MINERA IRL LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

- **The Corihuarmi Gold Mine 2012 gold production of 27,321 ounces was ahead of forecast, but down 17.8% from 33,255 ounces in 2011. Also, 2012 site operating costs were $581/oz, up 41.7% from $410/oz**
- **2012 gold sales of 27,462 ounces, down 18.6% from 33,718 oz in 2011 and realised gold price of $1,673/oz, up 6.5% from $1,570/oz in 2011, and this resulted in sales revenue of $46.0 million in 2012, down 13.2% from $53.0 million in 2011**
- **Gross profit down 25% to $18.9 million in 2012, from $25.0 million in 2011**
- **EBITDA down 46% to $13.4 million in 2012, from $24.8 million in 2011**
- **Profit before tax down 47% to $8.5 million, from $16.1 million in 2011**
- **Profit after tax down 66% to $3.3 million in 2012, from $9.8 million in 2011**
- **In February 2012, completed a positive Don Nicolas Feasibility Study in Patagonia. Based on a gold price of US$1,250/oz, NPV (at 7% real) of US$40 million (pre-tax) and US$22 million (post-tax); an IRR (real) of 34.6% (pre-tax) and 22.8% (post-tax) and a payback period of 2.0 years (post-tax)**
- **In November 2012, the Company completed a positive Feasibility Study at the Ollachea Project in Peru. It indicated a robust project that is expected to produce over 920,000 ounces during a 9 year mine life. Using a gold price assumption of $1,300/oz, the project generates a NPV (at 7% real) of $256 million (pre-tax) and $155 million (post-tax), an IRR (real) of 29.2% (pre-tax) and 22.1% (post-tax) and a payback period of 3.7 years (post-tax)**
- **Subsequent to the end of the year, the Company completed the development of the 1.2km Ollachea exploration tunnel and began underground drilling of the eastern extension of Minapampa**
- **Subsequent to the end of the year, the Company completed a successful equity raising for gross proceeds of approximately C$15.5 million by issuing 21,775,000 ordinary shares at a price of C$0.71 per share (equivalent to £0.45 based on exchange rate at pricing) on 7 February 2013**
- **Cash held of $6.2 million as at 31 December 2012**

Note: $ represents USD unless otherwise stated.

CORPORATE INFORMATION

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

CHIEF FINANCIAL OFFICER
Brad Boland

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CHAIRMAN'S STATEMENT

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

Every significant goal that we set for 2012 was achieved resulting in an outstanding year, firmly establishing the foundations for our growth aspirations. Our Corihuarmi Gold Mine continued to underpin the Company's finances with a strong cash-flow contribution. We completed Feasibility Studies ("FS") on our flagship Ollachea Project in Peru and also on the Don Nicolas Project in Argentina. The latter was granted the development permit and the permitting process has commenced at Ollachea. Resource updates were completed at both projects further improving the quantity and quality of the Company's gold inventory. A highly successful 1.2 kilometer long production size exploration drive was completed into the hanging wall of the orebody at Ollachea in January 2013. Long term development and production agreements were signed with both the Ollachea community and communities close to Don Nicolas further demonstrating the Company's commitment and ability to establish true alliances with the local people.

Projects

Corihuarmi Gold Mine

The Corihuarmi Gold Mine, located in the Peruvian high Andes, continued to perform well throughout the year. In line with expectations, grade continues to decrease as the mine matures resulting in lower production than previous years. Nevertheless, the 27,321 ounces produced was 30% higher than budget and the site cash operating cost was a respectable $581 per ounce. The average gold price received was $1,673 per ounce, $103 per ounce higher than the previous year.

Corihuarmi has now been in production for five years and produced over 180,000 ounces of gold. This is well in excess of the feasibility study projections of a four year mine life to produce 112,000 ounces. The current mine life now extends until 2015, but a study is in progress to mine and treat a low grade resource from Cayhua, very close to the existing heap leach pads. If successful, this could extend the mine life for at least another year.

Ollachea

Excellent progress was made in advancing Ollachea, Minera IRL's flagship project in southern Peru.

A 31 hole, 12,840 meter, in-fill diamond drilling program was completed into the core Minapampa Zone bringing the total drilled since 2008 to 208 holes for over 81,000 meters. The in-fill program was designed to further validate the Minapampa resource and confirm predictability and continuity of the gold bearing lenses. We obtained an excellent result with the ensuing updated resource estimate checking closely with the earlier estimate. The Indicated Resource, all in the Minapampa zone, now stands at 10.7 million tonnes grading 4.0 g/t containing 1.4 million ounces of gold. The Inferred Resource, which includes over 0.9 million ounces at Concurayoc only 400 meters to the west of Minapampa, now stands at 13.7 million tonnes grading 2.9 g/t containing 1.2 million ounces of gold. The Ollachea deposit remains open and untested along strike in both directions as well as down-dip.

Intensive work continued throughout the year on the Ollachea FS and was completed and announced to the market at year end. This study on the Minapampa Zone, supported by much new information from test work and design, correlated well with the Pre-feasibility Study completed approximately 16 months earlier. The FS provides more detailed confirmation of an economically robust project with production of over 920,000 ounces. Capital cost has been estimated at $177.5 million and an average cash operating cost of $499 per ounce. The base case financial model assumed a gold price of $1,300 per ounce; on that basis the life-of-mine post tax cash flow was estimated at $325 million, the after-tax NPV (at 7% real) was $155 million, an IRR of 22.1% and a pay-back period of 3.7 years. The Environmental Impact Assessment ("EIA") has been submitted and, assuming timely completion of the permitting process and arrangement of project finance, gold production is scheduled to commence in early 2015. There is potential for a significant addition to the initial nine year mine life through the upgrading and conversion of the resource at the Concurayoc Zone and extensions to the mineralized horizons along strike and down dip.

The 1,234 meter long, 5 meter high by 5 meter wide exploration drive, which will serve as the production access for the future underground mine, was completed in January 2013. This project was completed ahead of schedule and under budget. Ground conditions were better than expected in the slate country-rock, host to the gold mineralization, resulting in a more rapid advance rate than expected and requiring less ground support. Water in-flow was far lower than predicted in the geo-hydrology model which has significant positive implications on both capital and operating costs. Diamond drill exploration of the eastern strike extent of the Minapampa Zone, too steep to drill from surface, commenced from underground in early January 2013.

Community relations at Ollachea remain excellent, and a 30-year development and production agreement was signed. The Company supports important programs in health and welfare, nutrition, education and sustainable development. The Project already provides considerable employment to members of the community which, in turn, is making a significant contribution to the local economy.

Don Nicolas and Patagonia

The Minera IRL Patagonia business unit is located in the mining friendly province of Santa Cruz, Argentina, which is home to a world class, epithermal gold/silver geological district known as the Deseado Massif. Major mines include AngloGold Ashanti's Cerro Vanguardia Mine, the largest gold producer in southern Argentina, Hochschild and McEwen Mining's San Jose Mine and Pan American Silver's Manantial Espejo, whilst Goldcorp is developing the Cerro Negro Project and Yamana is about to commence development at Cerro Moro. Minera IRL Patagonia is now poised to join the above club with a new operation. In addition, the Company's tenement holding of some 2,600 square kilometers, amongst the largest in this volcanic window, provides excellent discovery potential.

The Don Nicolas FS was completed early in the year predicated upon two principal epithermal vein fields, La Paloma and Martinetas, located approximately 50 kilometers apart. The strategy has been to focus the FS on high grade, open pittable mineralization where a starter project can be developed rapidly and with low technical risk. The high grade Proven and Probable Reserves in the FS totalled 1.2 million tonnes grading 5.1 g/t gold and 10.4 g/t silver containing 197,000 ounces of gold and 401,000 ounces of silver, respectively.

The results of the FS have indicated an economically robust project. Metallurgical testing has confirmed high gold recoveries using a conventional carbon-in-leach ("CIL") plant with average annual production of 52,000 ounces of gold and 56,000 ounces of silver. Capital cost was projected to be $56 million with a cash operating cost, after silver credits, of $528 per ounce. Using a base case gold price of $1,250 per ounce, the post-tax cash flow was projected to be $36 million, the NPV (at 7% real) was $22 million, the IRR is 23% and the payback period is 2.0 years. A compelling feature of Don Nicolas is the high potential to increase the initial 3.6 year mine life through open-ended vein extensions and further brown-fields and near-by green-fields exploration.

Following the completion of the Don Nicolas FS, the EIA was submitted to the Santa Cruz authorities and the Development Permit was granted only five months later. A 10-year Social License Agreement was signed with the nearest communities where strong relationships are being forged.

At the time of writing, the Company was pursuing financing options to develop the project. Once project funding is in place, it is anticipated that production can commence approximately 12 months later.

The Company drilled 173 new extension and in-fill holes totalling 18,640 meters at Martinetas during 2012, which resulted in a significant increase in the resource base. The Measured and Indicated Resource has been increased to 8.6 million tonnes grading 1.7 g/t gold and 5.5 g/t silver for 469,000 ounces of gold and 1,515,000 ounces of silver, respectively. An additional 4.0 million tonnes grading 1.3 g/t gold and 3.9 g/t silver containing 165,000 ounces of gold and 505,000 ounces of silver are in the Inferred Resource category. All of the above is based on a lower cut-off grade of 0.3 g/t gold.

There are important implications in the above resource upgrade at Don Nicolas. The higher grade Measured and Indicated above 1.6 g/t gold now stands at 1.8 million tonnes grading 5.3 g/t gold and 12.3 g/t silver for 300,000 ounces of gold and 699,000 ounces of silver respectively, providing tangible evidence for extending the Don Nicolas mine life. Low grade Measured and Indicated Resource between 0.3 g/t and 1.6 g/t gold has increased to 6.8 million tonnes grading 0.8 g/t gold and 3.7 g/t silver for 168,000 ounces gold and 816,000 ounces of silver respectively. Encouraging initial metallurgical testing of the low grade mineralization is being followed up during 2013 to support a feasibility study on a heap leach circuit to run in parallel with the high grade CIL plant. Success from such a study could provide a significantly increased gold stream in future years.

In addition to the large drilling program at Martinetas, the exploration team continued to explore epithermal vein systems within the Company's large lease package. During the year, a further drilling program was carried out on the Michelle tenements in the vein field along strike from Anglo Gold's Cerro Vanguardia Mine. Whilst no discovery was made, the results were of interest and further exploration is required on that property. Further work is also required on the Escondido leases as a number of new drill targets have been identified following field work, including mapping and sampling of outcropping veins. Several other highly prospective areas demanding geological exploration advance, including Microondas and Cecilia, have been included in the 2013 exploration budget.

Financial Results

Production from the Corihuarmi Gold Mine was, as expected, lower than 2011 but yielded an impressive revenue stream of $46.0 million (2011: $53.0 million). The decrease in revenue compared to 2011 was due to lower gold production although this was partially offset by the gold price from spot sales increasing from an average of $1,570 per ounce to $1,673 per ounce in 2012. A 60.2% increase in waste mined in 2012 contributed to a higher cost per ounce produced despite an overall decrease in the cost of sales to $27.1 million (2011: $28.0 million). The combined effect was a lower gross profit of $18.9 million (2011: $25.0 million). Administration expenses of $9.2 million were approximately 12% higher than the prior year (2011: $8.2 million). This combined effect resulted in a decreased operating profit of $8.8 million (2011: $16.4 million). The income tax expense, which arises largely in Peru, decreased to $5.2 million (2011: $6.3 million) with the decrease in profit before tax in Peru. The Company's profit after tax decreased to $3.3 million (2011: $9.8 million).

The group spent a total of $50.0 million in cash (2011: $35.7 million) on development and exploration during the year of which $49.7 million (2011: $34.7 million) was added to the intangible assets of the group ($35.3 million for the Ollachea project) and $0.3 million (2011: $1.0 million) was recognised as an exploration expense in the consolidated statement of total comprehensive income.

At the end of 2012, the Group had a cash balance of $6.2 million. In March 2012, the Company raised gross proceeds of C$33.1 million which was largely depleted during the year due to the Company's extensive exploration and development programs. This project advancement also necessitated the drawdown of the second $10 million tranche of the Macquarie Bank $20 million debt facility late in the year. In February 2013, the Company successfully completed a further $15.5 million financing through the international equity markets.

Board of Directors and Executive Management

There were no changes in the Minera IRL Limited Board of Directors in 2012. The Company is presided over by five directors, which includes four outstanding independent directors with extensive experience and diverse backgrounds. Mr. Brad Boland has been appointed Chief Financial Officer ("CFO") effective 1 April 2013 and is replacing Mr. Tim Miller, who is stepping down for personal reasons. Mr. Boland will be based in Toronto, Canada. Mr Boland is a past CFO of Azul Ventures Inc., Crocodile Gold Corp. and Consolidated Thompson Iron Mines Ltd. Prior to this, he held senior posts in the financial divisions of Kinross Gold Corporation and Goldcorp Inc. I welcome Mr. Boland to our team and extend my sincere thanks to Mr. Miller for his dedication and major contributions to the

Company during his tenure with the Company.

Corporate Governance

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

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

Share Price Performance

In light of the outstanding achievements by the Minera IRL team in 2012, the share price performance was particularly disappointing. The share price commenced the year at £0.6675 and appreciated early in the year to allow the equity raising in March to be placed at £0.72 per share. Shortly thereafter, however, the international mining markets commenced a steep, persistent decline with Minera IRL unavoidably following the trend. The share price finished the year under these persistently unfavourable market conditions at a respectable £0.5162, a decrease of 23% from the beginning of the year.

Whilst the public raising at the beginning of 2013 was particularly difficult, the Company did successfully attract $15.6 million and was supported by most of its major shareholders. Of this amount, $6.2 million was raised in Peru and Chile, a good result which attracted a number of new investors and bodes well for renewed interest from South American retail investors. There was no participation from Canadian investors with the gold equity funds showing little appetite for new capital raisings.

Current Investment Climate and Country Outlook

Peru, the Company's major asset base, continues as an economic dynamo driven by the mining industry. The country has a sustainable average growth rate of 6% and inflation of 2%. The country has almost 400 operating mines producing over 250 tonnes per day; mining exports are projected to be over $25 billion in 2013. There are 47 mining projects under development with a total investment of $55 billion. The mining workforce is increasing at a rate of 20% per annum. All of this, plus excellent exploration potential, makes Peru an attractive destination for foreign investment.

Following a somewhat turbulent 2011 election year in Peru, 2012 was characterized by sound government under the leadership of President Ollanta Humala. The new excess profits tax, which replaced the federal royalty system, came into effect without significant adverse reaction from the mining community. The aim of the new system is to provide a more equitable distribution of funding to local communities. To their credit, the Humala government has also tightened up enforcement of environmental policy on illegal miners, which if left unchecked will continue as a serious environmental and occupational health issue, not only for the miners themselves but also for nearby communities in general.

The involvement of and support by local communities remains a key component in successful Peruvian mining projects which, in turn, have a major impact on the local economy, skills, employment, infrastructure and standard of living in regional communities. Minera IRL, through its local subsidiary Minera Kuri Kullu SA, has been a trend setter by granting the local community a 5% equity participation in the Ollachea Project at the start of production. Whilst controversial in some circles, this model is receiving wide interest as a means of forming true and enduring partnerships with local communities. The result is that Minera IRL has managed its mine and projects on schedule and with overwhelming support from the local communities. The outstanding tangible evidence of this is the unprecedented signing of the 30-year development and operating agreement with the Ollachea community.

In Argentina, a number of policies and actions by the government of Cristina Fernandez have created a negative international investment climate, especially in the mining sector. Early in 2012, the Argentina government nationalized 51% of the 57% interest in oil company YPF owned by Spanish company Repsol. Many international investors became concerned that such action could extend to the mining industry. Whilst we see no risk of this, international investors remain wary of Argentina. As a result, Minera IRL is actively seeking to fund the Don Nicolas project from capital sources within Argentina.

Notwithstanding the above, Minera IRL has received excellent support from both the Santa Cruz provincial government and the Argentina federal mining ministry. There are few jurisdictions in the world where a development permit can be obtained in only five months such as has been achieved at Don Nicolas. Whilst there is no question that there are problems such as high inflation, currency restrictions and import controls, we feel that the outstanding potential to grow our resource base and make new discoveries, potentially world class, outweighs short to medium term political issues.

I wish to convey my sincere appreciation to our fine Board of Directors, management team and all employees for their loyalty, dedication and hard work in building the Company. I would also like to thank our long term shareholders for their continuing support and to welcome those that have recently joined our Company's register. I feel very confident that the goals achieved in 2012, especially in demonstrating that we have two robust new gold mines ready to develop, places Minera IRL Limited in a very strong position to continue building a mid-tier gold mining company.

Courtney Chamberlain
Executive Chairman
Minera IRL Limited

27 March 2012

Note: $ represents US$ unless otherwise stated.

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year to 31 December 2012.

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 that have reached full feasibility, as well as a number of exploration projects.

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

RESULTS AND DIVIDENDS

The total comprehensive income for the year after tax was $3,025,000 (2011: $9,591,000). No dividend was paid during the year and no final dividend is proposed. A profit of $3,333,000 (2011: $9,759,000) is to be transferred to retained earnings.

DIRECTORS

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

Director	Ordinary shares of no par value	
	31-Dec-2012	31-Dec-2011
C Chamberlain	3,492,692	3,492,692
D Jones	322,936	292,936
K Judge (1)	1,389,062	1,389,062
G Ross	5,000	5,000
N Valdez Ferrand	894,000	44,000

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

On 31 December 2012, the directors who served during the year held the following share options under the Minera IRL Limited Incentive Stock Option Scheme:

Director	No. Held 31-Dec-2011	Granted	Exercised	Expired or cancelled	No. Held 31-Dec-2012	Exercise price (£)	Expiry Date
C Chamberlain	2,000,000	-	2,000,000	-	-	0.45	12-Apr-2012
	250,000	-	-	-	250,000	0.62	18-Mar-2013
	750,000	-	-	-	750,000	0.9125	17-Nov-2014
	500,000	-	-	-	500,000	1.08	17-Nov-2015
	-	470,000	-	-	470,000	0.8063	03-Apr-2017
D Jones	100,000	-	100,000	-	-	0.45	12-Apr-2012
	50,000	-	-	-	50,000	0.62	18-Mar-2013
	100,000	-	-	-	100,000	0.9125	17-Nov-2014
	120,000	-	-	-	120,000	1.08	17-Nov-2015
	-	160,000	-	-	160,000	0.8063	03-Apr-2017
K Judge	50,000	-	-	-	50,000	0.8875	26-Jan-2015
	120,000	-	-	-	120,000	1.08	17-Nov-2015
	-	160,000	-	-	160,000	0.8063	03-Apr-2017
G Ross	50,000	-	50,000	-	-	0.45	12-Apr-2012
	25,000	-	-	-	25,000	0.62	18-Mar-2013
	50,000	-	-	-	50,000	0.9125	17-Nov-2014
	120,000	-	-	-	120,000	1.08	17-Nov-2015
	-	160,000	-	-	160,000	0.8063	03-Apr-2017
N Valdez Ferrand	50,000	-	-	-	50,000	0.725	01-Jul-2015
	120,000	-	-	-	120,000	1.08	17-Nov-2015
	-	160,000	-	-	160,000	0.8063	03-Apr-2017

Details of these share options may be found in note 16 to the accounts.

The ordinary shares that were acquired under the above noted share option exercises, on April 2, 2012 when the Company's share price was £0.65, were all sold with the exception of 30,000 ordinary shares that were retained by Dr. Jones. Furthermore, Mr. Valdez-Ferrand acquired a total of 850,000 ordinary shares. Otherwise, there have been no other movements in any of the directors' interests in the share capital of the Company between 1 January 2012 and 27 March 2013.

The Company's Articles of Association states that at every annual general meeting, one-third of the directors shall retire from office or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but if any director has at the start of the annual general meeting been in office for more than three years since their appointment or reappointment, they shall retire; and if there is only one director who is subject to retirement by rotation, he shall retire. As such, it is proposed that a minimum of two directors will retire by rotation and offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

DONATIONS

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

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

SUBSTANTIAL SHAREHOLDERS

As at 27 March 2013, 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
Midas Capital plc	19,986,900	11.5
BlackRock Investment Management (UK) Limited managed funds	18,841,411	10.8
JP Morgan Asset Management (UK) Limited	14,519,105	8.4
Fratelli Investments Limited	13,163,016	7.6
Baker Steel Capital Managers (UK) managed funds	8,640,000	5.0

SPECIAL BUSINESS AT FORTHCOMING ANNUAL GENERAL MEETING

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

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

DISCLOSURE OF INFORMATION

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

By order of the Board

Timothy W. Miller
Company Secretary 27 March 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law in Jersey requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent 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 accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain its transactions such as to disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements prepared by the company comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Minera IRL Limited for the year ended 31 December 2012 which comprise the consolidated and company statements of total comprehensive income, statements of financial position, statements of changes in equity, cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2012 and of the group's profit and the company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Separate opinion in relation to IFRSs as issued by the IASB

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

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

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's and the Group's ability to continue as a going concern. The Group needs to raise additional funds to construct its projects or, in the event that such funds cannot be secured at the appropriate time, may need to raise funds for additional working capital or to refinance its existing loans in order to remain a going concern. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's and the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company or the Group was unable to continue as a going concern.

Matters on which we are required to report by exception

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

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

Jason Homewood
for and on behalf of PKF (UK) LLP
London, UK 27 March 2013

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

for the years ended 31 December 2012 and 2011

	Notes	2012 US$000	2011 US$000
Revenue		45,988	53,002
Cost of sales		(27,132)	(27,955)
Gross profit		18,856	25,047
Other income		2	200
Administrative expenses		(9,191)	(8,211)
Exploration costs		(280)	(1,014)
Share based payments	16	(585)	-
(Loss)/gain on disposal of available-for-sale investments		(50)	403
Operating profit		8,752	16,425
Finance income	5	289	56
Finance expense	5	(551)	(418)
Profit before tax	3	8,490	16,063
Income tax	7	(5,157)	(6,304)
Profit for the year attributable to the equity shareholders of the parent		3,333	9,759
Retranslation of foreign operations		-	102
(Loss)/gain on valuation of available-for-sale investments		(274)	18
Recycled on disposal of available-for-sale investments		(34)	(288)
Total comprehensive income for the year attributable to the equity shareholders of the parent		3,025	9,591

Earnings per ordinary share (US cents)			
- Basic	8	2.3	8.2
- Diluted	8	2.3	8.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 US$000	2011 US$000
Assets			
Property, plant and equipment	9	17,986	19,989
Intangible assets	10	159,359	88,474
Available-for-sale investments	12	183	547
Deferred tax asset	11	654	574
Other receivables and prepayments	14	13,266	7,253
Total non-current assets		191,448	116,837
Inventory	13	3,486	2,809
Other receivables and prepayments	14	2,917	5,330
Cash and cash equivalents	15	6,246	11,134
Total current assets		12,649	19,273
Total assets		204,097	136,110
Equity			
Share capital	16	134,163	100,752
Foreign currency reserve	16	231	231
Share option reserve	16	1,705	1,917
Revaluation reserve	16	20	328
Retained Earnings		12,881	8,751
Total equity attributable to the equity shareholders of the parent		149,000	111,979
Liabilities			
Interest bearing loans	17	20,000	-
Trade and other payables	17	14,000	-
Provisions	17	3,178	2,443
Total non-current liabilities		37,178	2,443
Interest bearing loans	17	-	10,000
Current tax		164	2,290
Trade and other payables	17	17,755	9,398
Total current liabilities		17,919	21,688
Total liabilities		55,097	24,131
Total equity and liabilities		204,097	136,110

The consolidated financial statements were approved and authorised for issue by the Board and were signed on its behalf on 27 March 2013.

Courtney Chamberlain
Executive Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2012 and 2011

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

	Note	Share capital US$000	Foreign currency reserve US$000	Share option reserve US$000	Revaluation reserve US$000	Retained earnings US$000	Total US$000
Balance at 1 January 2012		**100,752**	**231**	**1,917**	**328**	**8,751**	**111,979**
Profit for the year		-	-	-	-	3,333	3,333
Loss on available for sale financial assets		-	-	-	(274)	-	(274)
Recycled on disposal of available for sale investments		-	-	-	(34)	-	(34)
Total comprehensive income		-	-	-	(308)	3,333	3,025
New share capital subscribed	16	35,564	-	-	-	-	35,564
Cost of share issuance	16	(2,153)	-	-	-	-	(2,153)
Share options issued	16	-	-	585	-	-	585
Exercise of share options	16		-	(797)	-	797	-
Balance 31 December 2012		**134,163**	**231**	**1,705**	**20**	**12,881**	**149,000**

CONSOLIDATED CASH FLOW STATEMENT

For the years ended 31 December 2012 and 2011

	Note	2012 US$000	2011 US$000
Cash flows from operating activities			
Operating profit		8,752	16,425
Depreciation		4,661	8,349
Share based payments	16	585	-
Provision for mine closure costs and other		-	652
Loss on disposals of assets		38	89
Profit on disposal of available for sale investments		(50)	(403)
Investment impairment		-	80
Foreign exchange losses relating to non-operating items		(77)	-
Increase in inventory		(677)	(301)
Increase in other receivables and prepayments		(3,600)	(4,999)
Increase in trade and other payables		1,357	752
Payment of mine closure provision	17	(54)	-
Corporation tax paid		(7,363)	(5,751)
Net cash inflow from operations		3,572	14,893
Interest received		289	56
Interest paid		(551)	(418)
Net cash inflow from operating activities		3,310	14,531
Cash flows from investing activities			
Sale of available for sale investments		61	672
Acquisition of property, plant and equipment		(2,062)	(3,984)
Acquisition of available-for-sale investments		-	(152)
Deferred exploration and development expenditures		(49,730)	(34,728)
Net cash outflow from investing activities		(51,731)	(38,192)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital	16	35,564	45
Cost of raising share capital		(2,153)	-
Receipt of loans	17	10,000	-
Net cash inflow from financing activities		43,411	45
Net decrease in cash and cash equivalents		(5,010)	(23,616)
Cash and cash equivalents at beginning of period		11,134	34,648
Exchange rate movements		122	102
Cash and cash equivalents at end of period	15	6,246	11,134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

The financial statements were authorised for issue by the directors on 27 March 2013.

Statement of Compliance

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

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

No Standards and Interpretations that have been issued but are not yet effective, and that are available for early application, have been applied by the group in these financial statements. There are no Standards or Interpretations issued, but not yet effective, which are expected to have a material effect on the financial statements in the future. Specifically, the Directors' have considered the impact of IFRIC 20 which concerns the treatment of stripping costs. The Directors are of the view that the accounting treatment detailed in this standard would not result in a change of the Group's accounting policy.

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, development and mining companies, the Company raises finance for its exploration and development 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 2013 (note 21). The Company has the Corihuarmi gold mine, which is currently providing positive cash flow. The Company has also completed positive feasibility studies on the Ollachea and Don Nicolas Projects. Additional funding will be required to construct these projects and refinance existing loans.

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

However, there are risks associated with operating a mine, and the development and financing of new mining operations which may give rise to the possibility that additional working capital may be required. In addition, existing loan facilities will need to be refinanced or renegotiated. Should additional capital be required, the Directors consider that further sources of finance could be secured in the required timescale.

However, the above conditions indicate the existence of a material uncertainty which may cast doubt on the Company's ability to continue as a going concern. No adjustments that would result from the going concern basis of preparation being inappropriate have been made in the preparation of the financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies

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

(a) Principles of Consolidation

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

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

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

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

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

(b) Significant accounting estimates and assumptions

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

Impairment

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

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

Depreciation

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Environmental provisions

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

Estimation of recoverable gold contained on the leach pads

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

Estimation of acquisition payment

The second additional payment to be made to Rio Tinto under the Ollachea acquisition agreement requires an estimation of the project net present value based on the feasibility study results and the sunk costs incurred on the project up to 31 December 2012.

(c) Revenue Recognition

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

(d) Income Tax

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

(e) Foreign Currency

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

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

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

(f) Cash and Cash Equivalents

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

NOTE 1 - **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(g) Trade and Other Receivables

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

(h) 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.

(i) 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 consolidated statement of comprehensive income.

(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; and
- 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. 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 two years, ending in 2015. The impact of this change in accounting estimates has been to decrease the depreciation charged on these assets by approximately $5,302,000.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(j) Impairment

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

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

- Unexpected geological occurrences that render the resource uneconomic;
- Title to the asset is compromised;
- Variations in metal prices that render the project uneconomic; and
- Variations in the currency of operation.

(k) Inventory

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

(l) Trade and Other Payables

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

(m) Segment Reporting

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

(n) Provisions

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

NOTE 1 - **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(o) Share Based Payments

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

(p) Interest Bearing Borrowings

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

(q) Available-for-sale Financial Assets

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

NOTE 2 - SEGMENT REPORTING

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

The Group has two customers (2011: one). The following table sets out the income and expenditure of the Group according to these reporting segments:

2012	Peru US$000	Argentina US$000	Other US$000	Total US$000
Mining revenue	45,988	-	-	45,988
Mining cost of sales	(22,278)	-	-	(22,278)
Mining gross profit	23,710	-	-	23,710
Other income	-	-	2	2
Exploration of properties	(57,603)	(13,562)	-	(71,165)
Capital expenditure	(2,369)	(475)	(5)	(2,849)
Administration	(4,933)	(1,350)	(2,909)	(9,191)
Net income/(expenditure)	(41,195)	(15,387)	(2,912)	(59,494)
Reconciliations				
Revenue				
Segmental revenues	45,988	-	-	45,988
Customer A	23,968	-	-	23,968
Customer B	22,020	-	-	22,020
Group revenues	45,988	-	-	45,988
Segment Result				
Segmental net income/(expenditure)	(41,195)	(15,387)	(2,912)	(59,494)
Exploration costs deferred	57,325	13,560	-	70,885
Depreciation	(4,853)	-	-	(4,853)
Capital expenditure	2,369	475	5	2,849
Share based payments	-	-	(585)	(585)
Loss on disposal of available-for-sale investments	-	-	(50)	(50)
Group operating profit/(loss)	13,645	(1,352)	(3,542)	8,752
Net finance income/(expense)	(1,363)	-	1,101	(262)
Group profit before tax	12,282	(1,352)	(2,441)	8,490
Group Assets				
(not allocated for internal reporting)				
Non-current assets	131,345	59,985	118	191,448
Inventory	3,486	-	-	3,486
Other receivables and prepayments	2,831	37	49	2,917
Cash and cash equivalents	4,050	143	2,053	6,246
Group total assets	141,712	60,165	2,220	204,097

NOTE 2 - SEGMENT REPORTING

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

NOTE 3 - PROFIT BEFORE TAX

	2012 US$000	2011 US$000
Auditor's remuneration:		
Audit of group financial statements	**114**	**105**
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	**143**	**120**
Taxation services	**44**	**-**
Corporate finance services	**18**	**17**
Share based payments	**585**	**-**
Foreign exchange gains	**(77)**	**(79)**

NOTE 4 - STAFF NUMBERS AND COSTS

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

	Number of employees 2012	Number of employees 2011
Corporate finance and administration	**60**	74
Technical	**154**	132
Construction and production	**462**	353
	676	559

The aggregate payroll costs of these persons were as follows:

	2012 **US$000**	2011 US$000
Wages and salaries	**13,818**	10,871
Social security	**1,695**	1,265
Share based payments	**585**	-
	16,098	12,136

NOTE 5 - FINANCE INCOME/ (EXPENSE)

	2012 **US$000**	2011 US$000
Interest income	**289**	56
Interest expense	**(551)**	(418)
Net finance expense	**(262)**	(362)

NOTE 6 - REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Salary & fees US$000	Bonus US$000	Other Benefits [3] US$000	Share Based Payments [2] US$000	2012 Total Remuneration US$000
2012					
Directors:					
C Chamberlain	450	53	18	73	**594**
D Jones	45	-	-	25	**70**
K Judge [1]	45	-	-	25	**70**
G Ross	44	-	-	25	**69**
N Valdez Ferrand	45	-	-	25	**70**
Directors Total	629	53	18	173	**873**
Non-Directors:	1,826	256	273	323	**2,678**
TOTAL	2,455	309	291	496	**3,551**

Note:

1. The Director fees are paid to Hamilton Capital Partners Limited, with which Mr Judge is associated.
2. The Share Based Payments were associated with options granted 3 April 2012. The options were granted with a strike price of £0.81 and a term of 5 years. See note 16 for further details.
3. Included within this amount was $104,000 in social security costs.

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

Note:

1. The Director fees are paid to Hamilton Capital Partners Limited, with which Mr Judge is associated.
2. There was no Share Based Payment in 2011 as no options were issued and the options issued in the prior period vested in that period.
3. Included within this amount was $94,000 in social security costs.

NOTE 7 - INCOME TAX EXPENSE

	2012 US$000	2011 US$000
Current tax-foreign	**5,237**	6,801
Deferred tax	**(80)**	(497)
Income tax expense	**5,157**	6,304

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% (2011: 30%) based on the Peru tax rate, the location of the Company's main operations. The differences are explained below:

	2012 US$000	2011 US$000
Tax reconciliation		
Profit before tax	**8,490**	16,063
Tax at 30% (2011: 30%)	**2,547**	4,819
Effects (at 30%) of:		
Expenses not deductible for tax purposes	**1,148**	820
Income not taxable	**-**	(192)
Unrecognised deferred tax movements	**775**	701
Adjusted to tax charge in respect of prior years	**-**	(335)
Withholding tax paid	**687**	491
Income tax expense	**5,157**	6,304

At 31 December 2012, the subsidiary operating the Corihuarmi gold mine In Peru, Minera IRL SA, has distributable reserves of $33.7M (2011: $25.9M). In the event of a dividend distribution income tax totalling $1.4M (2011: $1.1M) would be payable. No provision has been made for this amount as Minera IRL Limited has control over the timing differences of any distribution and no payment is likely in the foreseeable future.

NOTE 8 - EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders of $3,333,000 (2011: $9,759,000) and the weighted average number of ordinary shares outstanding during the year ended 31 December 2012 of 145,994,523 (2011: 119,580,021).

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

	2012 Profit US$000	2012 Number of shares '000	2012 Earnings per share US cents	2011 Profit US$000	2011 Number of shares '000	2011 Earnings per share US cents
Basic earnings	**3,333**	**145,995**	**2.3**	9,759	119,580	8.2
Dilutive effects-options	**-**	**8**	-	-	2,393	-
Diluted earnings	**3,333**	**146,003**	**2.3**	9,759	121,973	8.0

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

	Mining assets & deferred development costs US$000	Land & buildings US$000	Motor Vehicles US$000	Computers & other equipment US$000	Total US$000
Cost					
Balance - 1 January 2011	35,443	1,308	2,786	2,475	42,012
Additions	2,112	777	296	799	3,984
Disposals	-	-	(229)	(2)	(231)
Balance - 31 December 2011	37,555	2,085	2,853	3,272	45,765
Balance at 1 January 2012	**37,555**	**2,085**	**2,853**	**3,272**	**45,765**
Additions	**1,615**	**774**	**85**	**376**	**2,850**
Disposals	**(37)**	**-**	**(64)**	**-**	**(101)**
Balance - 31 December 2012	**39,133**	**2,859**	**2,874**	**3,648**	**48,514**
Depreciation and impairment losses					
Balance - 1 January 2011	16,376	19	285	889	17,569
Depreciation for the year	7,248	13	466	622	8,349
Disposals	-	-	(140)	(2)	(142)
Balance - 31 December 2011	23,624	32	611	1,509	25,776
Balance - 1 January 2012	**23,624**	**32**	**611**	**1,509**	**25,776**
Depreciation for the year	**3,786**	**57**	**478**	**494**	**4,815**
Disposals	**(27)**	**-**	**(36)**	**-**	**(63)**
Balance - 31 December 2012	**27,383**	**89**	**1,053**	**2,003**	**30,528**
Carrying amounts					
Balance - 1 January 2011	19,067	1,289	2,501	1,586	24,443
Balance - 31 December 2011	**13,931**	**2,053**	**2,242**	**1,763**	**19,989**
Balance - 31 December 2012	**11,750**	**2,770**	**1,821**	**1,645**	**17,986**

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

NOTE 10 - INTANGIBLE ASSETS

Deferred Exploration Costs	Ollachea	Don Nicolas	Other Peru	Other Argentina	Total
Balance – 1 January 2011	32,809	15,214	4,832	891	53,746
Additions	18,447	7,743	1,839	6,699	34,728
Balance – 31 December 2011	51,256	22,957	6,671	7,590	88,474
Additions [1]	56,299	10,540	1,026	3,020	70,885
Balance - 31 December 2012	**107,555**	**33,497**	**7,697**	**10,610**	**159,359**

Note:

1. The Ollachea property includes $21 million provided in respect of further payments to Rio Tinto Plc which are detailed in Note 17.

The carrying values of the remaining deferred exploration costs at the year end have been assessed for indications of impairment and the results of these assessments have been sufficiently encouraging to justify the retention of the deferred exploration assets on the consolidated statement of financial position.

Both the Ollachea and Don Nicolas projects will require additional permitting and significant project financing in order to bring them into production and convert them into mining assets.

NOTE 11 - DEFERRED TAXATION

Recognised deferred tax assets

	2012	2011
	US$000	US$000
Temporary differences	**654**	574

Unrecognised deferred tax assets

The Group has estimated tax losses of approximately $19.2 million (2011: $15.4 million) available to carry forward for offset against future profits. At the year end, a potential deferred tax asset of $5.7 million (2011: $4.5 million) has not been recognised because there is insufficient evidence of the timing of future taxable profits against which they can be recovered.

NOTE 12 – AVAILABLE-FOR-SALE INVESTMENTS

These securities, which consist of 493,434 common shares of Columbus Gold Corp. ("Columbus"), 398,224 common shares of Alturas Minerals Corp. and 397,520 common shares of Alix Resources Corp. ("Alix") have all been valued at their respective market prices as quoted on the TSX Venture Exchange on 31 December 2012.

NOTE 13 - INVENTORY

	2012	2011
	US$000	US$000
Gold in process	**2,117**	2,030
Mining materials	**1,369**	779
	3,486	2,809

NOTE 14 - OTHER RECEIVABLES AND PREPAYMENTS

	2012 US$000	2011 US$000
Non-current assets		
Other receivables	**13,266**	7,253
Current assets		
Other receivables	**2,032**	4,856
Prepayments	**885**	474
	2,917	5,330

Included in other receivables is an amount of $14,792,000 (2011: $10,452,000) 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 $13,178,000 (2011: $7,253,000) relating to purchases for the Ollachea and the Don Nicolas projects, which will not be recovered in the next accounting period and has therefore been included in non-current assets.

NOTE 15 - CASH AND CASH EQUIVALENTS

	2012 US$000	2011 US$000
Bank balances	**6,246**	10,382
Term deposits	**-**	752
Cash and cash equivalents	**6,246**	11,134

NOTE 16 - CAPITAL AND RESERVES

As at 31 December 2012 and 2011, the Company's share capital is made up of no par shares. There is no upper limit on the value of shares to be issued.

Issued share capital	**Ordinary shares**
Shares in issue 1 January 2011	**119,527,884**
Share options exercised on 20 January 2011 for total cash consideration of $20,925	**30,000**
Shares options exercised on 20 January 2011 for total cash consideration of $24,025	**25,000**
Shares in issue 1 January 2012	**119,582,884**
Equity offering[1] completed 5 March 2012 for total cash consideration of $33,363,376	**29,260,000**
Share options exercised on 2 April 2012 for total cash consideration of $1,605,500	**2,230,000**
Share options exercised on 12 April 2012 for total cash consideration of $595,688	**830,000**
Total Shares in issue 31 December 2012	**151,902,884**

[1] On 5 March 2012, the Company issued 29,260,000 ordinary shares at a price of C$1.13 per share (equivalent to £0.72 based on exchange rate at time of pricing) as a private placement of ordinary common shares to raise gross proceeds of C$33,063,800. A total of $2,153,456 in commissions and professional fees was paid in cash in connection with this placement.

NOTE 16 - CAPITAL AND RESERVES (continued)

Share Options

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

	2012		2011	
	Number of share options	**Weighted average exercise price (£)**	Number of share Options	Weighted average exercise price (£)
Outstanding - beginning of year	**8,955,000**	**0.78**	9,210,000	0.78
Granted during the year	**3,835,000**	**0.78**	-	-
Exercised during the year	**(3,060,000)**	**0.45**	(55,000)	0.53
Lapsed during the year	**-**	**-**	(200,000)	0.94
Outstanding - end of the year	**9,730,000**	**0.88**	8,955,000	0.78
Exercisable - end of the year	**9,730,000**	**0.88**	8,955,000	0.78

The average remaining contractual life of the outstanding options as at 31 December 2012 was 3.0 years (2011: 2.1 years).

On 2 April 2012, a total of 2,230,000 options at £0.45 were exercised when the share price was trading at £0.65 per share. A further 830,000 options at £0.45 were exercised on 12 April 2012 when the share price was trading at £0.62 per share.

On 3 April 2012, the Company granted a total 3,485,000 incentive stock options at an exercise price of £0.81 for a period of 5 years. Additionally the Company granted 200,000 incentive stock options at £0.59 for a period of 5 years on 14 May 2012. Finally, the Company granted 150,000 incentive stock options at £0.53 for a period of 5 years on 4 September 2012. These options were fair valued with a Black Scholes option pricing model using the following assumptions:

Date of Grant	**03 April 2012**	**14 May 2012**	**04 September 2012**
Share price on date of grant	£0.65	£0.47	£0.42
Exercise price	£0.81	£0.59	£0.53
Expected volatility	30%	30%	36%
Expected option life	3.5 yrs	3.5 yrs	3.5 yrs
Risk-free rate of return	0.75%	0.75%	0.75%
Expected dividends	Nil	Nil	Nil
Fair Value	£0.10	£0.07	£0.08

The fair value of these option grants resulted in a share based payment expense for the year totalling $585,000.

There were no options granted in the prior year.

NOTE 16 - CAPITAL AND RESERVES (continued)

The following table details the incentive stock options outstanding as at 31 December 2012:

Number of share options	Exercise price	Expiry date
150,000	£0.53	September 3, 2017
200,000	£0.59	May 14, 2017
3,485,000	£0.81	April 3, 2017
2,630,000	£1.08	November 17, 2015
50,000	£0.73	July 2, 2015
125,000	£0.89	January 26, 2015
2,300,000	£0.91	November 17, 2014
790,000	£0.62	March 18, 2013 [1]

[1] The stock options expiring on 18 March 2008 had an expiry date during a close/black-out period for the Company. Under the Company's share option scheme, the expiry date can be extended to 10 business days after the ceasing of the close/black-out period, as such these options have not yet expired.

Other Share Options

	2012		2011	
	Number of share options	**Weighted average exercise price ($)**	Number of share options	Weighted average exercise price ($)
Outstanding - beginning of year	**8,578,431**	**1.17**	8,578,431	1.17
Granted during the year	**10,208,094**	**1.05**	-	-
Outstanding - end of the year	**18,786,525**	**1.06**	8,578,431	1.17
Exercisable - end of the year	**18,786,525**	**1.06**	8,578,431	1.17

These options were issued as additional consideration to Macquarie Bank in connection with the interest bearing loan.

During the year a total of 1,633,987 options were repriced from $1.53 to $1.08 and extended from 28 June 2013 to 31 December 2014 in connection with the amendment of the Macquarie debt facility. In addition, 6,944,444 options were extended from 28 June 2013 to 31 December 2014.

During the year a total of 10,208,094 options were granted with an average strike price of $1.05 and an expiration date of 31 December 2014. These options were all granted in connection with further drawdowns under the Macquarie debt facility.

The following table details the other share options outstanding as at 31 December 2012:

Number of share options	Exercise price	Expiry date
6,944,444	$1.08	December 31, 2014
1,633,987	$1.08	December 31, 2014
680,828	$1.08	December 31, 2014
4,672,897	$1.07	December 31, 2014
4,854,369	$1.03	December 31, 2014

The options granted during the year were deemed to have an immaterial fair value and accordingly all of the proceeds received from the debt facility were attributed to the loan.

Dividends

The directors do not recommend the payment of a dividend.

NOTE 16 - CAPITAL AND RESERVES (continued)

Share Option Reserve

The share option reserve includes an expense based on the fair value of share options issued and remaining in issue at 31 December 2012.

Foreign Exchange Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that do not have a US dollars functional currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in profit or loss in the period in which the operation is disposed of.

Revaluation Reserve

The revaluation reserve comprises the difference between the fair value of available-for-sale securities and the carrying cost at 31 December 2012.

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 2012 US$000	At 31 December 2011 US$000
Total interest bearing debt	**20,000**	10,000
Total equity	**149,000**	111,979
Debt-to-equity ratio	**13.4%**	8.9%

NOTE 17 - LIABILITIES

Interest bearing loans

	At 31 December 2012 US$000	At 31 December 2011 US$000
Non-current liabilities		
Bank loans due after one year	**20,000**	-
Current liabilities		
Bank loans due within one year	**-**	10,000

In November 2012, the interest bearing loans drawn with Macquarie Bank were amended. The term of the loan was extended from December 31, 2012 to June 30, 2014 and the interest rate increased to LIBOR plus 5%. The loans remain secured against the assets of the Group. In addition, other share options were granted in connection with the loan extension. See note 17 for more details.

NOTE 17 - LIABILITIES (continued)

Provisions

The Group has made a provision of US$3,178,000 against the present value of the cost of restoring the Corihuarmi site and Ollachea exploration tunnel site to their 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 2012. The timing and cost of this rehabilitation is uncertain and depend upon the duration of the mine life and the quantity of ore which will be extracted from the mine. At present time management estimates that the remaining mine life at Corihuarmi is approximately 2.5 years. Further, the directors have currently estimated the rehabilitation of the Ollachea exploration tunnel to begin in 11 years based on the time to develop and the projected mine life.

	Environmental provisions US$000
Balance 1 January 2011	1,639
Additional provision	804
Balance 31 December 2011	2,443
Balance 1 January 2012	**2,443**
Additional provision	**789**
Paid during the year	**(54)**
Balance 31 December 2012	**3,178**

	2012 US$000	2011 US$000
Trade and other payables		
Non-current		
Other payables [1]	**14,000**	-
Current		
Trade payables	**8,090**	5,274
Other payables [1]	**9,665**	3,662
Accrued expenses	**-**	462
	17,755	9,398

[1] The Company has accrued $21,000,000 in connection with the second and final additional payment to Rio Tinto plc for the Ollachea property acquisition. The payment will be made in three separate instalments which are to occur three months after the reception of notice from independent appraisers on the valuation of the Feasibility Study, 12 months after the appraisers report and 24 months after the appraisers report, respectively. The final amount is still subject to the independent third party appraiser's report, and up to 80% the payment can be settled in ordinary shares of Minera IRL Limited at the Company's election.

NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

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

NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

Risk management

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

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

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

	2012	2011
	US$000	US$000
Pounds sterling	**72**	3,206
Australian dollars	**242**	35
Canadian dollars	**174**	88
Argentine pesos	**206**	782
Chilean pesos	**22**	20
Peruvian nuevo soles	**1,164**	1,250
United States dollars	**4,366**	5,753
	6,246	11,134

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

	2012	2011
	US$000	US$000
Pounds sterling	**(89)**	3,042
Australian dollars	**(230)**	(86)
Canadian dollars	**406**	600
Argentine pesos	**5,791**	(698)
Chilean pesos	**(7)**	6
Peruvian nuevo soles	**1,605**	(3,689)
United States dollars	**(39,961)**	(4,339)
	(32,485)	(5,164)

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:

	2012	2011
	US$000	US$000
10% weakening of the US dollar	**748**	(508)
20% weakening of the US dollar	**1,495**	(1,016)
10% strengthening of the US dollar	**(748)**	508

20% strengthening of the US dollar	**(1,495)**	1,016

NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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.

An analysis of the financial liabilities presented by maturity is detailed below. The contractual amounts disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in that statement is based on discounted cash flows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period.

2012

Financial Liabilities	**Due in less than 1 month US$000**	**Due between 3 months to 1 year US$000**	**Due between 1 to 5 years US$000**	**Total US$000**
Trade payables	10,755	-	-	10,755
Other payables	-	-	14,000	14,000
Other payables – Current portion	-	7,000	-	7,000
Interest bearing loan	-	-	20,000	20,000
	10,755	7,000	34,000	51,755

2011

Financial Liabilities	**Due in less than 1 month US$000**	**Due between 3 months to 1 year US$000**	**Due between 1 to 5 years US$000**	**Total US$000**
Trade payables	5,274	-	-	5,274
Other payables	3,662	-	-	3,662
Accrued expenses	462	-	-	462
Interest bearing loan – Current portion	-	10,000	-	10,000
	9,398	10,000	-	19,398

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

Credit risk
The Group is exposed to credit risk in so far as it deposits cash with its banks as detailed in note 15. However the banks used are international institutions of the highest standing. In addition the Group is exposed to sovereign risk in so far as it is owed recoverable sales tax, as detailed in note 14, 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$85.8 million (included in investments in note C5). Provisions have been made on these balances as detailed in that note.

NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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 5% over LIBOR and allows for interest periods of between 30 and 180 days. A change in LIBOR of +/- 1% would not have a material effect on the financial results of the Group or the Company. It is the policy of the Group to settle trade payables within the agreed terms and no interest is incurred on those liabilities.

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

Fair values of financial assets and liabilities
The Group has performed a review of the financial assets and liabilities as at 31 December 2012 and has concluded that the fair value of those assets and liabilities is not materially different to book value.

NOTE 19 - CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group has the following entered into a contract with Generacion Electrica San Gaban SA for the supply of power to the construction and operation of the Ollachea project. In the event that certain minimum power usages are not achieved, then the Group is exposed to a maximum penalty of up to approximately $0.7 million.

NOTE 20 - RELATED PARTIES

During the year ended 31 December 2012, the Group did not enter into any transactions with related parties other than with key management as disclosed in note 6. In the prior year, the Company incurred $4,967 (£3,047) of registrar services fees from Computershare Investor Services (Jersey) Limited, a company related through a common director. The common director resigned from Computershare Investor Services (Jersey) Limited effective from 1 July 2011. The fees stated were incurred only for the period that there was a related party transaction.

NOTE 21 - SUBSEQUENT EVENTS

On 7 February 2013, the Company completed an equity offering wherein the Company issued 21,775,000 ordinary shares at a price of $0.71 per share (Equivalent to £0.45 and C$0.71 based on exchange rate at pricing) for gross proceeds of $15.5 million. As of 31 December 2012, the Company had incurred approximately $88,000 in transaction costs in connection with this issuance.

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 US$000	2011 US$000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other income		-	200
Administrative expenses		(2,910)	(2,166)
Share based payments		(585)	-
Exploration costs		-	(53)
Operating loss		(3,495)	(2,019)
Finance income		1,643	1,202
Finance expense		(542)	(377)
Loss before tax		(2,394)	(1,194)
Income tax		(687)	(491)
Loss and comprehensive loss for the year		(3,081)	(1,685)

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	2012 US$000	2011 US$000
Assets			
Property, plant and equipment	C3	**30**	39
Available-for-sale investments		**20**	36
Intangible assets	C4	**12,540**	5,662
Investments in subsidiary undertakings	C5	**121,424**	85,182
Total non-current assets		**134,014**	90,919
Other receivables and prepayments	C6	**137**	50
Cash and cash equivalents	C7	**1,821**	3,681
Total current assets		**1,958**	3,731
Total assets		**135,972**	94,650
Equity			
Issued share capital	16	**134,163**	100,752
Share option reserve	16	**1,705**	1,917
Accumulated losses		**(20,765)**	(18,481)
Total equity		**115,103**	84,188
Liabilities			
Interest bearing loans	C9	**20,000**	-
Total non-current liabilities		**20,000**	-
Interest bearing loans	C9	**-**	10,000
Trade and other payables	C8	**869**	462
Total current liabilities		**869**	10,462
Total liabilities		**20,869**	10,462
Total equity and liabilities		**135,972**	94,650

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 27 March 2013.

Courtney Chamberlain
Executive Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Note	Share Capital US$000	Share option reserve US$000	Accumulated losses US$000	Total equity US$000
Balance at 1 January 2011		100,707	1,938	(16,817)	85,828
Loss for the year		-	-	(1,685)	(1,685)
Total comprehensive loss for the year		-	-	(1,685)	(1,685)
New share capital subscribed	*16*	45	-	-	45
Exercise of share options			(21)	21	-
Balance at 31 December 2011		100,752	1,917	(18,481)	84,188
Balance at 1 January 2012		**100,752**	**1,917**	**(18,481)**	**84,188**
Loss for the year		-	-	(3,081)	(3,081)
Total comprehensive loss for the year		-	-	(3,081)	(3,081)
New share capital subscribed	*16*	35,564	-	-	35,564
Cost of issuing share capital		(2,153)	-	-	(2,153)
Grant of share options		-	585	-	585
Exercise of share options			(797)	797	-
Balance at 31 December 2012		**134,163**	**1,705**	**(20,765)**	**115,103**

COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2012

	Note	2012 US$000	2011 US$000
Cash flows from operating activities			
Operating loss from continuing operations		**(3,495)**	(2,019)
Depreciation of deferred development costs	*C3*	**13**	27
Impairment of available-for-sale investments		**16**	64
Share based payments		**585**	-
Foreign exchange losses		**60**	(467)
Decrease (Increase) in other receivables and prepayments		**2**	(37)
Increase (decrease) in trade and other payables		**407**	(227)
Foreign tax paid		**(687)**	(491)
Cash used in operations		**(3,099)**	(3,150)
Interest received		**147**	1,202
Interest paid		**(542)**	(377)
Net cash outflow from operating activities		**(3,494)**	(2,325)
Cash flows from investing activities			
Acquisition of property, plant & equipment	C3	**(5)**	(3)
Acquisition of investment		**-**	(100)
Deferred exploration and development expenditures	*C4*	**(6,878)**	(3,442)
Amounts remitted to existing subsidiary undertakings	*C5*	**(34,746)**	(19,514)
Net cash outflow from investing activities		**(41,629)**	(23,059)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		**35,564**	45
Cost of raising share capital		**(2,153)**	-
Receipt of loans		**10,000**	-
Deferred share issue costs		**(88)**	-
Net cash inflow from financing activities		**43,323**	45
Net (decrease)/ increase in cash and cash equivalents		**(1,800)**	(25,339)
Cash and cash equivalents at beginning of period		**3,681**	28,554
Exchange rate movements		**(60)**	466
Cash and cash equivalents at end of period		**1,821**	3,681

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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

C1. Accounting policies for the Company

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

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

C2. Remuneration of directors and key management personnel

	Salary & fees US$000	Bonus US$000	Other Benefits US$000	Share Based Payments US$000	Total Remuneration US$000
2012					
Directors:					
C Chamberlain	406	-	-	73	**479**
D Jones	45	-	-	25	**70**
K Judge	45	-	-	25	**70**
G Ross	44	-	-	25	**70**
N Valdez Ferrand	45	-	-	25	**70**
Directors Total	585	-	-	173	**759**
Non-Directors	1,030	124	24	323	**1,501**
TOTAL	1,615	124	24	496	**2,260**

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

C3. Property, plant and equipment

	Deferred development costs US$000
Carrying value at 1 January 2011	63
Additions	3
Depreciation	(27)
Carrying value at 31 December 2011	39
Carrying value at 1 January 2012	**39**
Additions	**5**
Depreciation	**(14)**
Carrying value at 31 December 2012	**30**

C4. Intangible assets

	Deferred exploration costs US$000
Cost and carrying value at 1 January 2011	2,219
Additions	3,443
Cost and carrying value at 31 December 2011	5,662
Cost and carrying value at 1 January 2012	**5,662**
Additions	**6,878**
Cost and carrying value at 31 December 2012	**12,540**

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

C5. Investments in subsidiary undertakings

	Investments in Group undertakings US$000
Cost	
Balance at 1 January 2011	70,401
Additions	19,514
Balance at 31 December 2011	89,915
Balance at 1 January 2012	89,915
Additions	36,242
Balance at 31 December 2012	**126,157**
Amortisation and impairment losses	
Balance at 1 January 2011	4,733
Impairment	-
Balance at 31 December 2011	4,733
Balance at 1 January 2012	4,733
Impairment	-
Balance at 31 December 2012	**4,733**
Carrying amounts	
At 1 January 2011	65,668
At 31 December 2011	85,182
At 1 January 2012	85,182
At 31 December 2012	**121,424**

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

	Country of Incorporation and operation	Principal activity	Minera IRL Limited effective interest	
			2012	2011
Minera IRL SA	Peru	Mining and exploration	100%	100%
Minera IRL Argentina SA	Argentina	Mining and exploration	100%	100%
Compañia Minera Kuri Kullu SA *	Peru	Mining and exploration	100%	100%
Hidefield Gold Limited	United Kingdom	Mining and exploration	100%	100%
Minera IRL Patagonia SA *	Argentina	Mining and exploration	100%	100%
Exploraciones Bema SRL *	Argentina	Mining and exploration	100%	100%
Hidefield Gold (Alaska) Inc *	USA	Mining and exploration	100%	100%
Minera IRL Chile Limitada	Chile	Mining and exploration	100%	100%

Note: * Controlling interest held indirectly through other subsidiary.

C6. Other receivables and prepayments

	2012 US$000	2011 US$000
Other receivables	**137**	50

C7. Cash and cash equivalents

	2012 US$000	2011 US$000
Bank balances	**1,821**	3,681
Term deposits	**-**	-
Cash and cash equivalents	**1,821**	3,681

C8. Trade and other payables

	2012 US$000	2011 US$000
Current		
Trade and other payables	**869**	-
Accrued expenses	**-**	462
	869	462

C9. Interest bearing loans

	At 31 December 2012 US$000	At 31 December 2011 US$000
Non-current liabilities		
Bank loans due after one year	**20,000**	**-**
Current liabilities		
Bank loans due within one year	**-**	**10,000**

In November 2012, the interest bearing loans drawn with Macquarie Bank were amended. The term of the loan was extended from December 31, 2012 to June 30, 2014 and the interest rate increased to LIBOR plus 5%. The loans remain secured against the assets of the Group. In addition, other share options were granted in connection with the loan extension. See note 16 for more details.

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:

	2012 US$000	2011 US$000
Loans to subsidiaries	**3,157**	19,514
Investment in subsidiaries	**33,085**	-
Total Transfer of cash to subsidiaries	**36,242**	19,514

Other related parties

Transactions with other related parties are detailed in note 20.

C11. Financial risk management

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

C11. Subsequent events

On 7 February 2013, the Company completed an equity offering wherein the Company issued 21,775,000 ordinary shares at a price of $0.71 per share (Equivalent to £0.45 and C$0.71 based on exchange rate at pricing) for gross proceeds of $15.5 million. As of 31 December 2012, the Company had incurred approximately $88,000 in transaction costs in connection with this issuance.