

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered by this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws. Accordingly, these securities may not be offered or sold within the United States unless an exemption from registration is available, and this short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of these securities within the United States. See "Plan of Distribution".*

*With respect to the United Kingdom, this offering of securities is only being, and may only be, made to, and this short form prospectus is only being, and may only be, distributed to and is directed at persons in the United Kingdom who are both (a) a "qualified investor" within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 ("FSMA") and (b) within the categories of persons referred to in Article 19(5) (Investment professionals) or Article 49(2)(a) to (d) (High net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), or persons in the United Kingdom to whom the offering of securities may otherwise be made or to whom the offering of securities may otherwise be directed in the United Kingdom without an approved prospectus having been made available to the public in the United Kingdom before the offering of securities is made, and without making an unlawful financial promotion, all such persons together being referred to as "relevant persons". The securities being offered hereunder are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this short form prospectus or any of its contents. This short form prospectus is not an "approved prospectus" within the meaning of Section 85(7) of FSMA, has not been prepared in accordance with the prospectus rules contained in the Financial Services Authority ("FSA") handbook published and updated from time to time by the FSA (acting in its capacity as the United Kingdom Listing Authority of the FSA), and its contents have not been examined or approved by the FSA or London Stock Exchange plc, nor has it been approved by an "authorised person" for the purposes of Section 21 of FSMA.*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary of Minera IRL Limited at Av. Santa Cruz 830, Of. 401, Miraflores, Lima 18, Peru, Telephone +51 1 418 1230 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM PROSPECTUS

New Issue

February 28, 2012



## MINERA IRL LIMITED

UP TO \$30,058,000  
26,600,000 ORDINARY SHARES

This short form prospectus qualifies the distribution (the "**Offering**") of up to 26,600,000 ordinary shares (the "**Offered Shares**", each an "**Offered Share**") of Minera IRL Limited ("**Minera**" or the "**Company**") at a price of \$1.13 (£0.72 per ordinary share, converted at the Bank of Canada daily noon rate on 23 February, 2012 and rounded to the nearest penny) per Offered Share (the "**Offering Price**"). The Offered Shares are offered on a best efforts agency basis, pursuant to an agency agreement (the "**Agency Agreement**") entered into between the Company and RBC Dominion Securities Inc., Jennings Capital Inc. and Haywood Securities Inc. (collectively, the "**Agents**"). The Company has engaged Collins Stewart Europe Limited and FinnCap Limited (the "**Special Selling Agents**") to act as the Company's special selling agents solely in connection with the Offering in the United Kingdom. There is no minimum subscription amount for the Offering. The Offering Price was determined by

negotiation between the Company and RBC Dominion Securities Inc., on behalf of the Agents and the Special Selling Agents. **None of the Special Selling Agents is registered to sell securities in any Canadian jurisdiction and, accordingly, each will only sell ordinary shares of the Company in the United Kingdom and other foreign jurisdictions where it is permitted to do so. This prospectus does not qualify the distribution of the ordinary shares of the Company sold by the Special Selling Agents pursuant to the Offering.**

The Company's outstanding ordinary shares (the "**Ordinary Shares**", each an "**Ordinary Share**") are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "IRL" and are also listed for trading on the AIM market of the London Stock Exchange plc ("**AIM**") and the Lima Stock Exchange ("**BVL**") under the symbol "MIRL". The TSX has conditionally approved the listing of the Offered Shares and the Over-Allotment Shares (as defined herein) on the TSX. Listing will be subject to the Company fulfilling all of the requirements of the TSX on or before 17 May 2012. The Company will make an application to the London Stock Exchange plc for the Offered Shares and the Over-Allotment Shares to be admitted to trading on AIM. Listing will be subject to the Company fulfilling all of the requirements of the applicable exchanges. The closing price of the Ordinary Shares on February 27, 2012 on the TSX was \$1.17, on AIM was £0.740 and on the BVL was US\$1.18, respectively.

**Price: \$1.13 per Offered Share**

	<b>Price to the Public</b>	<b>Agents' Fee<sup>(1)</sup></b>	<b>Net Proceeds to the Company<sup>(2)(3)</sup></b>
Per Offered Share .....	\$1.13	\$0.0565	\$1.0735
Total Offering .....	Up to \$30,058,000	Up to \$1,502,900	Up to \$28,555,100

Notes:

- (1) In consideration of the services rendered by the Agents in connection with the Offering, the Company has agreed to pay a cash commission (the "**Agents' Fee**") to the Agents representing 5% of the gross proceeds received by the Company in respect of the Offering (including any Offered Shares sold as a result of the exercise of the Over-Allotment Option (as defined herein)), such Agents' Fee to be payable in full on the Closing Date (as defined herein). See "Plan of Distribution".
- (2) After deducting the Agents' Fee but before deducting the expenses of the Offering, estimated to be approximately \$400,000, which will be paid out of the gross proceeds of the Offering.
- (3) In addition, the Company has agreed to grant to the Agents an option (the "**Over-Allotment Option**"), exercisable by the Agents in whole or in part in the sole discretion of the Agents, upon giving notice to the Company at any time until 5:00 p.m. (Toronto time) on the date that is 30 days from (and including) the Closing Date to purchase additional Ordinary Shares (the "**Over-Allotment Shares**") equal to 10% of the number of Offered Shares sold under the Offering, at the Offering Price set out above to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the Price to the Public, Agents' Fee and Net Proceeds to the Company will be up to \$33,063,800, \$1,653,190 and \$31,410,610, respectively, before deducting the expenses of the Offering. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of any Over-Allotment Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the agents' over-allocation position acquires these securities under this short form prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

**An investment in the Offered Shares should be considered speculative due to various factors, including the nature of the Company's business. The risk factors outlined or incorporated by reference in this short form prospectus should be carefully reviewed and considered by prospective purchasers in connection with their investment in the Offered Shares. See "Forward Looking Information" and "Risk Factors".**

The Company is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction and the Chief Executive Officer, the Chief Financial Officer and the directors reside outside of Canada. Although each of the Company and the persons described above has appointed FMD Service (Ontario) Inc. at 333 Bay Street, Suite 2400, Bay Adelaide Centre, Box 20, Toronto, Ontario M5H 2T6, as its agent for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against the Company or person described above.

The following table sets forth the number of Over-Allotment Shares that have been issued or may be issued by the Company to the Agents:

Agents' Position	Number of Over-Allotment Shares Available	Exercise Period	Exercise Price
Over-Allotment Option	2,660,000 Over-Allotment Shares	30 days from (and including) the Closing Date	\$1.13 per Over-Allotment Share

Unless the context otherwise requires, all references to "Offered Shares" in this short form prospectus include the Over-Allotment Shares.

The Agents, as agents, conditionally offer the Offered Shares, on a best efforts agency basis, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Fasken Martineau DuMoulin LLP and on behalf of the Agents by Stikeman Elliott LLP. See "Plan of Distribution".

Subject to applicable laws and in connection with the Offering, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Ordinary Shares of the Company at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Agents may also offer the Offered Shares at a price lower than the Offering Price.** See "Plan of Distribution".

The issuance of Ordinary Shares is subject to approval of certain resolutions by the shareholders of the Company, which approval was obtained at the Annual General Meeting held on September 14, 2011. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that certificates evidencing the Offered Shares will be available for delivery at closing, which will occur on a single date and is expected to take place on or about March 5, 2012 or such later date as may be agreed between the Company and the Agents, but in any event not later than March 19, 2012 (the "**Closing Date**"). The Agents will collect funds from subscribers and hold such funds for the benefit of the subscribers pending closing. Subscribers may submit funds to the Agents at any time prior to the Closing Date. Notwithstanding the foregoing, the Company has agreed to grant to the Agents the Over-Allotment Option exercisable by the Agents to purchase the Over-Allotment Shares upon notice to the Company at any time prior to the date that is 30 days from (and including) the Closing Date.

It is expected that the Ordinary Shares distributed under this short form prospectus in Canada will be deposited and represented electronically through the non-certificated inventory ("**NCI**") system of CDS Clearing and Depository Services Inc. ("**CDS**") on or prior to the Closing Date. No certificate evidencing the Ordinary Shares will be issued to Canadian resident purchasers, except if requested. Canadian resident purchasers of Ordinary Shares will receive only a customer confirmation from the Agents or other registered dealer who is a CDS participant (a "**CDS Participant**") and from or through whom a beneficial interest in the Ordinary Shares is purchased.

Subscribers in the United Kingdom who wish to settle their purchase of Ordinary Shares through the CREST system, shall be permitted to do so on delivery of a CREST Participant ID, and Member Account ID to their broker at least five (5) business days prior to the Closing Date. Settlement will require a Delivery-versus-Payment instruction into the CREST system according to the booking instructions provided by the subscriber. The input returned by the subscriber or its settlement agent/custodian of a matching or acceptance instruction to the broker's CREST input will then allow the delivery of subscribed Ordinary Shares to the subscriber's CREST account against payment of the Offering Price per Ordinary Share through the CREST system at the Closing Date.

The head office of the Company is located at Av Santa Cruz 830, Of. 401, Miraflores, Lima 18, Peru and the registered office of the Company is located at Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador are specifically incorporated by reference into, and form an integral part of, this prospectus:

- the annual information form of the Company dated 31 March 2011 for the year ended 31 December 2010 (the “**AIF**”);
- the audited consolidated financial statements of the Company for the financial year ending 31 December 2010, together with the notes thereto and the auditors’ reports thereon (the “**Annual Financial Statements**”) contained in pages 36 to 77 (inclusive) of the amended annual report of the Company for the year ended 31 December 2010;
- management’s discussion and analysis of the Company for the financial year ending 31 December 2010 (the “**Annual MD&A**”) contained in pages 19 to 35 (inclusive) of the amended annual report of the Company for the year ended 31 December 2010;
- the management information circular dated 12 August 2011 for the annual general meeting of the Company held on 14 September 2011 (the “**MIC**”);
- the unaudited consolidated financial statements for the quarter ended 30 September 2011 and the notes thereto (the “**Interim Financial Statements**”) together with management’s discussion and analysis (the “**Interim MD&A**”) for such Interim Financial Statements. The Interim Financial Statements have not been subject to independent review; and
- the material change report dated February 14, 2012 in respect of the Don Nicolás Feasibility Study.

Any document of the type referred to in section 11.1 of Form 44-101F1 – *Short Form Prospectus Distributions* filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this short form prospectus and prior to the completion or withdrawal of this Offering, will be deemed to be incorporated by reference into this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document that is also incorporated or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.**

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar regulatory authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary at Av. Santa Cruz 830, Of. 401, Miraflores, Lima 18, Peru, Telephone +51 1 418 1230 and are also available electronically at [www.sedar.com](http://www.sedar.com). The Company’s filings through SEDAR are not incorporated by reference in this prospectus except as specifically set out herein.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Company, and Stikeman Elliot LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”), the regulations thereunder and all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof, the Offered Shares, if issued on the date hereof and listed on a designated stock exchange (which currently includes the TSX) would be “qualified investments” under the Tax Act for trusts governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan and a tax-free savings account (a “**TFSA**”), each as defined in the Tax Act.

Notwithstanding that the Offered Shares may be qualified investments as described above, the holder of a trust governed by a TFSA or the annuitant under a RRSP or RRIF that holds Offered Shares will be subject to a penalty tax if such Offered Shares are a “prohibited investment” for the purposes of the Tax Act. The Offered Shares will generally be a “prohibited investment” if the holder or the annuitant, as the case may be, does not deal at arm's length with the Company for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a “significant interest” (within the meaning of the Tax Act) in the Company or a corporation, partnership or trust with which the Company does not deal at arm's length for the purposes of the Tax Act. Prospective holders should consult their own tax advisors regarding their particular circumstances.

## FORWARD LOOKING INFORMATION

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

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

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements or information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Also, many of the factors are beyond the control of the Company. Accordingly, readers should not place undue reliance on forward-looking statements or information.

Such information is included, among other places, in this short form prospectus under the headings “Recent Developments”, “Use of Proceeds”, “Risk Factors” and in the AIF under the headings “Description of Business” and “Risk Factors” and in the Annual MD&A for the Annual Financial Statements for the year ended 31 December 2010 and in the Interim MD&A for the Interim Financial Statements for the period ended 30 September 2011, each of such documents being incorporated by reference in this short form prospectus.

The forward-looking statements contained herein are made as of the date of this prospectus and are expressly qualified in their entirety by this cautionary statement. Readers should not place undue reliance on the forward-looking statements, which reflect management’s plans, estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances, except as required by applicable law.

## FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The annual audited financial statements of the Company incorporated by reference herein are reported in U.S. dollars and have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) rather than Canadian generally accepted accounting principles (as determined with reference to the Handbook of the Canadian Institute of Chartered Accountants) (“**Canadian GAAP**”) and may not be comparable to financial statements of Canadian issuers. The Company has not, and is not required to, provide a reconciliation of its financial statements to Canadian GAAP.

## CURRENCY AND EXCHANGE RATE INFORMATION

References to “**US\$**” in this short form prospectus are to U.S. dollars, references to “**\$**” in this short form prospectus are to Canadian dollars and references to “**£**” are to U.K. Pound Sterling.

On February 27 2012, the Bank of Canada noon rate of exchange was US\$1.00 = \$0.9983 (\$1.00 = US\$1.0017) and the Bank of Canada noon rate of exchange was £1.00 = \$1.5817 (\$1.00 = £0.6322)

The closing, high, low and average exchange rates for the United States dollar in terms of Canadian dollars for each of the years ended 31 December 2010 and 2009, and the nine month period ended 30 September 2011 as reported by the Bank of Canada, were as follows:

	<b>Nine Month Period Ended 30 September 2011</b>	<b>Year Ended 31 December 2010</b>	<b>2009</b>
Closing	\$1.0170	\$0.9946	\$1.0466
High	\$1.0604	\$1.0778	\$1.3000
Low	\$0.9449	\$0.9946	\$1.0292
Average <sup>(1)</sup>	\$0.9887	\$1.0290	\$1.1420

Notes:

(1) Calculated as an average of the daily noon rates for each period.

The closing, high, low and average exchange rates for the U.K. Pound Sterling in terms of Canadian dollars for each of the years ended 31 December 2010 and 2009, and the nine month period ended 30 September 2011 as reported by the Bank of Canada, were as follows:



	<b>Nine Month Period Ended 30 September 2011</b>	<b>Year Ended 31 December 2010</b>	<b>2009</b>
Closing	\$1.5799	\$1.5513	\$1.6918
High	\$1.6332	\$1.7268	\$1.9148
Low	\$1.5297	\$1.4876	\$1.6368
Average <sup>(1)</sup>	\$1.5859	\$1.5918	\$1.7804

Notes:

(1) Calculated as an average of the daily noon rates for each period.

### **NON-GAAP PERFORMANCE MEASURES**

“Cash operating cost” figures are calculated in accordance with standards developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is the accepted standard of reporting cash costs of production in North America. Adoption of the standard is voluntary and the cost measures presented in this short form prospectus may not be comparable to other similarly titled measures of other companies. Cash operating costs include mine site operating costs such as mining, processing and administration, but are exclusive of royalties, depreciation, amortization, reclamation, capital, development, exploration and other non site costs (transport and refining of metals, and community and environmental related costs). These costs are then divided by ounces produced to arrive at the cash operating cost per ounce. Management believes this information is useful to investors because this measure is considered to be a key indicator of a company’s ability to generate operating earnings and cash flow from its mining operations. Management uses cash operating cost as a key performance indicator to assess the performance of the mine. Management compares the cash operating cost of the mine on a monthly basis. This data is furnished to provide additional information and is a non-GAAP and non-IFRS measure which does not have any standardized meaning prescribed by GAAP or IFRS is therefore unlikely to be comparable to similar measures presented by other issuers. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with Canadian GAAP or IFRS, and is not necessarily indicative of operating costs presented under Canadian GAAP or IFRS.

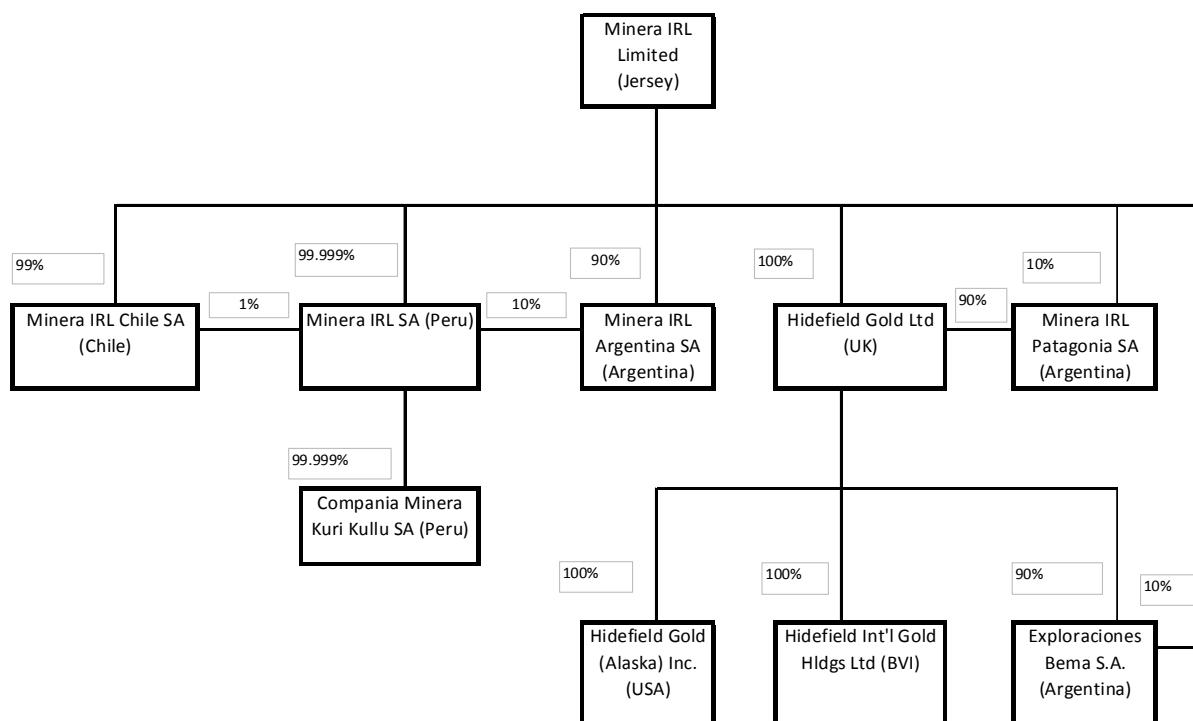
## THE COMPANY

Minera was incorporated in the Cayman Islands on 27 August 2003 as “Goldmin Holdings” under the Cayman Islands Companies Law (2003 Revision) as an exempted company.

On 20 October 2006, the Company applied pursuant to the Jersey Companies Law to the Jersey Registrar of Companies (the “**Jersey Registrar**”) for continuance as a company incorporated under the Jersey Companies Law. On 25 October 2006, the Company applied, pursuant to the Cayman Islands Companies Law (2004 Revision), to the Cayman Islands Registrar of Companies (the “**Cayman Registrar**”) to be de-registered as a Cayman Islands exempted company and to be registered by way of continuation as a company incorporated under the laws of Jersey. On 25 October 2006, the Cayman Registrar issued a certificate that the Company had been de-registered as an exempted company, and as a result the Company ceased to be a “company” for all purposes under the Cayman Islands Companies Law (2004 Revision). Also on 25 October 2006, the Jersey Registrar issued a certificate of continuance as a result of which the Company became a public company incorporated under the Jersey Companies Law, under the name “Minera IRL Limited” registration number 94923. At the Annual General Meeting held on 12 August 2010, shareholders of the Company approved a resolution adopting new Articles of Association compliant with the requirements of the TSX, which new Articles of Association are effective as of such date.

The Company’s registered office is located at Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW. The Company’s corporate head office is located at Av. Santa Cruz 830, Of. 401, Miraflores, Lima 18, Peru.

The following chart sets out the Company’s corporate structure as at the date of this prospectus:



## SUMMARY DESCRIPTION OF THE BUSINESS

The Company is a Latin American, publicly listed gold mining company based in Lima, Peru. The Company's principal properties are the Corihuarmi Gold Mine in Peru, the Ollachea Project in Peru and the Don Nicolás Project in Argentina. For the 9 months to September 2011, the Corihuarmi Gold Mine produced approximately 26,446 ounces of gold at a cash operating cost of US\$381 per ounce. See "Non-GAAP Performance Measures" and the reconciliation table under "Recent Developments — Corihuarmi Gold Mine". The Ollachea Project and the Don Nicolás Project are the Company's two pre-development projects. The Company is aggressively advancing both of these projects through the stages required to demonstrate a viable mining operation which will be followed by subsequent development. The Company also has active exploration projects in Peru and Argentina.

## RECENT DEVELOPMENTS

### Corihuarmi Gold Mine

The Company's only producing mine is the Corihuarmi Gold Mine, located in the high Andes of central Peru. The following information has been derived from and is based on the assumptions, qualifications and procedures set out in the technical report entitled "Corihuarmi Gold Project, National Instrument 43-101 Technical Report" dated 6 April 2010 (the "**Corihuarmi Technical Report**") prepared by Beau Nicholls, Doug Corley, Alex Virisheff, Jean-Francois St-Onge and Barry Cloutt, of Coffey Mining Pty Ltd, each of whom is a "qualified person" and "independent" as those terms are defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). For full technical details, reference should be made to the complete text of the Corihuarmi Technical Report which has been filed with the various securities regulatory authorities in certain of the Provinces of Canada and is available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com).

The Corihuarmi Gold Mine is located 160 km southeast of Lima, Peru in the high Andes. An open pit mine and heap leach treatment facility at a rate of 3,000 tonnes of ore per day was brought on line in early 2008. According to the Corihuarmi Technical Report, the mine life based on proven reserves is until the second half of 2013.

The tables below outline the Mineral Resource and Mineral Reserves at the Corihuarmi Gold Mine.

### Corihuarmi Gold Mine Mineral Resource

Deposit	Cut-off Grade (g/t)	Measured Resource			Indicated Resource			Inferred Resource		
		Tonnes (Mt)	Au (g/t)	In-Situ Gold (koz)	Tonnes (Mt)	Au (g/t)	In-Situ Gold (koz)	Tonnes (Mt)	Au (g/t)	In-Situ Gold (koz)
Diana	0.3	0.87	0.53	15						
Susan	0.25	4.45	0.62	88	0.01	0.33	0.1			
Scree	0							3.77	0.45	55
<b>Total</b>		<b>5.32</b>	<b>0.60</b>	<b>103</b>	<b>0.01</b>	<b>0.33</b>	<b>0.1</b>	<b>3.77</b>	<b>0.45</b>	<b>55</b>

Notes:

- (1) As at 31 December 2009 (and as at 28 February 2010 for Scree).
- (2) For calculation parameters refer to the AIF filed on SEDAR.
- (3) Mineral Reserves are completely included within the Mineral Resource estimates.
- (4) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Corihuarmi Gold Mine								
Proven			Mineral Reserves			Probable		
Tonnes (Mt)	Au (g/t)	In-Situ Gold (koz)	Tonnes (Mt)	Grade (g/t)	In-Situ Gold (koz)	Tonnes (Mt)	Total Au (g/t)	In-Situ Gold (koz)
5.1	0.65	106	-	-	-	5.1	0.65	106

Notes:

(1) As at 31 December 2009.

(2) For calculation parameters refer to the AIF filed on SEDAR.

Due to subsequent processing of the surrounding scree material, management now estimates that the mine life is to 2015.

On 14 November 2011, the Company announced its third quarter results, include operating statistics for Corihuarmi. Below is a summary of the key operating statistics for Corihuarmi for 2010 and 9 months to 30 September 2011:

Operating Parameter	Nine months to Sep. 2011	2010
Waste (tonnes)	219,929	43,981
Ore mined & stacked on heaps (tonnes)	1,529,995	1,455,500
Ore grade, mined and stacked (g/t)	0.76	0.87
Gold produced (ounces)	26,446	32,533
Gold sold (ounces)	26,310	33,240
Realised Gold Price (\$ per ounce)	1,539	1,232
Site operating cash costs (\$ per ounce)	381	383

Following is a table reconciling the 2010 GAAP financial results for cost of sales to the non-GAAP measure of cash operating costs for the Corihuarmi Gold Mine:

Corihuarmi Gold Mine		<b>US\$000</b>
Cash operating costs for the year ending December 31, 2010		
Cost of sales (per financial statements)		23,302
Less:		
Depreciation of mine construction and plant costs and amortisation of deferred development costs	(5,980)	
Workers participation	(797)	
Royalties	(1,640)	
Community costs	(1,802)	
Environment costs	(523)	
Other costs – Transport & Refinery, Inventory adj.	(93)	
		(10,835)
Adjusted cash operating costs		12,467

Ounces of gold produced	32,533
Cash operating cost per ounce production (\$)	383

No adjustments have been made in calculating cash operating costs in respect of non-recurring or one time charges. The above reconciliation of cash operation costs has been consistently applied since the Company brought the Corihuarmi Gold Mine into production.

### Ollachea Project

The Ollachea Project consists of 12 concessions held by the Company's subsidiary, Compania Minera Kuri Kullu SA ("MKK"). The Ollachea Project is in a feasibility study stage, including infill drilling engineering studies (most of the infill having been completed during the Prefeasibility Study). An extensive exploration program is also continuing at the Ollachea Project. The following information has been derived from and is based on the assumptions, qualifications and procedures set out in the technical report entitled "Ollachea Gold Project, National Instrument 43-101 Technical Report on Pre-feasibility study" dated 17 July 2011 (the "**Ollachea Technical Report**") prepared by Doug Corley and John Hearne, of Coffey Mining Pty Ltd; Brett Byler and Christopher Wright of AMEC (Peru) SA, and Michael Drozd, of AMEC E&C Services Inc each of whom is a "qualified person" and "independent" as those terms are defined in NI 43-101. For full technical details, reference should be made to the complete text of the Ollachea Technical Report which has been filed with the various securities regulatory authorities in certain of the Provinces of Canada and is available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com).

The Ollachea Project is located in southern Peru. A prefeasibility study (the "**Prefeasibility Study**") has been completed based upon an Indicated Resource of 1.4 million ounces of gold. A feasibility study is in progress which includes a final, supplementary and limited in-fill drilling program designed for the final confirmation of the Indicated Resource. The objective is to develop an integrated underground gold mine and treatment facility before the end of 2014.

The table below outlines the Mineral Resources at the Ollachea Project in the Prefeasibility Study.

<b>Ollachea Project Mineral Resource</b>			
Mineral Resources above a 2.0 g/t Au cut-off grade	Tonnes (Mt)	Grade (g/t)	Contained Gold (Moz)
<b>Minapampa</b>			
Indicated	9.3	4.0	1.2
Inferred	2.4	3.0	0.2
<b>Minapampa East</b>			
Indicated	1.4	3.9	0.2
Inferred	0.9	3.0	0.1
<b>Total</b>			
Indicated	10.7	4.0	1.4
Inferred	3.3	3.0	0.3

Notes:

1. Mineral Resources are reported above a cut-off grade of 2.0 g/t Au and within three-dimensional geological wireframes constructed to constrain the gold mineralization in the Mineral Resource estimate to zones defined by mineralized diamond drill core intersections. Tonnages are metric tonnes and ounces of contained gold are troy ounces. Mineral Resources above a 2.0 g/t Au cut-off grade have reasonable prospects for economic extraction, based on mineralization continuity, shape and distribution and as demonstrated in this study. Mineral Resources are estimated by Doug Corley, MAIG, QP, of Coffey Mining; and have an effective date of 31 May 2011.

From the Indicated Resource, Probable Mineral Reserves of 9.5 million tonnes grading 3.6g/t gold containing 1.1 million ounces were estimated, using a cut-off grade of 2.0 g/t Au.

An underground mining and treatment rate of 1.1 million tonnes per annum has been designed giving a mine life of approximately nine years. The ore body will be accessed through a 1.2 km slightly inclined tunnel from an adjacent valley. Mining of the steeply dipping lenses will utilize the sub-level open stoping method with cemented paste fill. The ore is metallurgically responsive to standard treatment techniques with a projected extraction of over 90%. Processing will be by way of conventional crush, grind and carbon-in-leach (CIL) technology.

Key performance and economic indicators in the Prefeasibility Study are shown in the table below.

Parameter	Units	Key performance indicator	
Mine life	Years	9	
Tonnes	Mt	9.5	
Grade	g/t Au	3.65	
Contained ounces	Moz	1.11	
Metallurgical extraction	%	91.3	
Ounces produced	Moz	1.01	
Pre-production capital cost	US\$M	169.5	
Life-of-Mine cash operating cost	US\$/t	46.6	
Life-of-Mine cash operating cost	US\$/oz	436	
		Base Case Gold Price	Upside Gold Price
Gold price assumption	US\$/oz	1,100	1,500
<b>Pre-tax</b>			
Project cash flow	US\$M	419	808
NPV at 5% real	US\$M	270	561
NPV at 7% real	US\$M	226	486
NPV at 10% real	US\$M	170	393
IRR (real)	%	28.1	46.5
Payback	Years	3.1	1.9
<b>Post-tax</b>			
Project cash flow	US\$M	280	531
NPV at 5% real	US\$M	167	354
NPV at 7% real	US\$M	133	301
NPV at 10% real	US\$M	91	235
IRR (real)	%	20.5	34.1
Payback	Years	3.8	2.5

Note:

1. Costs are in second quarter 2011 US\$
2. Net present value ("NPV") as at commencement of construction.
3. Pre-tax is before Workers' Participation of 8% and Income Tax of 30% and Post-tax is after Workers' Participation Profit and Income Tax.
4. Payback starts from commencement of production.

On 7 September 2011, the Company announced the maiden Inferred Mineral Resource at the Concurayoc Zone based on infill drilling completed during the second quarter 2011. The Concurayoc Zone Inferred Mineral Resource is shown in the table below.

Concurayoc	Metric tonnes (Millions)	Grade – g/t gold	Contained ounces (Millions)
Inferred Mineral Resource (applying a 2.0 g/t gold cut-off)	10.4	2.8	0.9

On 29 November 2011, pursuant to MKK's option agreement with Rio Tinto Mining & Exploration Limited ("**Rio Tinto**"), MKK completed a US\$2 million payment to Rio Tinto. This \$2 million payment to Rio Tinto fulfils the requirement to pay \$6.25 million over a four year period. A further \$3.8 million was paid in July 2010, which was a one-time payment based upon the ounces in the maiden Inferred Resource estimate and had the effect of reducing the future production royalty from 3% to 1%. The only other remaining commitment to Rio Tinto is a NPV-related payment due 6 months following the public release of a Bankable Feasibility Study.

On 17 February 2012, the Company announced that the first cut has been fired marking the commencement of the 1.2 km exploration drive at Ollachea following the establishment of access and the portal site. The tunnel will allow underground exploration of the eastern strike extent of the Ollachea mineralization as well as provide access to the Minapampa ore body.

## **Don Nicolás Project**

The Don Nicolás Project is located in the Santa Cruz Province of Argentina. The Company acquired the Don Nicolás Project in December 2009 as part of the Company's acquisition of Hidefield Gold Plc (as Hidefield Gold Ltd. was then known) pursuant to a take-over bid, completed via a scheme of arrangement. The following information has been derived from and is based on the assumptions, qualifications and procedures set out in the technical report entitled "Technical Report Feasibility Study Don Nicolás Gold Project, Santa Cruz Province, Argentina" dated 14 February 2012 (the "**Don Nicolás Technical Report**") prepared by Callum Grant, P.Eng., Hassan Ghaffari, P.Eng., André DeRuijter, Pr. Eng (RSA), P.Eng., and Steven Osterberg, P.Geo. (USA), of Wardrop (a Tetra Tech Company); Doug Corley, MAIG R.P. Geo. of Coffey Mining Pty Ltd (Australia); Carlos Guzmán, Registered Member Chilean Mining Commission (Chile), of NCL Ingeniería y Construcción Ltda.; Alistair Cadden, C.Eng. (UK), of Golder Associates Argentina SA; and Tony Sanford, Pr. Sci. Nat. (South Africa), of Ausenco Vector. each of whom is a "qualified person" and "independent" as those terms are defined in NI 43-101. For full technical details, reference should be made to the complete text of the Don Nicolás Technical Report which has been filed with the various securities regulatory authorities in certain of the Provinces of Canada and is available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com).

The Don Nicolás Project is located in Santa Cruz Province, Argentina. A feasibility study was completed in February 2012 with the objective of developing an open pit gold mine and treatment plant by fourth quarter 2013.

The Don Nicolás feasibility study is based on a NI 43-101 compliant "High Grade" (above a 1.6g/t gold cut-off) Measured and Indicated Resource totalling 1.5 million tonnes, grading 6.0g/t gold and 13g/t silver containing 280,000 ounces gold and 630,000 ounces silver. Mine design and production scheduling on this resource has resulted in Proven and Probable Mineral Reserves of 1.2 million tonnes grading 5.1g/t gold and 10g/t silver containing 197,000 ounces gold and 401,000 ounces silver (contained within the reported Measured and Indicated Resource).

An all open pit mining scenario has been adopted with ore production from two districts, Martinetas and La Paloma (location of the Sulfuro Vein), located approximately 50 km apart. The conventional crush, grind and carbon-in-leach (CIL) treatment plant at Martinetas will be designed to have a rate of 350,000 tonnes per annum providing a mine life of 3.6 years. Average annual steady state gold and silver production will be 52,400 ounces and 56,000 ounces respectively at a cash operating cost of US\$528 per ounce after silver credits. From the reserves outlined to date, peak production is scheduled to occur in Year 2 of operation at 63,800 ounces of gold and 92,200 ounces of silver. Logistics are excellent, with close proximity to a major highway. An adequate supply of ground water has been defined.

Key performance and economic indicators are shown in following table.

<b>Parameter</b>	<b>Units</b>	<b>Key performance indicator</b>
Mine life	Years	3.6
Tonnes	Mt	1.2
Grade – gold	g/t	5.1

Parameter	Units	Key performance indicator	
Grade – silver	g/t	10	
Gold Metallurgical extraction	%	92.1	
Silver Metallurgical extraction	%	47.4	
Gold produced	koz	181.0	
Silver produced	koz	190.2	
Pre-production capital cost	US\$M	55.5	
Sustaining capital cost	US\$M	7.3	
Life-of-Mine cash operating cost	US\$/t	82.5	
Life-of-Mine total cash operating cost (After silver credit) excluding royalties	US\$/oz	528	
		<b>Base Case Gold Price</b>	<b>Upside Gold Price</b>
Gold price assumption	US\$/oz	1,250	1,500
<b>Pre-tax</b>			
Project cash flow	US\$M	58.7	101.6
NPV at 5% real	US\$M	44.7	82.2
NPV at 7% real	US\$M	39.9	75.6
NPV at 8% real	US\$M	37.6	72.4
IRR (real)	%	34.6	56.3
Payback	Years	1.8	1.5
<b>Post-tax</b>			
Project cash flow	US\$M	36.1	62.2
NPV at 5% real	US\$M	25.1	48.0
NPV at 7% real	US\$M	21.6	43.7
NPV at 10% real	US\$M	19.8	41.4
IRR (real)	%	22.8	38.1
Payback	Years	2.0	1.7

Note:

1. Costs are as at fourth quarter 2011.
2. Silver price of \$25/oz assumed.
3. NPV as at commencement of construction.
4. Initial Capital Cost excludes IGV (general sales tax), which is recovered once in production.
5. Pre-tax is before other taxes (5% export duty and 0.6% debit & 0.6% credit tax) and Corporate Income Tax of 35%.
6. Post-tax includes tax deduction for prior expenditure and a deduction for allowable prior tax losses.

In 2006, the Company signed an agreement that allowed the Company to acquire certain surface rights to a property known as La Paloma ranch, a 19,000 hectare parcel which overlaps some of the mineral rights of the Don Nicolás Project. This acquisition was subject to the fulfillment of certain conditions precedent and has not yet been completed.

A recently enacted law in Argentina restricts foreign companies from acquiring ownership of certain rural lands. In December 2011, the Argentine Congress enacted Law No. 26,737 (the “**Rural Land Act**”). The Rural Land Act restricts foreign individuals and foreign owned companies from acquiring direct ownership of certain rural lands, which may include the surface land rights over the La Paloma Ranch. To obtain the necessary surface access, the Company can

- (i) obtain a certificate from the Argentine governmental authority that will be created to implement the Rural Land Act certifying that the Rural Land Act does not apply to such surface land rights;
- (ii) execute an agreement with the owner of such surface lands that will grant the Company the required access over those surface lands; or



- (iii) apply for an easement under the Argentinean Mining Code with the relevant authority and submit a guarantee to cover any potential damage to the owner of the surface rights. In addition, the Mining Code grants the holder of an exploitation concession the right to force the acquisition of an area equivalent to one mining unit (100 hectares).

### Other Recent Developments

Effective August 12, 2011, Courtney Chamberlain was replaced on the Audit Committee by Napoleon Valdez. This change was made because Mr. Chamberlain, as a member of the management team, did not qualify as an independent member of the Audit Committee.

### USE OF PROCEEDS

The estimated gross proceeds received by the Company from the Offering will be up to \$30,058,000 (not including the exercise of the Over-Allotment Option). The estimated net proceeds of the Offering, after deducting the Agents' Fee of \$1,502,900 and estimated expenses of the Offering of \$400,000 will be up to approximately \$28,155,100 (or \$31,010,610 if the Over-Allotment Option is exercised in full).

The net proceeds from the sale of the Offered Shares (including any net proceeds from the exercise of the Over-Allotment Option) will be used to assist the Company in funding the exploration and development costs for the next approximately 12 months on its portfolio of properties and in particular, the Ollachea Project and the Don Nicolás Project, as set out in the table below. The balance of the net proceeds from the sale of the Offered Shares (including any net proceeds from the exercise of the Over-Allotment Option), if any, will be used for other general corporate purposes and working capital. In the event that the net proceeds received are less than approximately \$28,155,100, the Company will fund the exploration programs at the Ollachea, Patagonia (Greenfields) Project and other exploration programs over a shorter time period. In addition, the Company will consider raising additional equity capital, or accessing debt facilities to undertake the balance of these expenditures.

	<b>Assuming \$30,000,000 Offering Size</b>
<b>Use of Net Proceeds</b>	<b>(Amounts in \$ thousands)</b>
Ollachea Project	
Feasibility Study	5,980
Exploration Access Drive	9,780
Don Nicolás Project	
Permitting & Other Pre-production Costs	250
Brownfields Exploration	2,440
Exploration	
Ollachea	4,420
Patagonia – Greenfields	4,860
Working Capital and General Corporate Purposes	425.1
<b>TOTAL</b>	<b>28,155.1</b>

The uses of the net proceeds from the fund raising are to complete a feasibility study on the Ollachea Project by the second half of 2012 and complete permitting process for the construction of the Don Nicolás Project by the fourth quarter 2012 whilst, during this period, sustaining active programs of exploration at each project aimed at discovering new gold deposits and expanding current resources. Key to the exploration programs is to further

explore at the Ollachea and Patagonia tenements, including the Don Nicolás Project. In addition, at the Ollachea Project, completion of the construction of the 1.2 km long exploration tunnel would allow underground exploration of the eastern strike extent of the Ollachea mineralization as well as access to the deposit, allowing detailed evaluation of key technical aspects including geotechnical and mine design information. The exploration tunnel is expected to be completed by 2012 year-end. The approval of the construction of the exploration tunnel was announced the Company on August 31, 2011 and was based on the recommendation of Courtney Chamberlain, Executive Chairman of the Company, BSc and MSc Metallurgical Engineering, a Fellow of the Australian Institute of Mining and Metallurgy (AUSIMM), who is recognized as a Qualified Person for the purposes of National Instrument 43-101.

Any additional funds raised pursuant to the exercise of the Over-Allotment Option will be put toward working capital and general corporate purposes.

While the Company intends to spend the net proceeds as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary or desirable.

### **CONSOLIDATED CAPITALIZATION**

There have been no material changes in the Company's share and loan capital on a consolidated basis since 30 September 2011.

As of the date hereof, the Company has 119,582,884 Ordinary Shares outstanding. Upon completion of the Offering, there will be an aggregate of 146,182,884 Ordinary Shares issued and outstanding (or 148,842,884 Ordinary Shares if the Over-Allotment Option is exercised in full).

### **PLAN OF DISTRIBUTION**

Pursuant to the Agency Agreement, the Company will appoint the Agents as its agents to offer the Offered Shares for sale to the public, either directly or through authorized sub-agents, on a best efforts agency basis in each of the provinces of Canada, except Québec, and in the United Kingdom and the United States and internationally by way of private placement pursuant to the private placement or applicable exemptions, in each case, subject to compliance with all necessary legal requirements and the terms and conditions of the Agency Agreement.

The Offered Shares are being sold at an Offering Price of \$1.13 (£0.72 per ordinary share, converted at the Bank of Canada daily noon rate on 23 February, 2012 and rounded to the nearest penny) per Offered Share. The Offering Price was negotiated among the Company and RBC Dominion Securities Inc. on behalf of the Agents and the Special Selling Agents in the context of prevailing market conditions. The Agency Agreement provides that the closing of this Offering will occur on March 5, 2012 or such later date as the Company and the Agents may agree, but in any event not later than March 19, 2012.

As required by the Company's Articles of Association, the shareholders of the Company must approve, by way of an ordinary resolution (requiring simple majority approval), the issuance of the Offered Shares. The Company's Articles of Association provide the shareholders of the Company with a pre-emptive right in respect of the issuance of any Ordinary Shares. Shareholder approval by way of a special resolution of shareholders must also be sought for the waiver of the application of such pre-emptive rights in connection with the issuance of the Offered Shares. The approvals described above were sought at an Annual General Meeting of the shareholders of the Company held on 14 September 2011, where such approvals were obtained.

The Agency Agreement provides for payment by the Company of the Agents' Fee equal to 5% of the gross proceeds received by the Company in respect of the Offering (including any Offered Shares sold as a result of the exercise of the Over-Allotment Option), such Agents' Fee to be payable in full on the Closing Date. The Company has also agreed to grant to the Agents an Over-Allotment Option, exercisable by the Agents in whole or in part in the sole discretion of the Agents, upon giving notice to the Company at any time until 5:00 p.m. (Toronto time) on the date that is 30 days from (and including) the Closing Date to purchase Over-Allotment Shares equal to 10% of the number of Offered Shares sold under the Offering, at the Offering Price to cover over-allotments, if any, and for

market stabilization purposes. This short form prospectus also qualifies the grant of the Over-Allotment Option, and the distribution of any Over-Allotment Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agents' over-allocation position acquires these securities under this short form prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the Price to the Public, Agents' Fee and Net Proceeds to the Company will be \$33,063,800, \$1,653,190 and \$31,410,610, respectively, before deducting the expenses of the Offering.

While the Agents have agreed to use their best efforts to sell the Offered Shares, the Agents are not obliged to purchase any Offered Shares which are not sold. After the Agents have made best efforts to sell all of the Offered Shares offered under this short form prospectus at the Offering Price, the Offering Price may be decreased, and further changed from time to time to an amount not greater than the Offering Price. The compensation realized by the Agents will be decreased by the amount that the aggregate price paid by the purchasers for the Offered Shares is less than the gross proceeds paid by the Agents to the Company. A decrease in the Offering Price will not decrease the amount of the net proceeds of the Offering to be received by the Company. The obligations of the Agents under the Agency Agreement are several and not joint and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events.

Pursuant to the policies of certain Canadian securities regulatory authorities, the Agents may not, throughout the period of distribution under the Offering, bid for or purchase Ordinary Shares for their own account or for accounts over which they exercise control or discretion. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Ordinary Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian marketplaces administered by Market Regulation Services Inc. relating to market stabilization and passive market making activities, and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, the Agents may over-allot or effect transactions which stabilize or maintain the market price of the Ordinary Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Offered Shares (including any Over-Allotment Shares) have not been and will not be registered under the U.S. Securities Act or any state securities laws, and may not be offered or sold within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Agent has agreed that it (and the U.S. broker-dealer affiliate of the Agent which conducts offers and sales in the United States) will not offer or sell the Offered Shares within the United States except in accordance with exemptions from the registration requirements under the U.S. Securities Act and applicable state securities laws. The Agency Agreement provides that certain of the Agents, through their respective U.S. broker-dealer affiliates, may offer and sell the Offered Shares purchased by them pursuant thereto in the United States to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act, in accordance with Rule 144A under the U.S. Securities Act and applicable state securities laws. In addition, the Agency Agreement provides that certain of the Agents, through their respective U.S. broker-dealer affiliates, may offer the Offered Shares for sale by the Company to institutional "accredited investors", that satisfy one or more of the requirements of Rule 501(a)(1), (2), (3) and (7) of Regulation D under the U.S. Securities Act, provided such offers and sales are made in accordance with Rule 506 of Regulation D under the U.S. Securities Act and applicable state securities laws. Moreover, the Agency Agreement provides that the Agents will offer and sell the Offered Shares outside the United States only in accordance with Regulation S under the U.S. Securities Act.

Until 40 days after the commencement of this Offering, an offer or sale of the Offered Shares in the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from such registration requirements.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Ordinary Shares distributed under this short form prospectus in Canada will be deposited and represented electronically through the NCI system of CDS on or prior to the Closing Date. No certificate evidencing the Ordinary Shares will be issued to Canadian

resident purchasers, except if requested. Canadian resident purchasers of Ordinary Shares will receive only a customer confirmation from the Agents or other registered dealer who is a CDS Participant and from or through whom a beneficial interest in the Ordinary Shares is purchased. Certificates for Ordinary Shares distributed under this short form prospectus in the United States will be available at the closing of the Offering.

With respect to the United Kingdom, the Offering is only being, and may only be, made to, and this short form prospectus is only being, and may only be, distributed to and is directed at persons in the United Kingdom who are both (a) a “Qualified Investor” within the meaning of Section 86(7) of the FSMA and (b) within the categories of persons referred to in Article 19(5) (Investment professionals) or Article 49(2)(a) to (d) (High net worth companies, unincorporated associations etc.) of the Financial Promotion Order, or persons in the United Kingdom to whom the offering of securities may otherwise be made or to whom the offering of securities may otherwise be directed in the United Kingdom without an approved prospectus having been made available to the public in the United Kingdom before the Offering is made, and without making an unlawful financial promotion, all such persons together being referred to as “relevant persons”. The Offered Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offered Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this short form prospectus or any of its contents. This short form prospectus is not an “approved prospectus” within the meaning of Section 85(7) of FSMA, has not been prepared in accordance with the prospectus rules contained in the FSA handbook published and updated from time to time by the FSA (acting in its capacity as the United Kingdom Listing Authority of the FSA), and its contents have not been examined or approved by the FSA or London Stock Exchange plc, nor has it been approved by an “authorised person” for the purposes of Section 21 of FSMA.

Subscribers in the United Kingdom who wish to settle their purchase of Ordinary Shares through the CREST system, shall be permitted to do so on delivery of a CREST Participant ID, and Member Account ID to their broker at least five (5) business days prior to the Closing Date. Settlement will require a Delivery-versus-Payment instruction into the CREST system according to the booking instructions provided by the subscriber. The input returned by the subscriber or its settlement agent/custodian of a matching or acceptance instruction to the broker's CREST input will then allow the delivery of subscribed Ordinary Shares to the subscriber's CREST account against payment of the Offering Price per Ordinary Share through the CREST system at the Closing Date.

No representation or warranty, express or implied, is made by the Special Selling Agents as to any of the contents of this short form prospectus. **None of the Special Selling Agents is registered to sell securities in any Canadian jurisdiction and, accordingly, each will only sell ordinary shares of the Company in the United Kingdom and other foreign jurisdictions where it is permitted to do so. This prospectus does not qualify the distribution of the ordinary shares of the Company sold by the Special Selling Agents pursuant to the Offering.**

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The TSX has conditionally approved the listing of the Offered Shares and the Over-Allotment Shares on the TSX and will apply for admission of such shares to trading on AIM. Listing will be subject to the Company fulfilling all listing requirements of the TSX on or before 17 May 2012 and requirements for admission to trading on AIM.

Pursuant to the Agency Agreement, the Company has agreed that, during the period ending 90 days following the Closing Date, the Company will not, without the prior consent of RBC Dominion Securities Inc. on behalf of the Agents, such consent not to be unreasonably withheld, issue, sell, grant any option for the sale of, or otherwise dispose or monetize, or offer to announce any intention to do so, in a public offering or by way of private placement or otherwise, any Ordinary Shares or any securities convertible or exchangeable into Ordinary Shares. Notwithstanding the foregoing: (i) the Company's officers and directors shall be permitted to exercise up to 2,980,000 vested options (that expire on April 12, 2012) and to sell, transfer or dispose of a maximum of 2,980,000 Ordinary Shares provided that in the case of any such sale, transfer or disposal of Ordinary Shares, an equivalent number of the vested options are exercised and provided that (a) the number of vested options and the number of Ordinary Shares that may be sold, transferred or disposed of is stated in the Prospectus and (b) such sale, transfer or disposition is not prohibited by applicable law; and (ii) the Company may (a) grant stock options in the normal

course pursuant to any stock option plan of the Company existing on the Closing Date and (b) issue securities of the Company upon the conversion, exercise or exchange of convertible, exercisable or exchangeable securities existing on the Closing Date or upon the exercise of stock options subsequently granted as permitted by the Agency Agreement.

The Agency Agreement also provides that the Company will indemnify the Agents against certain liabilities and expenses, including liabilities under applicable securities legislation in certain circumstances, or to contribute to payments the Agents may have to make in respect thereof.

### **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

The authorized share capital of the Company consists of an unlimited number of Ordinary Shares of no par value, of which, as at the date hereof, there are 119,582,884 Ordinary Shares issued and outstanding.

All of the issued Ordinary Shares are fully paid and are not subject to any future call or assessment. The Ordinary Shares are without par value and entitle the holders thereof to receive notice of, attend and vote at all meetings of shareholders of the Company. Each Ordinary Share carries one vote at such meetings. All Ordinary Shares rank equally as to dividends, voting powers and participation in assets upon a dissolution or winding up of the Company.

While there is no pre-emptive right pursuant to the Jersey Companies Law, the Company's Articles of Association provide for pre-emptive rights on the issuance of relevant securities, including Ordinary Shares. Apart from certain exceptions for the issuance of relevant securities for consideration other than cash and relevant securities issued pursuant to an employee share scheme, if the Company proposes to allot relevant securities or rights thereto, the Company must first make an offer to each shareholder of the Company to allot to them, on the same or more favourable terms, a proportion of those securities in proportion to their respective shareholding. A shareholder shall have at least 21 days to accept or reject such offer. Shareholders may, by special resolution, resolve to dis-apply the pre-emption rights in respect of certain allotments of relevant securities or otherwise apply the right to an allotment with such modifications as may be specified in the resolution. At the Company's Annual General Meeting held on 14 September 2011, the Company's shareholders authorized the issuance of 59,791,442 Ordinary Shares. With respect to these 59,791,442 Ordinary Shares, the shareholders of the Company have waived their pre-emptive rights. If the Company intends to issue Ordinary Shares in excess of 59,791,442, it will require an additional waiver of the pre-emptive right by shareholders or it will have to comply with the pre-emptive right.

As of the date hereof, options to acquire 17,533,431 Ordinary Shares at an average exercise price of approximately \$1.20 are outstanding.

### **PRIOR SALES**

For the twelve-month period before the date of this prospectus the Company issued the following Ordinary Shares, and securities exercisable into Ordinary Shares:

<b>Date</b>	<b>Number of Ordinary Shares Issued</b>	<b>Price</b>
20 January 2011	30,000	GBP0.45 per share
20 January 2011	25,000	GBP0.62 per share

## TRADING PRICE AND VOLUME

The following table shows the high and low sales prices and volume of the Ordinary Shares traded on the TSX during the past 12 months:

<b>Date</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
February 2011	\$1.55	\$1.29	2,173,356
March 2011	\$1.68	\$1.35	3,317,518
April 2011	\$1.52	\$1.28	1,863,393
May 2011	\$1.33	\$1.13	3,472,458
June 2011	\$1.16	\$0.89	2,420,472
July 2011	\$1.32	\$0.98	1,163,301
August 2011	\$1.32	\$1.10	906,280
September 2011	\$1.34	\$1.00	7,95,813
October 2011	\$1.11	\$0.89	366,486
November 2011	\$1.18	\$1.05	578,620
December 2011	\$1.20	\$1.05	178,534
January 2012	\$1.11	\$1.00	755,780
1 – 27 February 2012	\$1.23	\$1.07	159,400

The following table shows the high and low sales prices and volume of the Ordinary Shares traded on AIM during the past 12 months.

<b>Date</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
February 2011	£0.900	£0.795	4,669,671
March 2011	£1.010	£0.810	7,645,313
April 2011	£0.940	£0.850	1,671,985
May 2011	£0.855	£0.750	1,261,617
June 2011	£0.764	£0.608	1,951,303
July 2011	£0.850	£0.630	2,220,679
August 2011	£0.850	£0.720	6,397,201
September 2011	£0.820	£0.662	1,703,888
October 2011	£0.699	£0.590	690,368
November 2011	£0.710	£0.640	649,520
December 2011	£0.800	£0.660	1,010,471
January 2012	£0.710	£0.638	1,211,162
1 – 27 February 2012	£0.765	£0.669	1,060,501

The following table shows the high and low sales prices and volume of the Ordinary Shares traded on the BVL during the past 12 months displayed.

<b>Date</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
February 2011	US\$1.43	US\$1.23	2,358,204
March 2011	US\$1.63	US\$1.37	2,816,467
April 2011	US\$1.50	US\$1.20	2,183,474
May 2011	US\$1.39	US\$1.20	1,033,633
June 2011	US\$1.30	US\$0.99	885,439
July 2011	US\$1.35	US\$1.02	739,577
August 2011	US\$1.35	US\$1.15	487,932
September 2011	US\$1.32	US\$1.13	372,501
October 2011	US\$1.16	US\$0.97	427,841
November 2011	US\$1.15	US\$1.07	340,093
December 2011	US\$1.23	US\$1.05	334,985
January 2012	US\$1.14	US\$1.01	784,240
1 – 27 February 2012	US\$1.27	US\$1.10	606,040

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Company, and Stikeman Elliot LLP, counsel to the Agents, the following is, as of the date of this prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act that generally apply to holders who acquire beneficial ownership of Offered Shares under the Offering. This summary assumes that the Company is not resident in Canada for the purposes of the Tax Act. This summary is applicable only to a holder who, at all relevant times, for the purposes of the Tax Act: (i) deals at arm's length and is not affiliated with the Company; (ii) who acquires and holds the Offered Shares as capital property; and (iii) who is or is deemed to be a resident of Canada (a **"Canadian Holder"**). Offered Shares will generally be considered to be capital property to a Canadian Holder unless the Canadian Holder holds such shares in the course of carrying on a business or has acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade for the purposes of the Tax Act.

This summary does not apply to a Canadian Holder: (i) that is a "financial institution" as defined in the Tax Act for purposes of the mark-to-market rules; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) an interest in which would be a "tax shelter investment" for the purposes of the Tax Act; (iv) in respect of whom the Company would be a "foreign affiliate" for the purposes of the Tax Act; or (v) that has made a functional currency election under section 261 of the Tax Act.

This summary is based upon the current provisions of the Tax Act and regulations thereunder in force as of the date hereof, all specific proposals (the **"Proposed Amendments"**) to amend the Tax Act that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (**"CRA"**) that are publicly available. No assurance can be given that any Proposed Amendments will be enacted in their current proposed form, or at all. This summary does not take into account or anticipate any other changes to the law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations. Generally, for the purposes of the Tax Act, all amounts relating to the acquisition, holding and disposition of Offered Shares (including dividends, adjusted cost base and proceeds of

disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must be converted into Canadian dollars based on the exchange rates as determined in accordance with the Tax Act.

**This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Canadian Holder. Therefore, prospective holders should consult their own tax advisors with respect to their particular circumstances.**

## **Dividends**

Dividends received (or deemed to be received) on the Offered Shares, including the amount of any taxes withheld thereof, will be included in computing the Canadian Holder's income. In the case of a Canadian Holder that is an individual, as the Company is not a Canadian corporation, such dividends will not be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations (as defined in the Tax Act). In the case of a Canadian Holder that is a corporation, such dividends will not be deductible in computing the taxable income of the holder under the rules that generally apply to dividends received from taxable Canadian corporations.

Subject to the detailed rules in the Tax Act, a Canadian Holder may be entitled to a foreign tax credit or deduction for any foreign withholding tax paid with respect to dividends that the Canadian Holder receives on Offered Shares.

## **Disposition of Offered Shares**

A disposition or deemed disposition by a Canadian Holder of Offered Shares will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such Canadian Holder's adjusted cost base of such shares. The adjusted cost base to a Canadian Holder of Offered Shares acquired pursuant to this Offering will be determined by averaging the cost of such Offered Shares with the adjusted cost base of any other shares of the same class owned by the Canadian Holder as a capital property at such time.

One-half of any capital gain will be included in income as a taxable capital gain and one-half of any capital loss may normally be deducted as an allowable capital loss against taxable capital gains realized in the taxation year of disposition. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to the detailed provisions of the Tax Act in that regard. Subject to the detailed rules in the Tax Act, a Canadian Holder may be entitled to a foreign tax credit or deduction for any foreign tax paid with respect to gains that the Canadian Holder realizes on a disposition of Offered Shares. Prospective Canadian Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

## **Other Taxes**

A Canadian Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" for the year, including: (i) dividends received on Offered Shares; and (ii) taxable capital gains realized on a disposition (or deemed disposition) of Offered Shares. This refundable tax generally will be refunded to a corporate holder at the rate of \$1 for every \$3 of taxable dividends paid by such Canadian Holder while it is a private corporation.

Individuals and certain trusts may be subject to alternative minimum tax in respect of realized capital gains as calculated in accordance with the detailed rules set out in the Tax Act.



## Foreign Property Information Reporting

A Canadian Holder that is a “specified Canadian entity” for a taxation year or a fiscal period and whose total “cost amount” of “specified foreign property” (as such terms are defined in the Tax Act), including Offered Shares, at any time in the year or fiscal period exceeds \$100,000 will be required to file an information return for the year or period disclosing prescribed information. Subject to certain exceptions, a Canadian Holder will generally be a specified Canadian entity.

## Offshore Investment Fund Property Rules

In the 2010 Federal Budget, the Minister of Finance (Canada) announced that certain previously announced Proposed Amendments to the Tax Act relating to the taxation of Canadian residents investing in certain non-resident entities will not be implemented. Proposed Amendments released for consultation on 27 August 2010 contained a slightly revised version of the current offshore investment fund property rules. There can be no assurance that these Proposed Amendments will be enacted as proposed, or at all.

The existing rules with respect to offshore investment fund property may, in certain circumstances, require a Canadian Holder to include an amount in income in each taxation year in respect of the acquisition and holding of Offered Shares, if:

1. the value of such shares may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (“**Investment Assets**”); and
2. it may reasonably be concluded that one of the main reasons for the Canadian Holder acquiring or holding Offered Shares was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the holder.

If applicable, these rules would generally require a Canadian Holder to include in income for each taxation year in which such holder holds the Offered Shares, an imputed amount determined by applying a prescribed rate of interest to the “designated cost” (as defined for purposes of the offshore investment fund property rules) to the holder of the Offered Shares at the end of each month in the year, less the amount of income for the year (other than a capital gain) of the holder from the Offered Shares. Any amount required to be included in computing a Canadian Holder’s income in respect of an Offered Share under these rules would be added to the adjusted cost base to the holder of such Offered Share.

**These rules are complex and their application depends, in part, on the reasons for a Canadian Holder acquiring or holding Offered Shares. Canadian Holders are urged to consult their own tax advisors regarding the application and consequences of these rules in their own particular circumstances.**

## INTERESTS OF EXPERTS

The following is a list of the persons or companies named as having prepared or certified a statement, report or valuation, in this short form prospectus, either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company.

Beau Nicholls, BSc (Geo), MAIG, Geology Manager - Brazil; Doug Corley, BAppSc (Geo), BSc(Hons), MAIG, Associate Resource Geologist; Jean-Francois St Onge eng., B.Sc.A. (Mining), MAusIMM, Mining Engineer; Barry Cloutt, BAppSc (Eng Met), MAusIMM, Chief Metallurgist; and Alex Virisheff BSc (Hons) (Geo),

MAusIMM, MGSA, Principal Consultant – Resources; of Coffey Mining Pty Ltd are the authors of the Corihuarmi Report dated 6 April 2010.

Doug Corley, MAIG R.P. Geo., and John Hearne, FAusIMM, of Coffey Mining Pty Ltd; Michael Drozd, SME Registered Member, of AMEC E&C Services Inc; Brett Byler, P.E., and Chris Wright, P.Geo. of AMEC (Peru) SA are the authors of the Ollachea Report dated 17 July 2011.

Callum Grant, P.Eng., Hassan Ghaffari, P.Eng., André DeRuijter, Pr. Eng (RSA), P.Eng., and Steven Osterberg, P.Geo. (USA), of Wardrop (a Tetra Tech Company); Doug Corley, MAIG R.P. Geo. of Coffey Mining Pty Ltd (Australia); Carlos Guzmán, Registered Member Chilean Mining Commission (Chile), of NCL Ingeniería y Construcción Ltda.; Alistair Cadden, C.Eng. (UK), of Golder Associates Argentina SA; and Tony Sanford, Pr. Sci. Nat. (South Africa), of Ausenco Vector are the authors of the Don Nicolás Report dated 14 February 2012.

None of the aforementioned firms or persons, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in any securities or other property of the Company or of any associate or affiliate of the Company in connection with the preparation of such reports. As at the date hereof, the aforementioned persons, and the directors, officers, employees and partners, as applicable, of each of the aforementioned firms, beneficially own, directly or indirectly, less than one percent of the Ordinary Shares of the Company. None of the aforementioned persons are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

## **RISK FACTORS**

A purchaser of the Offered Shares should be aware that there are various risks, including those described below, that could have a material adverse effect upon, among other things, the operating results, earnings, properties, business, business prospects and condition (financial or otherwise) of the Company. Purchasers of the Offered Shares should carefully consider all information contained elsewhere in this short form prospectus including under the heading “Forward Looking Information” or incorporated by reference in this short form prospectus, including, without limitation, the information in the AIF under the heading “Risk Factors”, as well as the additional risk factors set out below before deciding to purchase the Offered Shares.

### **Title to Mineral Properties**

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company’s interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. Also, the Company is in the process of negotiating surface rights to certain of its mineral properties.

The Company’s mining concessions may be terminated in certain circumstances. Under the laws of the jurisdictions where the Company’s operations, development projects and prospects are located, mineral resources belong to the state and governmental concessions are required to explore for, and exploit, mineral reserves. The Company holds mining, exploration and other related concessions in each of the jurisdictions where it is operating and where it is carrying on development projects and prospects. While the Company has not been advised of any proposed termination of any of its concession, the concessions held by the Company in respect of its operations, development projects and prospects may be terminated under certain circumstances, including if certain fees are not paid, certain terms of the concessions or mining legislation governing such concessions are not complied with, or if environmental requirements are not met. Termination of any one or more of the Company’s mining, exploration or other concessions could have a material adverse effect on the Company’s financial condition or results of operations.

## **Liquidity**

There can be no assurance that an active market for the Offered Shares will develop or be sustained following the Closing Date. The market price of publicly traded stock is affected by many variables not all of which are directly related to the success of the issuer. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

## **Recent Regulatory Developments Relating to the Company's Argentinean Operations**

The Government of Argentina recently announced changes to its regulatory regime requiring mining exporters to repatriate all of their export revenue. The Company does not have existing arrangements or plans to export production, however, any future changes to the mining regime in Argentina or to the Company's existing arrangements or plans could have a material adverse effect on the Company.

## **Argentinean Law Restricts Foreign Companies From Acquiring Ownership of Certain Rural Lands**

In December 2011, the Argentine Congress enacted the Rural Land Act. The Rural Land Act restricts foreign individuals and foreign owned companies from acquiring direct ownership of certain rural lands, which may delay the ability of the Company to acquire the necessary surface rights for the Don Nicolás Project. Title to the La Paloma Ranch surface rights has not been secured by the Company. If the Rural Lands Act applies to the Company, the Company will not be permitted to purchase certain surface rights in respect of the Don Nicolás Project, and must instead negotiate an easement with the owner of such surface lands that will grant the Company the access over those surface lands. If the Company were unable to obtain such an easement by negotiation, it would have to apply under the Mining Code to obtain an easement and submit a guarantee to cover any potential damage to the owner of the surface rights. This procedure usually takes more time than the execution of an access agreement and may delay the development of the Don Nicolás Project.

## **Effecting Service of Process and Enforcement of Judgments**

The majority of the Company's directors reside outside of Canada and a majority of the assets of these persons are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors, officers and experts named in this short form prospectus. It may also not be possible to enforce against certain of the Company's directors and officers, and certain experts named herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The Company's auditors are PKF (UK) LLP, Chartered Accountants located at Farringdon Place, 20 Farringdon Road, London, United Kingdom EC1M 3AP.

The transfer agent and branch registrar for the Ordinary Shares in Canada is Computershare Investor Services Inc. at its principal office located at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, in the United Kingdom the principal registrar is Computershare Investor Services (Jersey) Limited at its principal office located at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES and in Peru the transfer agent is Registro Central de Valores y Liquidaciones (CAVALI), Avenida Santo Toribio 143, oficina 501, San Isidro, Lima 27, Peru.

## **LEGAL MATTERS**

Certain Canadian legal matters in connection with this Offering will be passed upon on behalf of the Company by Fasken Martineau DuMoulin LLP and on behalf of the Agents by Stikeman Elliott LLP. The respective partners and associates of each firm will own, directly or indirectly, less than one percent of the issued and outstanding Ordinary Shares following the completion of the distribution of the Offered Shares.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the purchase price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## **ADDITIONAL INFORMATION**

The following cautionary language is required under Jersey corporate law.

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

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

## **AUDITOR'S CONSENT**

We have read the short form prospectus of Minera IRL Limited (the "Company") dated February 28, 2012 qualifying the distribution of 26,600,000 ordinary shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the consolidated and company balance sheets of the Company as at 31 December 2010; and the consolidated and company statements of comprehensive income, cash flows and statements of changes in equity for each of the years then ended. Our report is dated 31 March 2011.

(Signed) PKF (UK) LLP

Chartered Accountants  
London, United Kingdom  
February 28, 2012

## **CERTIFICATE OF THE COMPANY**

Dated: February 28, 2012

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

(Signed) Courtney Chamberlain  
Chief Executive Officer

(Signed) Tim Miller  
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) Douglas Jones  
Director

(Signed) Graeme Ross  
Director

## **CERTIFICATE OF THE AGENTS**

Dated: February 28, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

RBC Dominion Securities Inc.  
(Signed) Patrick Meier  
Managing Director

Jennings Capital Inc.  
(Signed) Daryl J Hodges  
President and Chief Executive  
Officer

Haywood Securities Inc.  
(Signed) Kevin Campbell  
Managing Director,  
Investment Banking