Minera IRL Limited – Press Release

Preliminary Results for year ended 31st December 2007

LONDON: 27 June 2008 - Minera IRL Limited ("MIRL" or "the Company"), the precious metal mining and exploration company with assets in South America, announces its audited results for the year ended 31 December 2007 and Company developments during the year.

Highlights:

- Commenced unhedged gold production at Corihuarmi on schedule, first quarter 2008. Initial mine grades well above reserve expectations and encouraging indications of a significant mine life extension;
- Surface rights agreement signed on Ollachea Project and exploration commenced;
- Successful IPO and fundraising of £11.4m (US$22.5m) in April 2007;
- Admission to Lima Exchange has increased shareholder base and liquidity;
- Strong cash flow from Corihuarmi beginning to build cash reserves for future exploration and new projects.

Executive Chairman Courtney Chamberlain commented:

"The initial success of Corihuarmi, combined with the progress made at Ollachea and upside potential from our other portfolio assets place the Company in a good position moving forward. With the strong cash flow from Corihuarmi the Company has stepped up its mergers and acquisition efforts and the prospect for new opportunities are manifest. Our prime objective is to grow and prosper as a Company, thus adding value to our shareholders' interests."

The Report and Accounts for the year ended 31 December 2007 will be posted to shareholders on 30 June and are available from the Company's website www.minera-irl.com .

For more information contact:

Minera IRL	
Courtney Chamberlain, Executive Chairman	+61 (0)408 888 803
Trish Kent, Manager, Corporate Relations	+511 4181230
Arbuthnot Securities (Nomad & Broker, London)	+ 44 (0)20 7012 2000
Paul Vanstone	
Bankside Consultants (Financial PR, London)	+ 44 (0)20 7367 8888
Simon Rothschild	
Louise Mason	
Credibolsa (Broker, Lima)	+ 55 13132900
Christian Chocano	

Synergy Asociados (Public Relations, Lima)	+ 511 446 2055/446 1832
Magaly Villena	+ 511 9400 8101
Jorge León Benavides	+ 551 9837 5186

Minera IRL Limited ("MIRL") is the holding company of precious metals mining and exploration companies focused on the Andean Cordillera of South America. MIRL is led by an experienced senior management team with extensive industry experience, particularly in operating in South America. The Group operates the Corihuarmi Gold Mine in Peru and has a portfolio of projects in various stages of advancement.

CHAIRMAN'S STATEMENT

I am pleased to present the annual report and accounts to shareholders, our second as a publicly listed company. During the year, Minera IRL ("MIRL" or "the Company") has achieved a number of significant successes. In addition to the listing on the London AIM market on 12 April 2007, the Company was also listed on the Lima Ventures Exchange in December 2007 and this has proven to be an outstanding success in extending exposure to the South American market, increasing liquidity and diversifying our shareholder base. Also in December 2007, a surface rights agreement was signed with the local community at Ollachea which allowed us to start exploration at the beginning of 2008. In March 2008 we achieved our major objective of becoming a mining company with the first gold pour at Corihuarmi. This has allowed us to be promoted to a Tier 1 listing on the Lima Stock Exchange and further broadened our potential investor base. The initial success at Corihuarmi has continued with strong gold production resulting from better grades than anticipated. Indications are also encouraging for a significant extension of the mine life.

Projects

At year end we had a portfolio of projects, at various stages of evolution, and we are also appraising a number of projects that may be of interest. We continue to evaluate and rank all projects with the objective of optimizing both capital deployment and management focus and will continue to invest in existing and new projects that meet our stringent development criteria and turn over the less attractive projects.

Corihuarmi

The Environmental Impact Assessment ("EIA") on the Company's Corihuarmi Project located 160km south-east of Lima, Peru, was approved in March 2007. The project was predicated on a minable reserve of four million tonnes containing 143,000 ounces of gold. The design and construction was for a one million tonne per annum conventional open cut mining and heap leach operation, supported by projections of modest waste mining requirements and good metallurgical recovery.

The US$22.5 million raised from the AIM public listing was largely applied to the construction of the Corihuarmi Gold Mine, which commenced in June 2007. The first gold was poured only nine months later on 15 March 2008, which was within the projected time allowed for project development. Gold sales commenced at a time of strong gold prices with all production unhedged.

Initial mining has progressed well with the head grade through the end of May averaging 2.63g/t compared to the ore reserve estimate of 1.97g/t, which is 33% above expectations. This places our Company in a strong position for exceeding our budget of 35,000 ounces for 2008. Our operating cost estimate for the year remains unchanged at approximately $300 per ounce.

An intensive exploration programme has been implemented to identify additional resources within the environs of the mine. At the time of writing drilling was about to commence to test encouraging surface trench sampling over structures trending north-west from the existing ore bodies. We are hopeful of extending the current mine life through this and other exploration within the licence area.

Ollachea

Our major exploration project is Ollachea, which is located in southern Peru. The project was acquired by competitive tender from Rio Tinto in 2006. This was a highly prized acquisition in what is widely considered to be an emerging slate belt gold district. Limited exploration in the late 1990s included five drill holes, all of which had significant intersections of elevated gold values at levels which could potentially be mined, and all holes finished in mineralization. Subsequent surface sampling by Rio Tinto defined a large area of elevated gold results.

A condition to meet the terms of the Ollachea transaction with Rio Tinto was the signing of a surface rights agreement. The Company directed a major effort throughout the year toward building strong maintainable community relations and this concluded with the signing of the surface rights agreement endorsed by majority vote of the community. With this in place, the Company committed four geological field crews at the beginning of 2008 to carry out the initial work required to commence drilling in the central zone in the middle of the year.

Oxapampa

The Oxapampa Project was acquired in October 2007. This is a remote project in central Peru recently discovered and currently being worked informally on a small scale by local people. A field visit and evaluation of the property was undertaken in April 2008. Results of this assessment indicated that the vein systems were not of sufficient potential to justify continuation of the project and the decision has been made to terminate the contract.

Cushuro

The Cushuro project was acquired as a 65% joint venture in 2004. MIRL has carried out limited drilling and considerable surface exploration since that time. In April 2008 a major review of all information led to the conclusion that the defined drill targets did not merit the advancement of the project and the decision has been made to return the property to the original vendors.

Huaquirca Joint Venture

The project formerly known as Chama was combined in March 2008 with the neighbouring property, owned by Minera Alturas Corporation (“Alturas”), into the Huaquirca Joint Venture. Alturas will earn 80% of the combined property, while MIRL will retain the remaining 20%. Alturas, in order to retain its interest, must finance and complete 20,000 metres of drilling on the JV property and conduct a scoping study at its own expense. Thereafter both parties will contribute in accordance with their respective percentage interests, subject to the usual dilution clauses applicable in agreements of this nature within the mining and exploration industry. In the event that MIRL dilutes to 5% or less, a 2% net smelter return (NSR) clause may be applied. MIRL believes that this is an excellent joint venture in which there are quality targets for copper gold mineralization.

Trish

Exploration on the Trish property has failed to identify targets of interest and these tenements will be allowed to lapse.

Frontera

The Frontera Project in Chile remains under the management of Teck Cominco who are currently exploring for a major porphyry system.

Jagüelito

In October 2007 the Jagüelito Project in San Juan Province, Argentina, was terminated. This silver-gold project had been explored by Mexico based Minera Peñoles SA, a large diversified mining company, who drilled 23,000 meters which culminated in a positive Scoping Study. During the first half of 2007, Minera IRL carried out an in-fill drilling programme comprising over 5,700 metres in 52 drill-holes and a metallurgical testwork programme. Unfortunately, the ensuing pre-feasibility study did not provide a result consistent with the Company's objectives. Relationships with the authorities remain good, and this will assist in any future transactions.

Financial Results

The loss for 2007 has increased to US$9,987,000 (2006: US$3,400,000). This increase has been due partly to increases in exploration expenditure and the write-off of deferred exploration costs, principally of the Jagüelito project in Argentina. In addition there was a significant increase in administration costs, most of which was due to the US$2 million cost of launching the Company's shares on AIM.

As mentioned above, the US$22.5 million raised at the time of the AIM listing was largely applied to the construction of the Corihuarmi mine and by 31 December 2007 US$11.6 million had been spent on the project, leaving a cash balance of US$5.2 million.

Board of Directors

Russell Cranswick retired from the Board of Directors in March 2008 after four years of valuable service. I wish to thank Russ for his guidance and advice during his term of service on the Board.

Lima Stock Exchange

The Company listed on the Lima Ventures Exchange ("LVE") in December 2007 and this has proven to be an outstanding success in extending exposure to the South American market, increasing liquidity and diversifying our shareholder base. In June 2008, the Company's listing was promoted to the main board (regular market) of the LVE on the basis that MIRL had become a mining company and has joined the ranks of the Peruvian mining industry. This promotion will allow certain Peruvian institutions to invest in MIRL shares, which would have been prohibited by the regulatory authorities had MIRL remained on the junior board of the LVE.

The Lima Stock Exchange has been, in recent years, the best performing bourse in Latin America. There are more than 200 companies currently traded on the exchange with a significant component of mining stocks. Total capitalization of the market exceeds US$100 billion. Trading volume has increased five fold since 2004 and currently stands at approximately US$12 billion per annum.

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 which conform to international standards. We have a very strong community relations team and a proven track record of working closely with local communities in all project areas. In addition to local employment and training, our programmes cover other areas of social importance including health, education and Company sponsored 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 to coincide with the move into the public area.

Outlook

Precious metal prices continued to strengthen during 2007 and into 2008 with the gold price going over $1,000 per ounce in March 2008. There appears to be widespread confidence that gold and silver prices will remain strong in the short to medium term. Notwithstanding generally strong metal prices across the board, this has not been reflected in support for the international junior mining companies, who have been experiencing difficulty in raising new funds on the equity markets. There does however, appear to be more appeal for shares in producing companies and MIRL is well poised to take advantage of this. It also places the Company in a much stronger position for possible corporate transactions.

President Alan Garcia's programme in Peru continues to be well received. The Company considers Peru to be a very attractive country in which to work and invest. Investment in Argentina, to which the Company remains well disposed on a geographically selective basis, is dependent upon the mining policies of each province. Chile also remains an attractive investment target.

I wish to convey my sincere thanks to my Board and Management team, and all employees of the Company, for their dedication and perseverance in working together to grow Minera IRL and bring our first gold mine into production. I would also like to take this opportunity to thank all shareholders for their support during the past year.

The initial success of Corihuarmi, combined with the progress made at Ollachea and upside potential from our other portfolio assets place the Company in a good position moving forward. With the strong cash flow from Corihuarmi the Company has stepped up its mergers and acquisition efforts and the prospect for new opportunities are manifest. Our prime objective is to grow and prosper as a Company, thus adding value to our shareholders' interests.

Courtney Chamberlain
Executive Chairman
Minera IRL Limited   26 June 2008

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2007

	Notes	2007 US$000	2006 US$000
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Other income		**-**	171
Administrative expenses		**(6,262)**	(2,768)
Exploration costs written off		**(4,104)**	(747)
Operating loss		**(10,366)**	(3,344)
Net finance income/ (expense)		**379**	(56)
Loss before tax		**(9,987)**	(3,400)
Income tax		**-**	-
Loss for the period		**(9,987)**	(3,400)

Loss per ordinary share (US cents)		
- Basic and diluted	**(18.4)**	(13.8)

CONSOLIDATED BALANCE SHEET as at 31 December 2007

	Notes	2007 US$000	2006 US$000
Assets			
Property, plant and equipment	**2**	**19,617**	5,648
Intangible assets	**3**	**1,654**	1,436
Trade and other receivables		**-**	1,059
Total non-current assets		**21,271**	8,143
Other receivables and prepayments		**3,550**	298
Inventory		**28**	-
Cash and cash equivalents		**5,241**	1,402
Total current assets		**8,819**	1,700
Total assets		**30,090**	9,843
Equity			
Share capital		**41,423**	14,363
Foreign currency reserve		**129**	129
Share option reserve		**543**	-
Profit and loss account		**(18,521)**	(8,534)
Total equity		**23,574**	5,958
Liabilities			
Interest bearing loans		**3,000**	3,000
Provisions		**500**	-
Other long term liabilities		**43**	-
Total non-current liabilities		**3,543**	3,000
Trade and other payables		**2,973**	885
Total current liabilities		**2,973**	885
Total liabilities		**6,516**	3,885
Total equity and liabilities		**30,090**	9,843

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 June 2008.

Courtney Chamberlain
Executive Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2007

	Note	Share capital US$000	Share premium US$000	Foreign currency reserve US$000	Share option reserve US$000	Profit and loss account US$000	Total US$000
Balance at 1 January 2006		**55**	**8,799**	**129**	**-**	**(5,134)**	**3,849**
Loss for the period		-	-	-	-	(3,400)	(3,400)
New share capital subscribed		19	5,490	-	-	-	5,509
Transfer share premium to share capital		14,289	(14,289)	-	-	-	-
Balance 31 December 2006		**14,363**	**-**	**129**	**-**	**(8,534)**	**5,958**

	Note	Share capital US$000	Share premium US$000	Foreign currency reserve US$000	Share option reserve US$000	Profit and loss account US$000	Total US$000
Balance at 1 January 2007		**14,363**	**-**	**129**	**-**	**(8,534)**	**5,958**
Loss for the period		**-**	**-**		**-**	**(9,987)**	**(9,987)**
New share capital subscribed		**28,550**	**-**	**-**	**-**	**-**	**28,550**
Cost of raising share capital		**(1,490)**	**-**	**-**	**-**	**-**	**(1,490)**
Reserve for share option costs		**-**	**-**	**-**	**543**	**-**	**543**
Balance 31 December 2007		**41,423**	**-**	**129**	**543**	**(18,521)**	**23,574**

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2007

	Note	2007 US$000	2006 US$000
Cash flows from operating activities			
Operating loss		(10,366)	(3,344)
Depreciation		53	21
Impairment of exploration assets		2,944	84
Provision for share option costs		543	-
Loss on disposals of assets		31	36
Increase in inventory		(28)	-
Increase in other receivables and prepayments		(2,193)	(545)
Increase in trade and other payables		2,131	54
Cash used in operations		**(6,885)**	**(3,694)**
Interest received/(paid)		379	(56)
Net cash outflow from operating activities		**(6,506)**	**(3,750)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(13,553)	(122)
Acquisition of intangible assets (exploration expenditure)		(3,162)	(3,435)
Net cash outflow from investing activities		**(16,715)**	**(3,557)**
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		28,550	5,509
Cost of raising share capital		(1,490)	-
Receipt of loans		-	3,000
Net cash inflow from financing activities		**27,060**	**8,509**
Net increase in cash and cash equivalents		**3,839**	**1,202**
Cash and cash equivalents at beginning of period		1,402	200
Cash and cash equivalents at end of period		**5,241**	**1,402**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2007

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 2007 comprise the Company and its subsidiaries (together referred to as the "Group").

The financial statements were authorised for issue by the directors on 26 June 2008.

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 Group and Company has not adopted any standard in advance of the required implementation date. It is not expected that the adoption of any standards or interpretations which have been issued by the International Accounting Standards Board, but not yet been adopted, will have a material effect on the financial statements.

Basis of Preparation

The financial statements are presented in United States dollars, rounded to the nearest thousand, and have been prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets and liabilities has been applied.

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 February 2008 (note 19).

Having taken into account the balance of cash at the year end, the further finance raised since the year end and the fact that the Corihuarmi mine is now in production, the Directors of the Company consider that it will have sufficient funds to continue as a going concern for the foreseeable future.

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 are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries. The subsidiaries' details appear in note C5 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(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:

a. Capitalisation and impairment of deferred exploration and development costs- accounting policies h, i and j

b. Estimation of share based payments – accounting policy o

c. Environmental provisions – accounting policy n

(c) Revenue Recognition

During the exploration and development phase, any revenue generated from incidental sales is treated as a contribution towards previously incurred costs and offset accordingly.

(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) Accounts Receivable

Accounts receivable are not interest bearing and are stated at amortised cost.

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, other equipment 10 years and mining assets 5 years.

Mining assets have not yet been depreciated because these assets have not yet been employed in production.

(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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable an 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 is valued at the lower of cost and net realisable value.

(l) Trade and other payables

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

(m) Segment reporting

A segment is a component of the Group distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(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.

NOTE 2 PROPERTY, PLANT and EQUIPMENT

	Mining assets US$000	Deferred development costs US$000	Motor vehicles US$000	Computers and office equipment US$000	Total US$000
Cost					
Balance at 1 January 2006	-	-	**49**	**43**	**92**
Additions	-	-	**68**	**54**	**122**
Disposals	-	-	**(30)**	**(7)**	**(37)**
Transfers from deferred exploration costs	-	**5,497**	**-**	**-**	**5,497**
Balance 31 December 2006	**-**	**5,497**	**87**	**90**	**5,674**
Balance at 1 January 2007	-	**5,497**	**87**	**90**	**5,674**
Additions	**12,114**	**1,617**	**95**	**227**	**14,053**
Disposals	-	-	**(31)**	**(8)**	**(39)**
Balance 31 December 2007	**12,114**	**7,114**	**151**	**309**	**19,688**
Depreciation and impairment losses					
Balance at 1 January 2006	-	-	**-**	**6**	**6**
Depreciation charge for the year	-	-	**10**	**11**	**21**
Disposals	-	-	**-**	**(1)**	**(1)**
At 31 December 2006	**-**	**-**	**10**	**16**	**26**
Balance at 1 January 2007	**-**	**-**	**10**	**16**	**26**
Depreciation charge for the year	**-**	**-**	**23**	**30**	**53**
Disposals	**-**	**-**	**(7)**	**(1)**	**(8)**
At 31 December 2007	**-**	**-**	**26**	**45**	**71**
Carrying amounts					
At 1 January 2006	**-**	**-**	**49**	**37**	**86**
Balance 31 December 2006	**-**	**5,497**	**77**	**74**	**5,648**
At 1 January 2007	**-**	**5,497**	**77**	**74**	**5,648**
Balance 31 December 2007	**12,114**	**7,114**	**125**	**264**	**19,617**

Deferred development costs relate to the Corihuarmi mine, which started production after the year end. The discounted projected cash flows from the mine are in excess of the carrying value of these costs and the directors therefore believe that no provision for impairment is required.

NOTE 3 INTANGIBLE ASSETS

	Deferred exploration costs US$000
Carrying value 1 January 2006	**3,582**
Additions	**3,435**
Transferred to deferred development costs	**(5,497)**
Impairment	**(84)**
Balance 31 December 2006	**1,436**
Carrying value 1 January 2007	**1,436**
Additions	**3,162**
Impairment	**(2,944)**
Balance 31 December 2007	**1,654**

An external feasibility study of the Corihuarmi project was completed in April 2006 and determined that the prospect represented an economically viable mine project. The deferred cost was therefore transferred from exploration to development.

During 2007 and 2006 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 have been charged to the income statement within exploration costs written off.

The carrying value of the remaining 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.

NOTE 4 The directors do not recommend the payment of a dividend.

NOTE 5 The financial information set out above does not constitute the Group's statutory information for the years ended 31 December 2007 and 2006, but is derived from those accounts. Statutory accounts for 2007 will be delivered to the Jersey Registrar of Companies after the Company's Annual General Meeting. The auditors have reported on these accounts and their reports were unqualified.