	1,148	100	234	**557**	**2,039**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 7 FINANCE INCOME/ (EXPENSE)

	2009 US$000	2008 US$000
Interest income	**36**	**151**
Interest expense	**(140)**	**(337)**
Unwinding of discount on contractual liabilities (note 18)	**(262)**	**(320)**
Net finance expense	**(366)**	**(506)**

NOTE 8 INCOME TAX EXPENSE

	2009 US$000	2008 US$000
Current tax-foreign	**2,899**	2,563
Deferred tax	**(426)**	-
Income tax expense	**2,473**	2,563

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% (2008: 30%). The differences are explained below:

	2009 US$000	2008 US$000
Tax reconciliation		
Profit before tax	**5,444**	15,086
Tax at 30% (2008: 30%)	**1,633**	4,526
Effects (at 30%) of:		
Expenses not deductible for tax purposes	**963**	578
Excess of fair value of assets acquired over consideration not taxable	**(340)**	-
Difference in tax rates	**(2)**	(3)
Tax losses utilised	**-**	(2,696)
Tax losses carried forward	**155**	158
Adjustment to tax charge in respect of prior years	**260**	-
Withholding tax suffered	**230**	-
Origination of timing differences	**(426)**	-
Income tax expense	**2,473**	2,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 9 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders of US$2,971,000 (2008: US$12,523,000) and the weighted average number of ordinary shares outstanding during the year ended 31 December 2009 of 68,998,000 (2008: 61,869,000).

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

	2009 Profit US$'000	2009 Number of shares '000	2009 Earnings per share US cents	2008 Profit US$'000	2008 Number of shares '000	2008 Earnings per share US cents
Basic earnings	**2,971**	**68,998**	**4.3**	12,523	61,869	20.2
Dilutive effects- options	**-**	**600**		452	10,197	
Diluted earnings	**2,971**	**69,598**	**4.3**	12,975	72,066	18.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 10 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 2008	19,228	-	151	309	19,688
Additions	11,008	-	362	720	12,090
Disposals	-	-	(78)	(7)	(85)
Balance 31 December 2008	30,236	-	435	1,022	31,693
Balance at 1 January 2009	30,236	-	435	1,022	31,693
Additions	3,078		12	491	3,581
Disposals	-	-	(41)	-	(41)
Acquired through business combination	-	1,000	16	81	1,097
Balance 31 December 2009	33,314	1,000	422	1,594	36,330
Depreciation and impairment losses					
Balance at 1 January 2008	-	-	26	45	71
Depreciation charge for the year	5,273	-	47	74	5,394
Disposals	-	-	(19)	(2)	(21)
At 31 December 2008	5,273	-	54	117	5,444
Balance at 1 January 2009	5,273	-	54	117	5,444
Depreciation charge for the year	5,174	-	83	252	5,509
Disposals	-	-	(13)	-	(13)
At 31 December 2009	10,447	-	124	369	10,940
Carrying amounts					
At 1 January 2008	19,228	-	125	264	19,617
Balance 31 December 2008	24,963	-	381	905	26,249
At 1 January 2009	24,963	-	381	905	26,249
Balance 31 December 2009	22,867	1,000	298	1,225	25,390

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 11 INTANGIBLE ASSETS

	Deferred exploration costs US$000
Carrying value 1 January 2008	**6,043**
Additions	**4,512**
Impairment	**(51)**
Balance 31 December 2008	**10,504**
Carrying value 1 January 2009	**10,504**
Additions	**14,716**
Acquired through business combination (note 2)	**8,977**
Balance 31 December 2009	**34,197**

During 2008 the Group wrote off expenditure relating to a number of mining concessions. The impairment occurred due to unfavourable results from the exploration activities in the individual concessions. These amounts were charged to the income statement within exploration costs written off in that year.

The carrying values of the remaining deferred exploration costs at the year end have been assessed for 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 12 DEFERRED TAXATION

Recognised deferred tax assets

	2009 US$000	2008 US$000
Origination of timing differences	**426**	-

Unrecognised deferred tax assets

The Group has estimated tax losses of approximately US$10.7 million (2008: US$3.4 million) available to carry forward for offset against future profits. At the year end the potential deferred tax asset of US$3.5 million (2008: US$1.1 million) has not been recognised because there is insufficient evidence of the timing of future taxable profits against which they can be recovered.

NOTE 13 AVAILABLE FOR SALE INVESTMENTS

Through the acquisition of Hidefield Gold PLC the Group acquired certain quoted securities. These securities have been valued at the market price quoted on the Toronto Stock Exchange on 31 December 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 14 INVENTORY

	2009 US$000	2008 US$000
Gold in solution	**1,076**	409
Mining materials	**450**	364
	1,526	773

NOTE 15 OTHER RECEIVABLES AND PREPAYMENTS

	2009 US$000	2008 US$000
Non current assets		
Other receivables	**2,808**	-
Current assets		
Other receivables	**1,531**	8,125
Prepayments	**183**	45
	1,714	8,170

Included in other receivables is an amount of US$3,898,000 (2008: US$7,313,000) 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$2,808,000 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 16 CASH AND CASH EQUIVALENTS

	2009 US$000	2008 US$000
Bank balances	**11,718**	**3,992**
Term deposits	**2,500**	**5,000**
Cash and cash equivalents in the statement of cash flows	**14,218**	**8,992**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

NOTE 17 CAPITAL AND RESERVES

As at 31 December 2009 and 31 December 2008 the Company had an authorised share capital of no par shares of an unlimited value.

Issued share capital	Ordinary shares
Shares in issue 1 January 2008	**61,827,036**
Shares issued 2 April 2008 for total cash consideration of US$35,946	**56,386**
Shares in issue 1 January 2009	**61,883,422**
Shares issued 6 July 2009 for total cash consideration of US$15,070,241	**13,615,556**
Shares issued 20 July 2009 for total cash consideration of US$229,640	**308,904**
Shares issued 21 December 2009 for acquisition of Hidefield Gold valued at US$9,866,185 (note 2)	**9,767,291**
Total	**85,575,173**

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 for the exercise, without performance conditions, of half of the options after one year from the date of grant and half after two years. The options lapse on the fifth anniversary of the date of grant.

	2009		2008	
	Number of share options	**Weighted average exercise price (in £)**	Number of share options	Weighted average exercise price (in £)
Outstanding at beginning of year	**4,155,000**	**0.4900**	3,390,000	0.4500
Granted during the year	**2,300,000**	**0.9125**	865,000	0.6200
Exercised during the year	**-**		-	
Lapsed during the year	**(50,000)**	**0.6200**	(100,000)	0.4500
Outstanding at the end of the year	**6,405,000**	**0.6377**	4,155,000	0.4900
Exercisable at the end of the year	**3,697,500**	**0.4687**	**1,645,000**	**0.4500**

The average remaining contractual life of the outstanding options as at 31 December 2009 was 3.3 years (2008: 2.4 years)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

For the purpose of calculating the fair value of the options granted under the share option scheme the directors have used the Black-Scholes model and the following information:

Date of grant	2008	2009
Share price on date of grant	**GBP0.62**	**GBP0.73**
Exercise price	**GBP0.62**	**GBP0.9125**
Expected volatility	**60%**	**60%**
Expected option life	**3.5 years**	**3.5 years**
Risk free rate of return	**5%**	**0.5%**
Expected dividends	**0%**	**0%**
Expected rate at which holders will leave without exercising	**10%**	**10%**
Fair value	**GBP0.29**	**GBP0.00**

Other share options	Exercisable from	Exercisable to	Exercise price	Number Granted	Number at 31 December 2009	Number at 31 December 2008
17 August 2006	17 August 2006	30 June 2010	US$1.05	1,904,800	**1,904,800**	1,904,800
6 October 2006	6 October 2006	30 June 2010	US$1.05	952,400	**952,400**	952,400
19 February 2008	19 February 2008	30 June 2010	US$1.0148	2,956,248	**2,956,248**	2,956,248
					5,813,440	5,813,440

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

Reserves

The Company maintains reserves for the cost of issuing share options and for foreign gains and losses arising on the retranslation of foreign subsidiaries.

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 2009 US$000	At 31 December 2008 US$000
Total interest bearing debt	**3,511**	6,000
Total equity	**63,876**	36,390
Debt-to-equity ratio	**5.5%**	16.5%

NOTE 18 LIABILITIES

Interest bearing loans

	At 31 December 2009 US$000	At 31 December 2008 US$000
Bank loans	**3,500**	6,000
Other loans	**11**	-
	3,511	6,000

The bank loans bear interest at 2.5% over the London Interbank Offered Rate (LIBOR), are secured against the assets of the Group and are repayable on 30 June 2010. These facilities are being renegotiated.

Provisions

The Group has made a provision of US$1,463,000 against the present value of the cost of restoring the Corihuarmi 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 2009. 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.

	Environmental provisions US$000
Balance 1 January 2008	**500**
Additional provision	**735**
Balance 31 December 2008	**1,235**
Balance 1 January 2009	**1,235**
Additional provision	**228**
Balance 31 December 2009	**1,463**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

Other long term liabilities

The Group has entered into an agreement with Rio Tinto under which it has been granted the right to explore and develop the Ollachea property in Peru. Under this agreement the Group has an obligation to pay a total of US$6 million of which US$2.5 million had been paid as at 31 December 2009. Of the remaining balance of US$3.5 million (2008: US$4.5 million), US$1.5 million (2008: US$1.0 million) has been included in current liabilities and a balance of US$1,843,000 (2008: US$3,081,000), which has been discounted in accordance with IAS 39, has been included under long term liabilities.

An additional payment of US$3,800,000 is due to be paid to Rio Tinto in June 2010 as a result of the Scoping Study which was completed during the year and the definition of an inferred resource of 1,300,000 ounces of gold. This liability has been included in other payables in the following table:

	2009 US$000	2008 US$000
Trade and other payables		
Current		
Trade payables	**3,339**	2,714
Other payables	**6,529**	2,251
Accrued expenses	**934**	632
	10,802	5,597

NOTE 19 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

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

	2009 US$000	2008 US$000
Pounds sterling	**8,581**	214
Australian dollars	**28**	32
Canadian dollar	**22**	-
Argentine pesos	**207**	4
Peruvian nuevo soles	**26**	92
United States dollars	**5,354**	8,650
	14,218	8,992

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

	2009 US$000	2008 US$000
Pounds sterling	**7,599**	121
Australian dollars	**(18)**	(8)
Canadian dollar	**22**	-
Argentine pesos	**734**	(4)
Peruvian nuevo soles	**(243)**	2,971
United States dollars	**(7,324)**	(4,216)
	770	(1,136)

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:

	2009 US$000	2008 US$000
10% weakening of the US dollar	**809**	308
20% weakening of the US dollar	**1,619**	616
10% strengthening of the US dollar	**(809)**	(308)
20% strengthening of the US dollar	**(1,619)**	(616)

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. The other long term liabilities representing the discounted value of the non-current part of US$2 million owed to Rio Tinto are due in November 2011. The amount of US$1.5 million included in current liabilities is due in November 2010. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

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. Nevertheless, the Group has taken steps to minimise these risks by distributing its deposits among more than one of its banks. 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$9 million (included in investments in note C5). The subsidiary is cash generative and no provision has been made on this balance.

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 2.5% 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. 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 2009 and has concluded that the fair value of those assets and liabilities is not materially different to book value.

NOTE 20 CAPITAL COMMITMENTS

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$10.8 million.

NOTE 21 RELATED PARTIES

During the period, the Company has obtained registrar services 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 £3,000 (2008: £3,000) to be paid by the Company.

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2009

	Notes	2009 US$000	2008 US$000
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Other income		**-**	-
Administrative expenses		**(1,725)**	(2,151)
Exploration costs		**(93)**	(99)
Operating loss		**(1,818)**	(2,250)
Finance income		**295**	831
Finance expense		**(98)**	(284)
Loss before tax		**(1,621)**	**(1,703)**
Income tax		**(230)**	**-**
Loss for the year		**(1,851)**	(1,703)

There are no other elements of comprehensive income.

COMPANY FINANCIAL STATEMENTS (continued)

COMPANY BALANCE SHEET at 31 December 2009

	Note	2009 US$000	2008 US$000
Assets			
Property, plant and equipment	*C3*	**89**	114
Intangible assets	*C4*	**1,672**	250
Investments in subsidiary undertakings	*C5*	**47,597**	32,811
Total non-current assets		**49,358**	33,175
Other receivables and prepayments	*C6*	**-**	26
Cash and cash equivalents	*C7*	**11,051**	6,114
Total current assets		**11,051**	6,140
Total assets		**60,409**	39,315
Equity			
Issued share capital	*17*	**65,784**	41,459
Share option reserve	*17*	**1,363**	1,173
Accumulated losses		**(11,395)**	(9,544)
Total equity		**55,752**	33,088
Liabilities			
Interest bearing loans	*C9*	**3,500**	6,000
Trade and other payables	*C8*	**1,157**	227
Total current liabilities		**4,657**	6,227
Total liabilities		**4,657**	6,227
Total equity and liabilities		**60,409**	39,315

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 April 2010.

Courtney Chamberlain
Executive Chairman

COMPANY FINANCIAL STATEMENTS (continued)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Share Capital US$000	Share option reserve US$000	Accumulated losses US$000	Total equity US$000
Balance at 1 January 2008		**41,423**	**543**	**(7,841)**	**34,125**
Total comprehensive income for the year		**-**	**-**	**(1,703)**	**(1,703)**
New share capital subscribed		**36**	**-**	**-**	**36**
Reserve for share option costs	*17*	-	**630**	**-**	**630**
Balance at 31 December 2008		**41,459**	**1,173**	**(9,544)**	**33,088**
Total comprehensive income for the year		**-**	**-**	**(1,851)**	**(1,851)**
New share capital subscribed	*17*	**25,166**	**-**	**-**	**25,166**
Cost of raising share capital		**(841)**	**-**	**-**	**(841)**
Reserve for share option costs	*17*	-	**190**	**-**	**190**
Balance at 31 December 2009		**65,784**	**1,363**	**(11,395)**	**55,752**

COMPANY FINANCIAL STATEMENTS (continued)

COMPANY CASH FLOW STATEMENT for the year ended 31 December 2009

	Note	2009 US$000	2008 US$000
Cash flows from operating activities			
Operating loss from continuing operations		**(1,818)**	(2,250)
Depreciation of deferred development costs		**25**	26
Share option costs		**190**	630
Foreign exchange losses		**250**	-
Provision for investment in subsidiary		**25**	89
Decrease in other receivables and prepayments		**26**	3
Increase in trade and other payables		**930**	44
Foriegn tax paid		**(230)**	-
Cash used in operations		**(602)**	(1,458)
Interest received		**295**	831
Interest paid		**(98)**	(284)
Net cash outflow from operating activities		**(405)**	(911)
Cash flows from investing activities			
Acquisition of subsidiaries	*C3*	**(2,250)**	-
Acquisition of intangible assets	*C4*	**(1,422)**	-
(Investments in)/repayments from existing subsidiary undertakings	*C5*	**(2,695)**	189
Net cash inflow/(outflow) from investing activities		**(6,367)**	189
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		**15,300**	36
Cost of raising share capital		**(841)**	-
Repayment of loans		**(2,500)**	3,000
Net cash inflow from financing activities		**11,959**	3,036
Net increase in cash and cash equivalents		**5,187**	2,314
Cash and cash equivalents at beginning of period		**6,114**	3,800
Exchange rate movements		**(250)**	-
Cash and cash equivalents at end of period		**11,051**	6,114

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

	Basic Annual Salary US$000	Bonus US$000	Other Benefits US$000	Share Based Payments US$000	2009 Total Remuneration US$000
2009					
Directors:					
Non-executive	55	-	-	16	71
Executive	258	6	16	71	351
Non-Directors	169	20	17	14	220
TOTAL	482	26	33	101	642

	Basic Annual Salary US$000	Bonus US$000	Other Benefits US$000	Share Based Payments US$000	2008 Total Remuneration US$000
2008					
Directors:					
Non-executive	74	-	-	68	142
Executive	238	50	13	298	599
Non-Directors	190	15	14	35	254
TOTAL	502	65	27	401	995

C3. Property, plant and equipment

	Deferred development costs US$000
Carrying value at 1 January 2008	**140**
Depreciation	**(26)**
Carrying value at 31 December 2008	**114**
Carrying value at 1 January 2009	**114**
Depreciation	**(25)**
Carrying value at 31 December 2009	**89**

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

C4. Intangible assets

	Deferred exploration costs US$000
Cost and carrying value at 1 January 2008 and 31 December 2008	**250**
Cost and carrying value at 1 January 2009	**250**
Additions	**1,422**
Cost and carrying value at 31 December 2009	**1,672**

The carrying value of the deferred exploration costs for the other projects have been assessed for 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 2008	35,763
Net repayments	(189)
Balance at 31 December 2008	**35,574**
Balance at 1 January 2009	35,574
Additions	14,811
Balance at 31 December 2009	**50,385**
Amortisation and impairment losses	
Balance at 1 January 2008	2,674
Impairment	89
Balance at 31 December 2008	**2,763**
Balance at 1 January 2009	2,763
Impairment	25
Balance at 31 December 2009	**2,788**
Carrying amounts	
At 1 January 2008	**33,089**
At 31 December 2008	**32,811**
At 1 January 2009	32,811
At 31 December 2009	**47,597**

The impairment loss relates to the investment in Minera IRL Argentina SA. During 2007 this subsidiary company decided to close its project in Argentina and the amounts written off represent the amount of the investment less the balance of net assets which is expected to be returned to the parent company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

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

	Country of Incorporation and operation	Principal activity	Minera IRL Limited effective interest	
			2009	2008
Minera IRL SA	Peru	Mining and exploration	100%	100%
Minera IRL Argentina SA	Argentina	Mining and exploration	100%	100%
Minera Kuri Kullu SA	Peru	Mining and exploration	100%	100%
Minera IRL Chile Limitada	Chile	Mining and exploration	100%	100%
Hidefield Gold Limited	United Kingdom	Mining and exploration	100%	100%
Hidefield Argentina SA	Argentina	Mining and exploration	100%	100%
Hidefield International Gold Holdings Ltd	British Virgin Islands	Mining and exploration	100%	100%
Cata Preta Holdings Ltd	British Virgin Islands	Mining and exploration	100%	100%
Rio Gold Ltd	United Kingdom	Mining and exploration	100%	100%

C6. Other receivables and prepayments

	2009 US$000	2008 US$000
Other receivables	-	26

C7. Cash and cash equivalents

	2009 US$000	2008 US$000
Bank balances	**8,551**	1,114
Term deposits	**2,500**	5,000
Cash and cash equivalents in the statement of cash flows	**11,051**	6,114

C8. Trade and other payables

	2009 US$000	2008 US$000
Current		
Other payables	**222**	-
Accrued expenses and deferred income	**935**	227
	1,157	227

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

C9. Interest bearing loans

	At 31 December 2009 US$000	At 31 December 2008 US$000
Bank loans	3,500	6,000

The bank loans bear interest at 2.5% over the London Interbank Offered Rate (LIBOR), are secured against the assets of the Group and are repayable on 30 June 2010. These facilities are being renegotiated.

C10. Related parties

The Company has a related party relationship with its subsidiaries (see note C5), directors and other key management personnel (see note 6).

The following table details transactions carried out with subsidiary undertakings:

	2009 US$000	2008 US$000
Transfer of cash to/(from) subsidiaries	**2,695**	(189)

Other related parties
Transactions with other related parties are detailed in note 21.

C11. Financial risk management

The Company has the same exposure to financial risks as the Group, details of which are shown in note 19.

For more information contact:

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Executive Chairman

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Richard Michell
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