

MINERA IRL LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2010



HIGHLIGHTS

- Corihuarmi 2010 gold production of 32,533 ounces, 15.2% above budget but down 1.5% from 33,013 ounces in 2009
- 2010 gold sales of 33,240 ounces, up 3.3% from 32,166 ounces in 2009 and realised gold price of \$1,232 per ounce, up 24.7% from \$988 per ounce in 2009
- Sales revenue of \$41.1 million in 2010, up 29.0% from \$31.9 million in 2009
- Gross profit of \$17.8 million in 2010, up 36.2% from \$13.1 million in 2009
- EBITDA of \$13.8 million in 2010, which included the write-off of the exploration expenditure for the La Falda and Killincho exploration projects of approximately \$2.7 million, up 22.0% from \$11.3 million in 2009
- Profit before tax of \$6.5 million, up 20.4.% from \$5.4 million in 2009
- Total income after tax of \$2.8 million in 2010, down from \$3.0 million in 2009
- The Company's gold in resource increased to 1.5 million ounces in the Indicated category plus an additional 0.7 million ounces in the Inferred category
- The Pre-feasibility Study at Ollachea progressed toward a mid-2011 completion including a new resource estimate containing 1.2 million ounces in the Indicated category and 0.5 million ounces in the Inferred category
- In May 2010, a new discovery was announced at Concurayoc, located west of the Ollachea Minapampa Zone, where ongoing drilling has the immediate objective of defining an Inferred Resource
- The Feasibility Study on the Don Nicolas Project in Patagonia progressed with in-fill drilling being substantially completed during the 2010 year
- Also in Patagonia, scout drilling at Escondido has identified a new discovery with gold mineralization immediately adjacent to the Las Calandrias discovery announced by Mariana Resources Ltd
- In April 2010, the Company enhanced its shareholder liquidity and global market exposure by obtaining a listing on the TSX Exchange in Toronto under the trading symbol "IRL"
- In July 2010, the Company completed a new \$20 million finance facility with Macquarie Bank Limited, of which \$10 million was drawn as at 31 December 2010
- In November 2010, the Company completed a successful equity raising for gross proceeds of approximately C\$37.5 million, or net proceeds of approximately C\$35 million, by issuing 32,641,600 ordinary shares at C\$1.15 per share
- Cash held of \$34.6 million as at 31 December 2010

CORPORATE INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Timothy Miller

REGISTERED OFFICE

Ordnance House
31 Pier Road
St Helier
Jersey JE4 8PW

NOMINATED ADVISOR & BROKER

Collins Stewart Europe Limited
88 Wood Street
London EC3V 7QR

CO-BROKER (UK)

finnCap Limited
60 New Broad Street
London EC2M1JJ

AUDITOR

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

BANKERS

Macquarie Bank Ltd
Brisbane Branch
300 Queen Street
Brisbane, Queensland 4000
Australia

Royal Bank of Scotland International Ltd
Royal Bank House
71 Bath Street
St Helier
Jersey JE4 8PJ

SOLICITORS

English Law

Fasken Martineau LLP
2nd Floor
17 Hanover Square
London W1S 1HU

Canadian Law

Fasken Martineau Du Moulin LLP
333 Bay Street, Suite 2400
Toronto, ON M5M 2T6
Canada

Jersey Law

Mourant Ozannes
PO Box 87
22 Grenville Street
St Helier
Jersey JE4 8PX
Channel Islands

Peruvian Law

Rodrigo, Elias & Medrano
Av. San Felipe 758 - Jesús Maria
Lima
Perú

Argentinean Law

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

REGISTRARS

Computershare Investor Services
(Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

Registered in Jersey under number 94923

Contents

CHAIRMAN'S STATEMENT	2
DIRECTORS' REPORT	7
STATEMENT OF DIRECTORS' RESPONSIBILITIES	10
INDEPENDENT AUDITOR'S REPORT	11
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME	14
CONSOLIDATED BALANCE SHEET	15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONSOLIDATED CASH FLOW STATEMENT	17
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	18
COMPANY STATEMENT OF TOTAL COMPREHENSIVE INCOME	38
COMPANY BALANCE SHEET	39
COMPANY STATEMENT OF CHANGES IN EQUITY	40
COMPANY CASH FLOW STATEMENT	41
NOTES TO THE COMPANY FINANCIAL STATEMENTS	42

CHAIRMAN'S STATEMENT

I am pleased to present the Minera IRL Limited annual report to shareholders, our fifth as a publicly listed company. Our Company had another very good year in 2010 with substantial progress made on all fronts. Of particular importance, in only two years our gold resource base has increased from a little over 100,000 ounces to 1.5 million ounces in the Measured and Indicated category plus an additional 0.7 million ounces in the Inferred category. This resource base continues to grow and substantially underpins the future of Minera IRL.

Our Corihuarmi Gold Mine continued to out-perform expectations and provides a sound financial underpinning for our business. Good progress was made on the Ollachea pre-feasibility study where in-fill drilling upgraded 1.2 million ounces of gold to the Indicated category along with another 0.5 million ounces of Inferred. The Hidefield Gold plc acquisition, completed at the end of 2009, was bedded down with substantial progress made on the Don Nicolas feasibility study. The progressive gear-up of the exploration program in Patagonia yielded a new discovery at Escondido.

On the corporate front, the Company, already trading on the London AIM and Lima Stock Exchange (BVL), was also listed on the Canadian TSX in April. This was followed by a \$37.5 million fund raising which was completed in November. Growing market recognition and shareholder support led to our share price closing the year on an all-time high. Minera IRL is in a very sound position going into 2011.

Projects

Corihuarmi Gold Mine

The Corihuarmi Gold Mine continued to perform well throughout the year generating strong cash flow for the Group. A total of 32,533 ounces was produced, which was above expectations and in line with 2009 production, at a cash cost of US\$383 per ounce. Gold sales, in line with Company policy of not hedging, averaged US\$1,232 per ounce for 2010, which was US\$244 per ounce higher than the previous year. At the end of 2010 the three year open pit mining contract expired. The Company then took over mining operations which will optimize operating cost going forward. Mine life expectations now extend to 2015 subject to certain permits being received.

Ollachea

Following completion of a positive Scoping Study predicated upon an Inferred Resource containing 1.3 million ounces in late 2009, a pre-feasibility study was commenced and continued throughout the year. A major component of this was an in-fill diamond drilling program on the central Minapampa Zone bringing the total number of holes to 88 giving a drill spacing grid of approximately 30 meters in the mineralized zone. Drilling was also extended another 200 meters to the east (Minapampa East) at which point further drilling advance from surface was precluded by the very steep mountain slope. This information allowed our consultants to upgrade the resource to 9.3 million tonnes grading 3.9g/t containing 1.2 million ounces in the Indicated category plus an additional 4.8 million tonnes grading 3.2g/t containing 0.5 million ounces in the Inferred category.

International engineering company AMEC was appointed to carry out the pre-feasibility study. The detailed design of the underground mine was commenced by Coffey Mining Pty Ltd and underpinned by a comprehensive geotechnical program. The proposal for a 1.3 kilometre production size exploration tunnel to access the mineralized zone was submitted to the authorities for permitting. Metallurgical testing was transferred to AMMTEC in Perth where further

detailed work continues to demonstrate that over 90% gold extraction can be expected using conventional processing methods. Data gathering for the environmental baseline study continued throughout the year. The pre-feasibility study is expected to be completed mid-2011.

A new discovery was announced at Concurayoc where a new mineralized zone to the west of Minapampa has identified mineralization over a 600 meter strike length. Drilling at Concurayoc continues with the objective of estimating a maiden Inferred resource during mid-2011. Mineralization at Ollachea remains open ended and untested along strike both to the east and west as well as down dip.

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

Patagonia

Minera IRL Patagonia SA has put a great deal of effort into the new business unit in the mining friendly province of Santa Cruz, Argentina following the take-over of Hidefield Gold Plc at the end of 2009. This acquisition included the Don Nicolas Project with a resource base of 201,000 ounces in the Indicated category plus 158,400 ounces in the Inferred category. A very large exploration concession totalling some 2,700 square kilometres was also acquired. Early in the year the management team was bolstered and reorganized into two groups, one dedicated to the advancement of a feasibility study at Don Nicolas and the other focused on regional exploration.

The Don Nicolas feasibility study comprises two principal epithermal vein deposits, Sulphuro and Martinetas. During the year some 17,000 meters of in-fill drilling was carried out to improve the confidence level of the resource base. A final round of infill drilling at Martinetas was about to commence at the time of writing which is expected to provide all the information required to complete a resource re-estimation in mid-2011. Ingenieria PENTA Sur SA, an Argentina based engineering company, was appointed to produce the feasibility report. Work included additional metallurgical testing and environmental studies. The feasibility study is expected to be completed in late 2011. Assuming a successful outcome, permitting will be completed and construction started in 2012 with the objective of bringing a new mine on line by early 2013.

The Deseado Massif, the 77,000 square kilometre volcanic complex in which our leases are located, is proving an outstanding, yet under explored, precious metals district. In addition to some very good mines, a number of important discoveries have recently been made. Minera IRL Patagonia's lease holding is amongst the largest in the Deseado Massif and hosts many high quality exploration prospects. During the early part of the year, the extensive database was reviewed and this was supplemented with highly sophisticated modern geophysical technology including a 4,400 line kilometre, high intensity, heliborne magnetic and radiometric survey. The result was an outstanding image of the underlying rock characteristics which provide indications of many additional targets.

Exploration drilling commenced in August with an immediate discovery at Escondido immediately south of Mariana Resources Ltd Las Calandrias discovery. Follow-up exploration on this bulk tonnage deposit is continuing. In addition, the first round of drilling at Pan de Azucar within the Chispas vein field proved encouraging but some 8 kilometres of known outcropping veins containing elevated gold values remain to be drill tested. Other high grade

epithermal vein prospects to be explored in 2011 include Microndas, Paula Andrea and Michelle, along strike from Anglo American's Cerro Vanguardia Mine, the largest gold mine in southern Argentina.

Other Projects

First round of drilling at the Bethania gold-copper porphyry, located only 10 kilometres from the Corihuarmi Gold Mine, was encouraging with long intersections of low grade gold-copper-molybdenum mineralization. Bethania is a very large system with the alteration zone extending some 3.5 kilometres by 1.5 kilometres underlain by encouraging magnetic and chargeability geophysical anomalies. The second round of drilling is scheduled to commence during the second quarter of 2011.

The Quilavira gold prospect in Southern Peru was purchased from Newcrest and surface rights agreements are being negotiated with the local communities. The Huaquira Joint Venture was successfully renegotiated on favorable terms continues with JV partner Minera Alturas Corporation. The Frontera Project in Chile continues to be managed by Teck Cominco.

On the negative side, drilling at the La Falda gold porphyry system in Chile failed to meet expectations and was written off. Likewise, the Company terminated the Killincho exploration project in southern Peru.

Financial Results

Production from the Corihuarmi Gold Mine remained steady compared to 2009 and yielded sales revenue of US\$41.1 million (2009: US\$31.9 million). The increase in revenue compared to 2009 was due the gold price from spot sales increasing from \$988 per ounce to \$1,232 per ounce. Mining and treatment of 20% more ore in 2010 contributed to an increase in the cost of sale to US\$23.3 million (2009: US\$18.8 million). The combined effect was an increased gross profit of US\$17.8 million (2009: US\$13.1 million). Administration expenses of \$7.8 million were higher than the prior year (2009: US\$6.6 million), with the inclusion of the administration costs relating to the Hidefield Gold Plc acquisition. Exploration expense increased to US\$3.3 million (2009: US\$1.7 million), largely arising from the write-offs of the La Falda Project in Chile and the Killincho Project in Peru totalling US\$2.7 million. The overall result was an increased operating profit of US\$7.2 million (2009: US\$5.8 million). The income tax expense, which arises solely in Peru, increased to US\$4.3 million (2009: US\$2.5 million) with the increase in profit before tax in Peru. The Company's total income after tax was \$2.8 million (2009: US\$3.0 million).

The group spent a total of US\$22.9 million on exploration and development during the year (2009: US\$16.4 million) of which US\$22.3 million of the exploration and development expenditure was capitalised to the intangible assets of the group (US\$14.5 million for the Ollachea project) and US\$0.6 million was recognised as a cost in the statement of comprehensive income.

At the end of 2010 the group had a cash balance of US\$34.6 million, leaving the company in a strong position to continue with the program to develop the company.

Board of Directors and Executive Management

In March 2010, Mr Napoleon Valdez joined the Board of Directors. Napoleon is a successful

Peruvian businessman and provides the Board with an invaluable insight and connections in the Peru mining, business and financial circles. The Company is presided over by five directors which includes four outstanding independent directors with extensive experience and diverse backgrounds.

After more than 4 years as Chief Financial Officer and Company Secretary, Richard Michell retired at the end of the year. I would like to express my appreciation for Richard's efforts and contribution during a period of strong growth in which Minera IRL was transformed into a mining company. The role of Tim Miller, Vice President of Corporate Finance, was expanded to include the role of Chief Financial Officer and Company Secretary.

Corporate Governance

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

The Board of Directors maintains audit and compensation committees which further assist in the governance of the Company. Public and investor relations management have been developed in line with the move into the public arena.

Share Price Performance

There was a significant realignment of the Minera IRL Limited share trading profile in 2010. Following several years of the Lima Stock Exchange dominating the turnover of the Company's shares, trading in London on AIM increased to the point where it surpassed Lima. Initially there was poor liquidity in Canada following listing on the TSX in April but this improved later in the year following the equity raising when a significant portion of the \$37.5 million was subscribed by North American institutions.

The share price performance was lackluster during the first 8 months of the year but recovered strongly following the announcement of the Escondido discovery in September. This placed the Company in a strong position for the November fundraising which was well over subscribed. The share price closed at £0.9375 at the end of 2010, an increase of 49% from the first of the year. The market capitalization of the company at the end of the year was £112 million (pounds sterling).

Current Investment Climate and Country Outlook

With a few notable exceptions, Latin America continues to forge ahead with strong growth, improved standards of living and vast expenditure on infrastructure. Peru's economy is strongly underpinned by an outstanding mining industry. In terms of metal production, the country ranks first in silver and zinc, second in copper, third in tin, fourth in lead and sixth in gold. Peru hosts some of the most prospective geology in the world with high quality new discoveries continuing to be made such as the 5 million plus ounce Chucapaca gold discovery by the Gold Fields Ltd/Cia. De Minas Buenaventura SAA Joint Venture not far from Minera IRL's Ollachea Gold

Project. The involvement and support of local communities remains a key component of successful Peruvian mining projects which have a major impact on the local economy, skills, employment, infrastructure and standard of living. Minera IRL, through its local subsidiary Minera Kuri Kullu SA, has been a trend setter by granting the local community a 5% equity participation in the Ollachea Project at the start of production. Whilst controversial in some circles, this model is receiving wide interest as a means of forming true and enduring partnerships with local communities.

Paving the way for a pending merger of the Lima, Santiago and Bogota stock exchanges, the capital gains tax which was discriminatory to foreign companies was amended by the Peruvian congress at the end of the year. An across-the-board 5% capital gains tax now applies. The union of these three South American exchanges promises to create a powerful trading block which should prove particularly beneficial to Minera IRL in extending its investor base.

The Peruvian presidential elections are scheduled for 10 April 2011. President Dr Alan Garcia, who has done an admirable job in presiding over Peru during the past 5 years, is not eligible for a consecutive 5 year term and will stand down. It appears highly likely that the new president elect will maintain policies supportive to the mining industry.

The economy in Argentina is less robust with the official inflation at about 10%, although it is widely believed that the actual inflation is significantly higher, and the Peso continues to weaken. Support for mining is heavily dependent upon the specific province. Santa Cruz, the province in which Minera IRL Patagonia is active, strongly supports mining and we have received every encouragement from the government authorities. Other mining companies are experiencing the same positive working relationships in that province with a high level of exploration and development underway in the Deseado Massif. Elections in Argentina are scheduled for October 2011 but we see no reason not to expect strong ongoing government support for our program in Patagonia.

The Gold price continued its strong upward trend increasing from US\$1,122 per ounce at the beginning of 2010 to close the year at US\$1,406 per ounce, an increase of over 25%. At the time of writing the gold price appears to have consolidated around the US\$1,400 per ounce mark. With the outlook for a continuing weak US dollar and sectors of weakness in the world economy, we are optimistic that gold will test new price barriers in the short to medium term.

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

Courtney Chamberlain
Executive Chairman
Minera IRL Limited

31 March 2011

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year to 31 December 2010.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Minera IRL Group is the development and operation of gold mines in Latin America.

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

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

RESULTS AND DIVIDENDS

The total income for the year after tax was US\$2,847,000 (2009: US\$2,971,000). No dividend was paid during the year and no final dividend is proposed. A profit of US\$2,847,000 (2009: US\$2,971,000) is to be transferred to reserves.

DIRECTORS

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

Director	Ordinary shares of no par value	
	31-Dec-2010	31-Dec-2009 (or date of appointment)
C Chamberlain	3,492,692	3,472,692
D Jones	292,936	204,936
K Judge ⁽¹⁾	1,389,062	1,389,062
G Ross	5,000	5,000
N Valdez Ferrand (appointed 2 March 2010)	44,000	44,000

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

On 31 December 2010 the directors who served during the year held the following share options under the Minera IRL Limited Incentive Stock Option Scheme:

Director	No. Held 31-Dec-2009	Granted	Exercised	Expired or cancelled	No. Held 31-Dec-2010	Exercise price (£)	Expiry Date
C Chamberlain	2,000,000	-	-	-	2,000,000	0.45	12-Apr-2012
	250,000	-	-	-	250,000	0.62	18-Mar-2013
	750,000	-	-	-	750,000	0.9125	17-Nov-2014
	- 500,000	-	-	-	500,000	1.08	17-Nov-2015
D Jones	100,000	-	-	-	100,000	0.45	12-Apr-2012
	50,000	-	-	-	50,000	0.62	18-Mar-2013
	100,000	-	-	-	100,000	0.9125	17-Nov-2014
	- 120,000	-	-	-	120,000	1.08	17-Nov-2015
K Judge	- 50,000	-	-	-	50,000	0.8875	26-Jan-2015
	- 120,000	-	-	-	120,000	1.08	17-Nov-2015
G Ross	50,000	-	-	-	50,000	0.45	12-Apr-2012
	25,000	-	-	-	25,000	0.62	18-Mar-2013
	50,000	-	-	-	50,000	0.9125	17-Nov-2014
	- 120,000	-	-	-	120,000	1.08	17-Nov-2015
N Valdez Ferrand	- 50,000	-	-	-	50,000	0.725	01-Jul-2015
	- 120,000	-	-	-	120,000	1.08	17-Nov-2015

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

On 4 January 2010 Courtney Chamberlain bought a further 20,000 shares in the company. On 10 November 2010 Douglas Jones bought a further 88,000 shares in the company via the equity offering completed in November 2010. There have been no other movements in any of the directors' interests in the share capital of the Company between 1 January 2011 and 31 March 2011.

Mr Chamberlain and Mr Judge retire by rotation and offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

DONATIONS

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

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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2011 the Company has been notified of the following substantial shareholdings in addition to those of the directors:

	Number of Shares	Percentage of Issued Share Capital
Midas Capital plc	11,036,900	9.2
BlackRock Investment Management (UK) Limited managed funds	9,205,994	7.7
JP Morgan Asset Management (UK) Limited	8,608,000	7.2
Sentry Select	5,300,000	4.4
Shairco for Trading, Industry and Contracting	4,705,000	3.5

SPECIAL BUSINESS AT FORTHCOMING ANNUAL GENERAL MEETING

An ordinary resolution will be proposed at the forthcoming Annual General Meeting to give the directors the authority to allot the Company's Ordinary shares up to a maximum of approximately 40% of shares in issue at the time of the Annual General Meeting. This authority is being sought to give the Company flexibility to make further issues of shares.

Subject to the passing of this ordinary resolution a special resolution will be proposed to renew the directors' power to disapply the pre-emption rights specified in the Articles of Association of the Company in respect to the allotment of the same approximately 40% of shares in issue. These authorities, if granted, would be valid from the date of the passing of the resolutions until the date of the next Annual General Meeting.

DISCLOSURE OF INFORMATION

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

By order of the Board

Timothy W. Miller
Company Secretary

31 March 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the group and parent company financial statements ("the financial statements") of Minera IRL Limited for the year ended 31 December 2010 which comprise consolidated and company statements of total comprehensive income, balance sheets, statements of changes in equity, cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's and the group's affairs as at 31 December 2010 and of the group's profit and the company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Separate opinion in relation to IFRSs

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

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

Matters on which we are required to report by exception

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

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

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

31 March 2011

Independent Auditor's Report to the Directors of MINERA IRL LIMITED in respect of Compatibility with Canadian GAAS

In accordance with the requirement contained in National Instrument 52-107 we report below on the compatibility of Canadian Generally Accepted Auditing Standards ("Canadian GAAS") and International Standards on Auditing (UK and Ireland).

We conducted our audit for the year ended 31 December 2010 in accordance with International Standards on Auditing (UK and Ireland). There are no material differences in the form or content of our audit report, and as compared to an auditor's report prepared in accordance with Canadian GAAS it would not contain a modified audit opinion.

PKF (UK) LLP
London, UK

31 March 2011

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Notes	2010 US\$000	2009 US\$000
Revenue		41,082	31,856
Cost of sales		(23,302)	(18,804)
Gross profit		17,780	13,052
Administrative expenses		(7,755)	(6,637)
Exploration costs		(3,321)	(1,739)
Gains on disposal of available for sale investments		468	-
Excess of fair value of assets acquired over consideration	2	-	1,134
Operating profit		7,172	5,810
Finance income	7	95	36
Finance expense	7	(731)	(402)
Profit before tax	4	6,536	5,444
Income tax	8	(4,287)	(2,473)
Profit for the year attributable to the equity shareholders of the parent		2,249	2,971
Gain on valuation of available for sale investments		598	-
Total comprehensive income for the year attributable to the equity shareholders of the parent		2,847	2,971
Earnings per ordinary share (US cents)			
- Basic	9	2.5	4.3
- Diluted	9	2.4	4.3

There are no other elements of comprehensive income.

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Notes	2010 US\$000	2009 US\$000
Assets			
Property, plant and equipment	10	24,443	25,390
Intangible assets	11	53,746	34,197
Available for sale investments	13	1,014	1,567
Deferred tax asset	12	77	426
Other receivables	15	4,735	2,808
Total non-current assets		84,015	64,388
Inventory	14	2,508	1,526
Other receivables and prepayments	15	3,345	1,714
Cash and cash equivalents	16	34,648	14,218
		40,501	17,458
Non-current assets held for sale	2	-	600
Total current assets		40,501	18,058
Total assets		124,516	82,446
Equity			
Share capital	17	100,707	65,784
Foreign currency reserve		129	129
Share option reserve	17	1,938	1,363
Revaluation reserve		598	-
Accumulated losses		(1,029)	(3,400)
Total equity attributable to the equity shareholders of the parent		102,343	63,876
Liabilities			
Interest bearing loans	18	10,000	-
Provisions	18	1,639	1,463
Other long term liabilities	18	-	1,843
Total non-current liabilities		11,639	3,306
Interest bearing loans	18	-	3,511
Current tax		1,737	951
Trade and other payables	18	8,797	10,802
Total current liabilities		10,534	15,264
Total liabilities		22,173	18,570
Total equity and liabilities		124,516	82,446

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 31 March 2011.

Courtney Chamberlain
Executive Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

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

	Note	Share capital US\$000	Foreign currency reserve US\$000	Share option reserve US\$000	Revaluation reserve US\$000	Accumulated losses US\$000	Total US\$000
Balance at 1 January 2010		65,784	129	1,363	-	(3,400)	63,876
Profit for the year		-	-	-	-	2,249	2,249
Gain on available for sale financial assets		-	-	-	598	-	598
Total comprehensive income		-	-	-	598	2,249	2,847
New share capital subscribed	17	37,987	-	-	-	-	37,987
Cost of raising share capital		(3,064)	-	-	-	-	(3,064)
Reserve for share option costs		-	-	697	-	-	697
Exercise of share options		-	-	(122)	-	122	-
Balance 31 December 2010		100,707	129	1,938	598	(1,029)	102,343

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2010

	Note	2010 US\$000	2009 US\$000
Cash flows from operating activities			
Operating profit		7,172	5,810
Depreciation	10	6,689	5,509
Impairment of exploration assets	11	2,766	-
Provision against non-current assets		600	-
Share option costs	17	697	190
Provision for mine closure costs		176	228
Profit on disposal of available for sale investments		(468)	-
Loss on disposals of assets		101	28
Excess of fair value of assets acquired over consideration		-	(1,134)
Foreign exchange losses relating to non-operating items		147	250
Increase in inventory		(982)	(753)
(Increase)/decrease in other receivables and prepayments		(3,558)	5,097
(Decrease)/increase in trade and other payables		(4,005)	709
Corporation tax paid		(3,152)	(4,473)
Net cash flow from operations		6,183	11,461
Interest received		95	36
Interest paid		(574)	(140)
Net cash flow from operating activities		5,704	11,357
Cash flows from investing activities			
Sale of available for sale investments		1,619	-
Acquisition of subsidiaries net of cash received	2	-	(1,843)
Acquisition of property, plant and equipment	10	(5,843)	(3,581)
Acquisition of intangible assets (exploration expenditure)		(22,315)	(12,416)
Net cash outflow from investing activities		(26,539)	(17,840)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		36,987	15,300
Cost of raising share capital		(3,064)	(841)
Receipt of loans		10,000	-
Repayment of loans		(2,511)	(2,500)
Net cash inflow from financing activities		41,412	11,959
Net increase in cash and cash equivalents		20,577	5,476
Cash and cash equivalents at beginning of period	16	14,218	8,992
Exchange rate movements		(147)	(250)
Cash and cash equivalents at end of period	16	34,648	14,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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

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

The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the “Group”).

The financial statements were authorised for issue by the directors on 31 March 2011.

Statement of Compliance

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

There has not been any significant impact on the financial statements, other than as mentioned in note 2, from new Standards or Interpretations which became effective during the year.

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

Basis of Preparation and Going Concern

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

In common with many exploration and mining companies, the Company raises finance for its exploration activities in discrete tranches to finance itself for limited periods only. Further funding is raised as and when required, the most recent being in November 2010 (note 17).

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

Accounting Policies

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

(a) Principles of Consolidation

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting

policies used into line with those used by other members of the Group.

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

(b) Significant accounting estimates and assumptions

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

- Capitalisation and impairment of mining assets, deferred exploration and development costs - accounting policies h, i and j
- Estimation of share based payments - accounting policy o
- Environmental provisions - accounting policy n
- Fair value of assets and liabilities acquired in a business combination - accounting policy a
- Estimation of recoverable gold contained on the leach pads- accounting policy k.

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

(c) Revenue Recognition

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

(d) Income Tax

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

(e) Foreign Currency

The Group's functional and presentational currency is United States dollars (US\$).

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

(f) Cash and Cash Equivalents

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

(g) Trade and Other Receivables

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

(h) Property, plant and equipment*(i) Owned asset*

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(iv) Deferred development costs

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

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

(i) Intangible assets*Deferred exploration costs*

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

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

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

(j) Impairment

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

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

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

(k) Inventory

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

As noted in 1 b), the estimation of gold remaining on the leach pads is an area which involves a high degree of judgement when preparing the financial statements. Previously no amounts had been recognised as the directors estimated, based on historic mining data from the Corihuarmi mine, that these amounts were immaterial. The directors have reviewed the valuation of this based on further data available from the operation of this mine and have recognised an asset in respect of this. The effect of this change in estimate is to increase inventories and profit by \$1,117,000.

(l) Trade and other payables

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

(m) Segment reporting

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

(n) Provisions

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

(o) Share based payments

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

(p) Interest bearing borrowings

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

(q) Available-for-sale financial assets

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

(r) Non-current assets held for resale

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

NOTE 2 ACQUISITION OF A SUBSIDIARY

On 21 December 2009 the group acquired 100% of the share capital of Hidefield Gold PLC, which subsequently became Hidefield Gold Limited. The consideration for the acquisition was predominately through the issue of 9,767,291 shares. The fair value of these shares by reference to the market price was US\$9,866,000. In addition to the shares a convertible loan note was also provided to Hidefield Gold of US\$1,213,000 with further costs of US\$1,037,000 also being capitalised. The revised requirements of IFRS 3 do not permit the capitalisation of expenses related to the acquisition. However, this can be applied prospectively and as a result has no impact on the reported transactions. The fair value of the consideration is therefore US\$12,116,000.

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

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

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

The non-current asset held for sale represents the Brazilian operations of the acquired group for which a sale agreement has been signed. This was initially measured at the fair value less costs of sale. This balance had not been received by 31 December 2010 and a bad debt provision has been made for the full amount outstanding. This provision is contained within administrative costs.

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

NOTE 3 SEGMENT REPORTING

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

The Group has only one customer (2009: one). The following table sets out the income and expenditure of the Group according to these reporting segments:

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

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

NOTE 4 PROFIT BEFORE TAX

	2010 US\$000	2009 US\$000
Profit is stated after charging/(crediting):		
Auditors' remuneration:		
Audit of group financial statements	74	72
Fees payable to the Company's auditor and its associates in respect of :		
The auditing of accounts of associates of the Company pursuant to legislation	111	79
Corporate finance services	53	45
Share based payments	697	190
Foreign exchange (gains)/ losses	(405)	694

NOTE 5 STAFF NUMBERS AND COSTS

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

	Number of employees 2010	Number of employees 2009
Corporate finance and administration	48	46
Technical	83	24
Construction and production	225	151
	356	221

The aggregate payroll costs of these persons were as follows:

	2010 US\$000	2009 US\$000
Wages and salaries	6,559	5,489
Social security	1,125	881
Share based payments	697	190
	8,381	6,560

NOTE 6 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

	Salary & fees US\$000	Bonus US\$000	Other Benefits US\$000	Share Based Payments US\$000	2009 Total Remuneration US\$000
2009					
Directors:					
C Chamberlain	258	6	16	71	351
D Jones	25	-	-	9	34
K Judge	-	-	-	-	-
G Ross	18	-	-	5	23
T Streeter	12	-	-	2	14
Non-Directors	781	78	228	57	1,144
TOTAL	1,094	84	244	144	1,566

NOTE 7 FINANCE INCOME/ (EXPENSE)

	2010 US\$000	2009 US\$000
Interest income	95	36
Interest expense	(574)	(140)
Unwinding of discount on contractual liabilities (note 18)	(157)	(262)
Total interest expense	(731)	(402)
Net finance expense	(636)	(366)

NOTE 8 INCOME TAX EXPENSE

	2010 US\$000	2009 US\$000
Current tax-foreign	4,364	2,899
Deferred tax	(77)	(426)
Income tax expense	4,287	2,473

The income tax expense charge for the year is higher than the charge on the profit before tax at the standard rate of corporation tax of 30% (2009: 30%). The differences are explained below:

	2010 US\$000	2009 US\$000
Tax reconciliation		
Profit before tax	6,536	5,444
Tax at 30% (2009: 30%)	1,961	1,633
Effects (at 30%) of:		
Expenses not deductible for tax purposes	1,526	963
Excess of fair value of assets acquired over consideration not taxable	-	(340)
Difference in tax rates	-	(2)
Tax losses carried forward	800	155
Adjustment to tax charge in respect of prior years	-	260
Withholding tax suffered	-	230
Origination of timing differences	-	(426)
Income tax expense	4,287	2,473

NOTE 9 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders of US\$2,249,000 (2009: US\$2,971,000) and the weighted average number of ordinary shares outstanding during the year ended 31 December 2010 of 90,913,000 (2009: 68,998,000).

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

	2010 Profit US\$000	2010 Number of shares '000	2010 Earnings per share US cents	2009 Profit US\$000	2009 Number of shares '000	2009 Earnings per share US cents
Basic earnings	2,249	90,913	2.5	2,971	68,998	4.3
Dilutive effects- options	-	1,241		-	600	
Diluted earnings	2,249	92,154	2.4	2,971	69,598	4.3

NOTE 10 PROPERTY, PLANT and EQUIPMENT

	Mining assets & deferred development costs US\$000	Land & buildings US\$000	Motor Vehicles US\$000	Computers & other equipment US\$000	Total US\$000
Cost					
Balance at 1 January 2009	30,236	-	435	1,022	31,693
Additions	3,078		12	491	3,581
Disposals	-	-	(41)	-	(41)
Acquired through business combination	-	1,000	16	81	1,097
Balance 31 December 2009	33,314	1,000	422	1,594	36,330
Balance at 1 January 2010	33,314	1,000	422	1,594	36,330
Additions	2,260	339	2,364	880	5,843
Disposals	(161)	-	-	-	(161)
Balance 31 December 2010	35,413	1,339	2,786	2,474	42,012
Depreciation and impairment losses					
Balance at 1 January 2009	5,273	-	54	117	5,444
Depreciation charge for the year	5,174	-	83	252	5,509
Disposals	-	-	(13)	-	(13)
At 31 December 2009	10,447	-	124	369	10,940
Balance at 1 January 2010	10,447	-	124	369	10,940
Depreciation charge for the year	5,980	30	162	517	6,689
Disposals	(60)	-	-	-	(60)
At 31 December 2010	16,367	30	286	886	17,569
Carrying amounts					
At 1 January 2009	24,963	-	381	905	26,249
Balance 31 December 2009	22,867	1,000	298	1,225	25,390
At 1 January 2010	22,867	1,000	298	1,225	25,390
Balance 31 December 2010	19,046	1,309	2,500	1,588	24,443

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

NOTE 11 INTANGIBLE ASSETS

	Deferred exploration costs US\$000
Carrying value 1 January 2009	10,504
Additions	14,716
Acquired through business combination (note 2)	8,977
Balance 31 December 2009	34,197
Carrying value 1 January 2010	34,197
Additions	22,315
Impairment	(2,766)
Balance 31 December 2010	53,746

During 2010 the Group wrote off expenditure relating to a number of mining concessions. The impairment occurred due to unfavourable results from the exploration activities in the individual concessions. These amounts were charged to the income statement within exploration costs written off in that year.

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

NOTE 12 DEFERRED TAXATION**Recognised deferred tax assets**

	2010 US\$000	2009 US\$000
Temporary differences	77	426

Unrecognised deferred tax assets

The Group has estimated tax losses of approximately US\$13.4 million (2009: US\$10.7 million) available to carry forward for offset against future profits. At the year end the potential deferred tax asset of US\$4.5 million (2009: US\$3.5 million) has not been recognised because there is insufficient evidence of the timing of future taxable profits against which they can be recovered.

NOTE 13 AVAILABLE FOR SALE INVESTMENTS

These securities have been valued at the market price quoted on the Toronto Stock Exchange on 31 December 2010.

NOTE 14 INVENTORY

	2010 US\$000	2009 US\$000
Gold in process	1,858	1,076
Mining materials	650	450
	2,508	1,526

NOTE 15 OTHER RECEIVABLES AND PREPAYMENTS

	2010 US\$000	2009 US\$000
Non current assets		
Other receivables	4,735	2,808
Current assets		
Other receivables	2,628	1,531
Prepayments	717	183
	3,345	1,714

Included in other receivables is an amount of US\$6,660,000 (2009: US\$3,898,000) relating to sales tax paid on the purchase of goods and services. This balance is expected to be fully recovered in due course against the revenue earned from exploitation of the respective projects. Included within this is a total of US\$4,735,000 relating to purchases for the Ollachea and the Don Nicolas projects, which will not be recovered in the next accounting period and has therefore been included in non-current assets.

NOTE 16 CASH AND CASH EQUIVALENTS

	2010 US\$000	2009 US\$000
Bank balances	11,744	11,718
Term deposits	22,904	2,500
Cash and cash equivalents in the statement of cash flows	34,648	14,218

NOTE 17 CAPITAL AND RESERVES

As at 31 December 2010 and 31 December 2009 the Company had an authorised share capital of no par shares of an unlimited value.

Issued share capital	Ordinary shares
Shares in issue 1 January 2009	61,883,422
Shares issued 6 July 2009 for total cash consideration of US\$15,070,241	13,615,556
Shares issued 20 July 2009 for total cash consideration of US\$229,640	308,904
Shares issued 21 December 2009 for acquisition of Hidefield Gold valued at US\$9,866,185 (note 2)	9,767,291
Shares in issue 1 January 2010	85,575,173
Shares issued 8 February 2010 for total cash consideration of US\$71,964	100,000
Shares issued 24 June 2010 as a result of a debt for equity swap of US\$1,000,000	1,111,111
Shares issued 5 October 2010 for total cash consideration of US\$35,570	50,000
Shares issued 10 November 2010 for total cash consideration of US\$36,843,390	32,641,600
Shares issued 25 November 2010 for total cash consideration of US\$36,099	50,000
Total	119,527,884

Potential issues of ordinary shares

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

	2010		2009	
	Number of share options	Weighted average exercise price (in £)	Number of share options	Weighted average exercise price (in £)
Outstanding at beginning of year	6,405,000	0.6377	4,155,000	0.4900
Granted during the year	3,005,000	1.0565	2,300,000	0.9125
Exercised during the year	(200,000)	0.4500	-	-
Lapsed during the year	-	-	(50,000)	0.6200
Outstanding at the end of the year	9,210,000	0.7784	6,405,000	0.6377
Exercisable at the end of the year	9,210,000	0.7784	3,697,500	0.4687

The average remaining contractual life of the outstanding options as at 31 December 2010 was 3.2 years (2009: 3.3 years)

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

Date of grant	2010	2009
Share price on date of grant	GBP0.85	GBP0.73
Exercise price	GBP1.0565	GBP0.9125
Expected volatility	30%	30%
Expected option life	2.25 years	3.5 years
Risk free rate of return	0.5%	0.5%
Expected dividends	0%	0%
Expected rate at which holders will leave without exercising	10%	10%
Fair value	GBP0.09	GBP0.11

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

Other share options	Exercisable from	Exercisable to	Exercise price	Number Granted	Number at 31 December 2010	Number at 31 December 2009
17 August 2006	17 August 2006	30 June 2010	US\$1.05	1,904,800	-	1,904,800
6 October 2006	6 October 2006	30 June 2010	US\$1.05	952,400	-	952,400
19 February 2008	19 February 2008	30 June 2010	US\$1.0148	2,956,248	-	2,956,248
7 July 2010	7 July 2010	28 June 2013	US\$1.08	6,944,444	6,944,444	-
30 September 2010	30 September 2010	28 June 2013	US\$1.53	1,633,987	1,633,987	-
					8,578,431	5,813,448

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

Dividends

The directors do not recommend the payment of a dividend.

Reserves

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

Capital Maintenance

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

	At 31 December 2010 US\$000	At 31 December 2009 US\$000
Total interest bearing debt	10,000	3,511
Total equity	102,678	63,876
Debt-to-equity ratio	9.7%	5.5%

NOTE 18 LIABILITIES

Interest bearing loans

	At 31 December 2010 US\$000	At 31 December 2009 US\$000
Non-current liabilities		
Bank loans due after one year	10,000	-
Current liabilities		
Bank loans due within one year	-	3,500
Other loans	-	11
	-	3,511

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

Provisions

The Group has made a provision of US\$1,639,000 against the present value of the cost of restoring the Corihuarmi site to its original condition. This provision is an estimate of the cost of reversing the alterations to the environment which had been made up until 31 December 2010. The timing and cost of this rehabilitation is uncertain and depend upon the duration of the mine life and the quantity of ore which will be extracted from the mine.

	Environmental provisions US\$000
Balance 1 January 2009	1,235
Additional provision	228
Balance 31 December 2009	1,463
Balance 1 January 2010	1,463
Additional provision	176
Balance 31 December 2010	1,639

Other long term liabilities

The Group has entered into an agreement with Rio Tinto under which it has been granted the right to explore and develop the Ollachea property in Peru. Under this agreement the Group has an obligation to pay a total of US\$6 million of which US\$4.0 million had been paid as at 31 December 2010 (2009: US\$2.5 million). The remaining balance of US\$2.0 million (2009: US\$3.5 million), has been included under current liabilities in trade and other payables.

	2010	2009
	US\$000	US\$000
Trade and other payables		
Current		
Trade payables	5,664	3,339
Other payables	2,156	6,529
Accrued expenses	977	934
	8,797	10,802

NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**Financial instruments**

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

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

Risk management

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

Exchange rate risk

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

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

	2010	2009
	US\$000	US\$000
Pounds sterling	8,147	8,581
Australian dollars	40	28
Canadian dollar	16,305	22
Argentine pesos	381	207
Chilean pesos	41	-
Peruvian nuevo soles	239	26
United States dollars	9,495	5,354
	34,648	14,218

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

	2010	2009
	US\$000	US\$000
Pounds sterling	7,939	7,599
Australian dollars	(149)	(18)
Canadian dollar	17,118	22
Argentine pesos	2,090	734
Chilean pesos	41	-
Peruvian nuevo soles	(1,245)	(243)
United States dollars	(4,225)	(7,324)
	21,569	770

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

	2010	2009
	US\$000	US\$000
10% weakening of the US dollar	2,579	809
20% weakening of the US dollar	5,158	1,619
10% strengthening of the US dollar	(2,579)	(809)
20% strengthening of the US dollar	(5,158)	(1,619)

Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents as well as an adequate amount of committed credit facilities. The management of the Group safeguards its cash resources and makes regular forecasts of the requirements to use those resources. If necessary the management adapt their plans to suit the resources available. The amount of US\$2 million owed to Rio Tinto is due in November 2011 and is included within current liabilities. Current liabilities were all due within one year.

Market price of minerals risk

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

Credit risk

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

The Company is exposed to credit risk on the loans it makes to subsidiaries of US\$28 million (included in investments in note C5). Provisions have been made on these balances as detailed in that note.

Interest rate risk

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

Price risk

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

Fair values of financial assets and liabilities

The Group has performed a review of the financial assets and liabilities as at 31 December 2010 and has concluded that the fair value of those assets and liabilities is not materially different to book value.

NOTE 20 CAPITAL COMMITMENTS

The Group has entered into agreements with Rio Tinto to make payments in connection with the Ollachea project in addition to the payments mentioned in note 18 This agreement allows for a further payment upon the successful completion of a feasibility study. Based on the project economics available, the management estimates that the payment will be approximately US\$10.8 million. The Group has further capital commitments of US\$2.7 million.

NOTE 21 RELATED PARTIES

During the year ended 31 December 2010, the Company entered into the following transactions with related parties:

The Company incurred US\$9,553 (GBP6,102) (2009: US\$8,857 (GBP5,479)) of registrar services from Computershare Investor Services (Jersey) Limited, a company related through a common director. The contract for these services provides for a minimum annual charge of GBP3,000 to be paid by the Company.

In addition, the Company incurred US\$9,393 (GBP6,000) of consultancy services from Hamilton Capital Partners Limited for whom a director acts as a senior consultant adviser.

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	2010 US\$000	2009 US\$000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other income		-	-
Administrative expenses		(4,981)	(1,725)
Exploration costs		(722)	(93)
Operating loss		(5,703)	(1,818)
Finance income		454	295
Finance expense		(213)	(98)
Loss before tax		(5,462)	(1,621)
Income tax		(82)	(230)
Loss for the year		(5,544)	(1,851)

There are no other elements of comprehensive income.

COMPANY BALANCE SHEET

As at 31 December 2010

	Note	2010 US\$000	2009 US\$000
Assets			
Property, plant and equipment	C3	63	89
Intangible assets	C4	2,219	1,672
Investments in subsidiary undertakings	C5	65,668	47,597
Total non-current assets		67,950	49,358
Other receivables and prepayments	C6	13	-
Cash and cash equivalents	C7	28,554	11,051
Total current assets		28,567	11,051
Total assets		96,517	60,409
Equity			
Issued share capital	17	100,707	65,784
Share option reserve	17	1,938	1,363
Accumulated losses		(16,817)	(11,395)
Total equity		85,828	55,752
Liabilities			
Interest bearing loans	C9	10,000	-
Total non-current liabilities		10,000	-
Interest bearing loans	C9	-	3,500
Trade and other payables	C8	689	1,157
Total current liabilities		689	4,657
Total liabilities		10,689	4,657
Total equity and liabilities		96,517	60,409

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 31 March 2011.

Courtney Chamberlain
Executive Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Note	Share Capital US\$000	Share option reserve US\$000	Accumulated losses US\$000	Total equity US\$000
Balance at 1 January 2009		41,459	1,173	(9,544)	33,088
Total comprehensive income for the year		-	-	(1,851)	(1,851)
New share capital subscribed	17	25,166	-	-	25,166
Cost of raising share capital		(841)	-	-	(841)
Reserve for share option costs	17	-	190	-	190
Balance at 31 December 2009		65,784	1,363	(11,395)	55,752
Balance at 1 January 2010		65,784	1,363	(11,395)	55,752
Total comprehensive income for the year		-	-	(5,544)	(5,544)
New share capital subscribed	17	37,987	-	-	37,987
Cost of raising share capital		(3,064)	-	-	(3,064)
Reserve for share option costs	17	-	697	-	697
Exercise of share options		-	(122)	122	-
Balance at 31 December 2010		100,707	1,938	(16,817)	85,828

COMPANY CASH FLOW STATEMENT**For the year ended 31 December 2010**

	Note	2010 US\$000	2009 US\$000
Cash flows from operating activities			
Operating loss from continuing operations		(5,703)	(1,818)
Depreciation of deferred development costs		26	25
Impairment of exploration assets		722	-
Share option costs		697	190
Foreign exchange losses		147	250
Provision for investment in subsidiary		1,945	25
(Increase)/decrease in other receivables and prepayments		(13)	26
(Decrease)/increase in trade and other payables		(468)	930
Foreign tax paid		(82)	(230)
Cash used in operations		(2,729)	(602)
Interest received		454	295
Interest paid		(213)	(98)
Net cash outflow from operating activities		(2,488)	(405)
Cash flows from investing activities			
Acquisition of subsidiaries	2	-	(2,250)
Acquisition of intangible assets	C4	(1,269)	(1,422)
(Investments in)/repayments from existing subsidiary undertakings	C5	(20,016)	(2,695)
Net cash inflow/(outflow) from investing activities		(21,285)	(6,367)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		36,987	15,300
Cost of raising share capital		(3,064)	(841)
Receipt of loans		10,000	-
Repayment of loans		(2,500)	(2,500)
Net cash inflow from financing activities		41,423	11,959
Net increase in cash and cash equivalents		17,650	5,187
Cash and cash equivalents at beginning of period		11,051	6,114
Exchange rate movements		(147)	(250)
Cash and cash equivalents at end of period		28,554	11,051

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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

C1. Accounting policies for the Company

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

Subsidiary investments

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

C2. Remuneration of directors and key management personnel

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

	Salary & fees US\$000	Bonus US\$000	Other Benefits US\$000	Share Based Payments US\$000	2009 Total Remuneration US\$000
2009					
Directors:					
C Chamberlain	202	-	-	71	273
D Jones	25	-	-	9	34
K Judge	-	-	-	-	-
G Ross	18	-	-	5	23
T Streeter	12	-	-	2	14
Non-Directors	155	-	-	14	169
TOTAL	412	-	-	101	513

C3. Property, plant and equipment

	Deferred development costs US\$000
Carrying value at 1 January 2009	114
Depreciation	(25)
Carrying value at 31 December 2009	89
Carrying value at 1 January 2010	89
Depreciation	(26)
Carrying value at 31 December 2010	63

C4. Intangible assets

	Deferred exploration costs US\$000
Cost and carrying value at 1 January 2009	250
Additions	1,422
Cost and carrying value at 31 December 2009	1,672
Cost and carrying value at 1 January 2010	1,672
Additions	1,269
Impairment	(722)
Cost and carrying value at 31 December 2010	2,219

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

C5. Investments in subsidiary undertakings

	Investments in Group undertakings US\$000
Cost	
Balance at 1 January 2009	35,574
Additions	14,811
Balance at 31 December 2009	50,385
Balance at 1 January 2010	50,385
Additions	20,016
Balance at 31 December 2010	70,401
Amortisation and impairment losses	
Balance at 1 January 2009	2,763
Impairment	25
Balance at 31 December 2009	2,788
Balance at 1 January 2010	2,788
Impairment	1,945
Balance at 31 December 2010	4,733
Carrying amounts	
At 1 January 2009	32,811
At 31 December 2009	47,597
At 1 January 2010	47,597
At 31 December 2010	65,668

The impairment loss relates to the investment in Minera IRL Chile Ltda. During 2010 this subsidiary company decided to close its project in Chile and the amounts written off represent the amount of the investment less the balance of net assets which is expected to be returned to the parent company.

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

	Country of Incorporation and operation	Principal activity	Minera IRL Limited effective interest	
			2010	2009
Minera IRL SA	Peru	Mining and exploration	100%	100%
Minera IRL Argentina SA	Argentina	Mining and exploration	100%	100%
Minera Kuri Kullu SA	Peru	Mining and exploration	100%	100%
Hidefield Gold Limited	United Kingdom	Mining and exploration	100%	100%
Minera IRL Patagonia SA	Argentina	Mining and exploration	100%	100%
Hidefield International Gold Holdings Ltd	British Virgin Islands	Mining and exploration	100%	100%
Minera IRL Chile Limitada	Chile	Mining and exploration	100%	100%

C6. Other receivables and prepayments

	2010 US\$000	2009 US\$000
Other receivables	13	-

C7. Cash and cash equivalents

	2010 US\$000	2009 US\$000
Bank balances	5,650	8,551
Term deposits	22,904	2,500
Cash and cash equivalents in the statement of cash flows	28,554	11,051

C8. Trade and other payables

	2010 US\$000	2009 US\$000
Current		
Other payables	45	222
Accrued expenses and deferred income	644	935
	689	1,157

C9. Interest bearing loans

	At 31 December 2010 US\$000	At 31 December 2009 US\$000
Non-current liabilities		
Bank loans due after one year	10,000	-
Current liabilities		
Bank loans due within one year	-	3,500

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

C10. Related parties

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

The following table details transactions carried out with subsidiary undertakings:

	2010 US\$000	2009 US\$000
Transfer of cash to/(from) subsidiaries	20,016	2,695

Other related parties

Transactions with other related parties are detailed in note 21.

C11. Financial risk management

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