MINERA IRL LIMITED
Interim Financial Statements
For the Six Months ended 30 June 2015

All figures are in United States ("US") dollars unless otherwise noted.
References to "C$" are to Canadian dollars and to "£" are to British pound sterling.

HIGHLIGHTS

Financial

- Year-to-date gold sales of 11,658 ounces (H1 2014: 11,772 ounces) at an average realized gold price of $1,202 per ounce (H1 2014: $1,288 per ounce).
- Revenue for the first half of 2015 of $14.0 million, down 8% (H1 2014: $15.2 million), the lower revenue reflecting the lower gold price.
- Gross profit for the first half of 2015 of $2.2 million (H1 2014: $3.6 million).
- Loss from continuing operations of $7.8 million during the six months ended 30 June 2015 after writing off carrying value of Bethania exploration property (H1 2014: Loss from continuing operations of $1.8 million).
- Loss including discontinued operations during the first half of 2015 of $7.8 million (H1 2014: Loss including discontinued operations of $34.5 million).
- The provision for Corihuarmi mine closure costs has been adjusted to reflect the findings of the international engineering firm retained by the board to review the costs of mine closure.
- In June 2015, drew down a $70 million bridge loan facility arrange through a Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. ("COFIDE"). Net proceeds were used to repay the $30 million Macquarie Bank Finance Facility and to pay $12 million of $14.2 million outstanding to Rio Tinto. The remaining balance will be used to advance initial aspects of the development of Ollachea.
- The Group also signed a Mandate Letter with COFIDE to structure up to $240 million in debt to be used to replace the Bridge Loan and finance construction of Ollachea.
- Debt of $63.9 million at 30 June 2015, up from $42.6 million at 31 December 2014 (including amounts due to Rio Tinto). Cash balance of $23.2 million at 30 June 2015 (31 December 2014: $3.8 million).

Operational Performance
Corihuarmi, Peru

- Year-to-date, gold production of 12,171 (H1 2014: 11,697).
- Site cash operating costs during the first half were $689 per ounce produced (H1 2014: $741 per ounce produced).

○

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of management.

The Group's independent auditor has not performed a review of these financial statements in accordance with the International Standard on Review Engagements for Reviews of Interim Financial Information

Minera IRL Limited

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in thousands of United States Dollars, except per share amounts)

		Six Months Ended	
	Notes	June 30, 2015	June 30, 2014
Revenue		$ 14,043	$ 15,182
Cost of sales		(11,237)	(11,579)
Gross profit		2,806	3,603
Administration expenses		(3,814)	(2,965)
Exploration costs		(224)	(61)
Share based payments		-	(8)
Gain on sale of exploration property		-	879
(Loss) gain on revaluation of available-for-sale investments		-	14
Operating (loss) profit before impairment		(1,232)	1,462
Write-off of intangible asset	9	(3,034)	-
Operating (loss) profit		(4,266)	1,462
Finance expense	5	(3,329)	(2,984)
Loss before tax		(7,595)	(1,522)
Income tax expense		(193)	(275)
Loss from continuing operations		(7,788)	(1,797)
Discontinued operations			
Dilution (loss) gain on part disposal of joint venture	10	-	560
Share of loss from investment in joint venture	10	-	(2,575)
Loss on remeasurement of asset held for sale	10	-	(30,714)
Loss from discontinued operations		-	(32,729)
Loss for the period attributable to the equity shareholders of the parent		(7,788)	(34,526)
Loss and comprehensive loss for the period attributable to the equity shareholders of the parent		$ (7,788)	$ (34,526)
Loss per share (US cents)			
Basic and diluted - continuing operations	7	(3.4)	(0.9)
Basic and diluted - discontinued operation	7	-	(14.7)
Basic and diluted - total		(3.4)	(15.6)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Minera IRL Limited

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of United States Dollars)

	Notes	June 30, 2015	December 31, 2014
Assets			
Restricted cash	14	$ 1,368	$ -
Property, plant and equipment	8	5,567	5,143
Intangible assets	9	131,020	133,070
Other receivables and prepayments	11	6,683	7,834
Total non-current assets		144,638	146,047
Inventory	12	2,953	3,207
Other receivables and prepayments	11	1,408	864
Current tax recoverable		608	422
Cash and cash equivalents	13	23,173	3,809
Total current assets		28,142	8,302
Total assets		$ 172,780	$ 154,349
Equity			
Share capital	15	$ 159,012	$ 159,012
Share option reserve	15	3,137	2,770
Accumulated losses		(71,203)	(63,482)
Total equity attributable to equity shareholders of the parent		90,946	98,300
Liabilities			
Interest bearing loan	16	61,718	-
Trade and other payables	19	-	14,190
Provisions	18	5,285	4,485
Royalty buyback liabilities	17	6,530	2,153
Total non-current liabilities		73,533	20,828
Interest bearing loan	16	2,190	28,435
Trade and other payables	19	6,111	6,786
Total current liabilities		8,301	35,221
Total liabilities		81,834	56,049
Total equity and liabilities		$ 172,780	$ 154,349

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Minera IRL Limited

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in thousands of United States Dollars, except share amounts)

		Share capital		Reserves		
	Notes	Number of Shares	Amount	Share option	Accumulated losses	Total equity
Balance at 1 January 2014		**182,824,225**	**$ 151,014**	**$ 1,395**	**$ (20,381)**	**$ 132,028**
Loss for the period		-	-	-	(34,526)	(34,526)
Total comprehensive loss		-	-	-	(34,526)	(34,526)
New share capital subscribed		46,044,380	7,745	1,637	-	9,382
Cost of share issuance		-	(62)	(58)	58	(62)
Balance at 30 June 2014		228,868,605	158,697	2,974	(54,849)	106,822
Loss for the period		-	-	-	(8,837)	(8,837)
Total comprehensive loss		-	-	-	(8,837)	(8,837)
New share capital subscribed		2,266,423	328	-	-	328
Cost of share issuance		-	(13)	-	-	(13)
Issuance of share options		-	-	-	-	-
Expiry/lapse of share options		-	-	(204)	204	-
Balance at 31 December 2014		**231,135,028**	**159,012**	**2,770**	**(63,482)**	**98,300**
Loss for the period		-	-	-	(7,788)	(7,788)
Total comprehensive loss		-	-	-	(7,788)	(7,788)
Issuance of share options	15	-	-	434	-	434
Expiry/lapse of share options	15	-	-	(67)	67	-
Balance at 30 June 2015		**231,135,028**	**$ 159,012**	**$ 3,137**	**$ (71,203)**	**$ 90,946**

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Minera IRL Limited

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of United States Dollars)

	Notes	Six Months Ended June 30, 2015	June 30, 2014
OPERATING ACTIVITIES			
Loss before tax		$ (7,595)	$ (1,522)
Finance expense	5	3,329	2,984
Depreciation	8	1,747	1,402
Share based payments		-	8
Write-off of intangible asset	9	3,034	-
Loss (gain) on revaluation of available-for-sale investments		-	(14)
Gain on sale of exploration property		-	(879)
Changes in non-cash working capital items:			
Decrease (increase) in inventory	12	254	(22)
Increase (decrease) in other receivables and prepayments		607	(620)
Decrease in trade and other payables		654	(1,000)
Payment of mine closure costs	18	(58)	(33)
Net cash from operations		1,972	304
Corporation tax paid		(379)	(1,221)
Net cash used in operating activities		1,593	(917)
INVESTING ACTIVITIES			
Proceeds on sale of exploration property		-	1,125
Acquisition of property, plant and equipment	8	(532)	(157)
Deferred exploration and development expenditures	9	(1,997)	(4,292)
Increase in restricted cash	14	(1,368)	-
Net cash used in investing activities		(3,897)	(3,324)
FINANCING ACTIVITIES			
Cost of share issuance		-	(62)
Receipt of loans, net	16	65,476	4,909
Payment of loans	16	(30,000)	-
Payment of long term liabilities	19	(12,000)	
Finance expense paid		(1,808)	(1,228)
Net cash from (used in) financing activities		21,668	3,619
Change in cash		19,364	(622)
Cash at beginning of period		3,809	3,389
Cash at end of period		$ 23,173	$ 2,767
Cash and cash equivalents consists of:			
Cash		$ 942	$ 2,767
Term deposits		22,231	-
		$ 23,173	$ 2,767

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Note 1 – Nature and Continuance of Operations

Minera IRL Limited ("Minera IRL" or the "Group") is registered in Jersey and its registered office is at Ordnance House, 31 Pier Road, St. Helier, Jersey.

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

The financial statements have been prepared on the assumption that the Group will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Group is not expected to continue operations for the foreseeable future.

At 30 June 2015, the Group had working capital of $19,841,000. Working Capital is defined as current assets less current liabilities.

On 3 June 2015, the Group entered into a $70,000,000 secured finance facility (the "Bridge Loan") structured by the Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. ("COFIDE") and syndicated through Goldman Sachs Bank USA ("Goldman Sachs"). The Bridge Loan is expected to be the first step towards a senior debt facility of up to $240,000,000 (Senior Debt Facility"), described in a letter of mandate signed by COFIDE and the Group to build Minera IRL's Ollachea gold project.

The proceeds from the loan were applied towards the repayment of the $30,000,000 Macquarie Bank Limited ("Macquarie Bank") debt facility and the payment of $12,000,000 of the $14,190,000 outstanding to Rio Tinto Mining and Exploration Limited ("Rio Tinto") under the Ollachea Mining Rights Transfer Contract. The remaining $2,190,000 outstanding was converted into an unsecured promissory note payable by 31 December 2015, accruing interest at a rate of 7% per annum. Rio Tinto was also paid $941,000 in outstanding interest and incentive payments.

The net proceeds from the loan, after the payment of fees related to the financing and repayment of existing debt and accrued interest, was $22,231,000 and will be used to advance many of the initial aspects of project development needed to commence major site construction on the Ollachea Gold Project once the Senior Debt Facility is in place. This includes commencing the detailed engineering and design, recommencement of underground drilling at Minapampa East zone, and maintaining social and environmental programs.

The Bridge Loan is expected to be rolled into a Senior Debt Facility, which is expected to be in place during the second half of 2016. However, no agreement has been entered into in respect of the Senior Debt Facility. If the Group is not able to secure the senior debt facility it will not have the funds available to develop the Ollachea Gold Project. Whilst the Directors expect to raise funds through the Senior Debt Facility there can be no guarantee that a funding agreement will be concluded in the required timescale. Additionally, an equity offering may be required to supplement the Senior Debt Facility in funding the development of the Ollachea Gold Project and for corporate and working capital purposes.

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors on 24 March 2016.

Note 2 – Basis of Preparation and Significant Accounting Policies

The financial information contained in these condensed interim consolidated financial statements does not constitute statutory accounts as defined by the Companies (Jersey) Law 1991. No statutory accounts for the period have been delivered to the Jersey Registrar of Companies.

These condensed interim consolidated financial statements have been prepared by management and reported in thousands of United States dollars in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as adopted for use within the European Union and applicable to the preparation of interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual Financial Statements for the year ended 31 December 2014. The disclosures provided below are incremental to those included with the annual Financial Statements. Certain information and disclosures normally included in the notes to the annual Financial Statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual Financial Statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS expected to be effective for the year ended 31 December 2015.

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 operation. 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.

During the first half of 2015 the Group had two customers. The following table sets out the income and expenditure of the Group according to these reporting segments:

	Peru ($'000)	Argentina ($'000)	Other ($'000)	Total ($'000)
For the Six Months Ended 30 June 2015				
Revenue	14,043	-	-	14,043
Administration expenses	(1,767)	-	(2,047)	(3,814)
Operating loss from continuing operations	(2,002)	-	(2,264)	(4,266)
Loss	(3,594)	-	(4,194)	(7,788)
For the Six Months Ended 30 June 2014				
Revenue	15,182	-	-	15,182
Administration expenses	(1,740)	-	(1,225)	(2,965)
Operating profit (loss) from continuing operations	2,775	-	(1,313)	1,462
Loss	1,790	(32,729)	(3,587)	(34,526)

Note 3 – Segment Reporting (continued)

	Peru ($'000)	Argentina ($'000)	Other ($'000)	Total ($'000)
As at 30 June 2015				
Non-current assets	144,638	-	-	144,638
Current	27,607	-	535	28,142
Total assets	172,245	-	535	172,780
As at 31 December 2014				
Non-current assets	146,047	-	-	146,047
Current	8,001	-	301	8,302
Total assets	154,048	-	301	154,349

Note 4 – (Loss) Profit Before Tax

	30 June 2015 ($'000)	30 June 2014 ($'000)
Auditor's remuneration:		
Audit of group financial statements	79	72
Fees payable to the Group's auditor in respect of:		
The auditing of accounts of associates pursuant to legislation	16	35
Taxation services	5	-
Share based payments	-	8
Foreign exchange loss	518	155

Note 5 – Finance Expense

The following table details the finance expenses incurred during the six months ended 30 June 2015 and 2014.

	30 June 2015 ($'000)	30 June 2014 ($'000)
Macquarie Bank finance facility	691	745
Macquarie Bank royalty buyback liabilities	418	788
Macquarie Bank amortization of deferred extension fee	1,564	-
Rio Tinto Ollachea Mining Rights Transfer Contract Payment (1)	(303)	515
Rio Tinto share hold incentive bonus	-	744
COFIDE Bridge Loan	659	-
Sherpa royalty buyback liability	37	-
Other	263	192
	3,329	2,984

(1) On the payment of the amount due to Rio Tinto under the Ollachea Mining Rights Transfer Contract with proceeds from the COFIDE Bridge Loan, Rio Tinto forgave interest accrued in prior periods, resulting in a net reduction in interest expense of $303,000.

Note 6 – Remuneration of Key Management Personnel

30 June 2015	Salary & Fees ($'000)	Bonus ($'000)	Other Benefits ($'000)	Share Based Payments ($'000)	Total ($'000)
Directors:					
C Chamberlain (1)	133	-	2	-	135
D Hodges (2)	102	-	-	-	102
R Fryer (3)	4	-	-	-	4
D Jones	12	-	-	-	12
N Valdez Ferrand (4)	-	-	-	-	-
Directors total	251	-	2	-	253
Non-Directors (5)	515	-	79	-	594
TOTAL	766	-	81	-	847

Notes:
1. Mr. Chamberlain stepped down as Executive Chairman on 6 March 2015, but remained on the Board of Directors until 20 April 2015.
2. Mr. Hodges was appointed as Executive Chairman on 6 March 2015.
3. Mr. Fryer was appointed to the Board of Directors on 5 May 2015.
4. Mr. Valdez Ferrand resigned on 21 January 2015.
5. Non-Directors include the interim CEO and President of the Peruvian subsidiaries, Chief Financial Officer, VP of Exploration, the Corihuarmi Mine Manager, Chief Operating Officer and other senior executives.

30 June 2014	Salary & Fees ($'000)	Bonus ($'000)	Other Benefits ($'000)	Share Based Payments ($'000)	Total ($'000)
Directors:					
C Chamberlain	200	-	4	-	204
D Hodges (1)	9	-	-	-	9
D Jones	12	-	-	-	12
G Ross (2)	3	-	-	-	3
N Valdez Ferrand	12	-	-	-	12
Directors total	236	-	4	-	240
Non-Directors (3)	486	-	141	-	627
TOTAL	722	-	145	-	867

Notes:
1. Mr. Hodges was appointed as a non-executive director of Minera IRL Limited on 10 February 2014.
2. Graeme Ross resigned on 10 February 2014.
3. Non-Directors include the President of the Peruvian subsidiaries, Chief Financial Officer, VP of Exploration, the Corihuarmi Mine Manager and other senior executives.

The Directors of Minera IRL are listed in the Group's most recently filed Annual Information Form and may be found at the Group's website at www.minera-irl.com

Note 7 – Loss per Share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders for the six months ended 30 June 2015 of $7,788,000 (2014: loss of $34,526,000) and the weighted average number of ordinary shares in issue during the six-month period ended 30 June 2015 of 231,135,028 (2014: 221,921,159). Diluted loss per share assumes that dilutive options have been converted into ordinary shares. The calculation is as follows:

	2015 Profit ($'000)	**2015 Number of shares ('000)**	**2015 Earnings per share (cents)**	2014 Profit ($'000)	2014 Number of shares ('000)	2014 Earnings per share (cents)
Basic loss	**(7,788)**	**231,135**	**(3.4)**	(34,526)	221,921	(15.6)
Dilutive effects-options	**-**	**-**	-	-	-	-
Diluted loss	**(7,788)**	**231,135**	**(3.4)**	(34,526)	221,921	(15.6)

As at 30 June 2015 and 2014, all options were excluded from the calculation of diluted loss per share because they were anti-dilutive. Note 15, "Capital and Reserves", provides additional detail on Minera IRL's options.

Note 8 – Property, Plant and Equipment

	Mining Assets & Deferred Development Costs ($'000)	**Land & Buildings ($'000)**	**Motor Vehicles ($'000)**	**Computers & Other Equipment ($'000)**	**Total ($'000)**
Cost					
Balance – 1 January 2014	47,253	1,676	2,810	2,842	54,581
Additions	2,281	13	-	98	2,392
Reclassifications	1,298	(1,293)	-	(5)	-
Disposals	-	-	(184)	-	(184)
Balance – 31 December 2014	**50,832**	**396**	**2,626**	**2,935**	**56,789**
Additions	1,153	-	-	5	1,158
Reclassifications	1,013	-	-	-	1,013
Balance – 30 June 2015	**52,998**	**396**	**2,626**	**2,940**	**58,960**
Accumulated depreciation and impairment losses					
Balance – 1 January 2014	44,568	153	2,075	2,464	49,260
Depreciation for the year	1,900	184	304	119	2,507
Disposals	-	-	(121)	-	(121)
Balance – 31 December 2014	**46,468**	**337**	**2,258**	**2,583**	**51,646**
Depreciation for the period	1,601	3	92	51	1,747
Balance – 30 June 2015	**48,069**	**340**	**2,350**	**2,634**	**53,393**
Carrying amounts					
Balance - 1 January 2014	2,685	1,523	735	378	5,321
Balance – 31 December 2014	**4,364**	**59**	**368**	**352**	**5,143**
Balance – 30 June 2015	**4,929**	**56**	**276**	**306**	**5,567**

Note 9 – Intangible Assets

	Ollachea ($'000)	Don Nicolás ($'000)	Other Peru ($'000)	Other Argentina ($'000)	Total ($'000)
Balance – 1 January 2014	121,455	-	3,308	-	124,763
Additions	7,123	-	1,430	-	8,553
Disposal of exploration property	-	-	(246)	-	(246)
Balance – 31 December 2014	128,578	-	4,492	-	133,070
Additions	1,868	-	129	-	1,997
Reclassifications	-	-	(1,013)	-	(1,013)
Write off	-	-	(3,034)	-	(3,034)
Balance - 30 June 2015	**130,446**	**-**	**574**	**-**	**131,020**

The Group was required to make an option payment of $1,000,000 due in December 2015 to allow the Group to retain its option rights on the Bethania property. At the end of June 2015 the Group decided not to make the payment in order to preserve cash. In consequence the Group recorded a write off charge of $3,034,000

The Ollachea property will require significant project financing in order to bring it into production and convert it into mining assets. However, the carrying values of the deferred exploration and development costs for the Ollachea property and the Group's other exploration properties in Peru at 30 June 2015 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 and development assets on the consolidated statements of financial position.

Note 10 – Investment in the Don Nicolás Joint Venture

Prior to the sale of its interest in July 2014, the Group accounted for its investment in Minera IRL Patagonia S.A. ("Minera IRL Patagonia"), the subsidiary which held the Don Nicolás Gold Project, using the equity method. Although the Group retained more than half of the voting shares in Minera IRL Patagonia, management determined that the Group did not have control by virtue of an agreement with another shareholder, which required unanimous consent on decisions concerning relevant activities resulting in joint control.

	June 30 2014 ($'000)
Balance of investment in joint venture, as at 31 December 2013	**43,653**
Share of losses (net of taxes)	(2,575)
Dilution gain	560
Costs on sale of remaining interest in investment in the Don Nicolás Joint Venture	527
Loss on remeasurement of asset held for sale	(30,714)
Balance of investment in joint venture, as at 30 June 2014	**11,451**

During the six months ended 30 June 2014, the Group recorded a loss of $2,575,000 on its share of Minera IRL Patagonia. During this period, one of its joint venture partners, Compañía Inversora en Minas ("CIMINAS"), made capital contributions of $6,405,000 to the joint venture, which reduced the Group's interest in the Don Nicolás Joint Venture from 91.0% to 80.9% and resulted in a net dilution gain of $560,000.

In July 2014, the Group entered into an agreement to sell its remaining interest in Minera IRL Patagonia to CIMINAS for net proceeds of $11,451,000. As a result, during the six months ended 30 June 2014, the Group recorded a loss on the remeasurement of an asset held for sale of $30,714,000 against its investment in the Don Nicolás Joint Venture, reducing the carrying value to the expected proceeds of $11,451,000 on the disposition of its remaining interest in Minera IRLS Patagonia, less expected transaction costs of $527,000. Subsequent to 30 June 2014, the loss on the remeasurement of the asset held for sale was increased by $1,405,000 with the expected proceeds being reduced to $10,046,000.

Note 11 – Other Receivables and Prepayments

	30 June 2015 ($'000)	31 December 2014 ($'000)
Non-current assets		
Other receivables	**6,683**	6,924
Deferred finance expenses	**-**	910
	6,683	7,834
Current assets		
Other receivables	**1,199**	610
Prepayments	**209**	254
	1,408	864

Included in other receivables is an amount of $7,641,000 (2014: $7,239,000) relating to sales tax paid on the purchase of goods and services in Peru. Included in the sales tax recoverable is an amount of $6,683,000 (2014: $6,671,000) relating to purchases for the Ollachea project, which is not expected to be recovered in the next accounting period and has therefore been included in non-current assets.

Upon the completion of the COFIDE Bridge Loan financing during the six months ended 30 June 2015, the Group expensed to administration expenses $980,000 in financing costs unrelated to the Bridge Loan that had previously been deferred.

Note 12 – Inventory

	30 June 2015 ($'000)	31 December 2014 ($'000)
Gold in process	**1,931**	1,607
Mining materials	**1,022**	1,600
	2,953	3,207

No inventory was impaired in the six months ended 30 June 2015 (2014: nil).

Note 13 – Cash and Cash Equivalents

	30 June 2015 ($'000)	31 December 2014 ($'000)
Bank balances	**942**	3,809
Term deposits	**22,231**	-
Cash and cash equivalents	**23,173**	3,809

The $22,231,000 Term deposits represents the balance of the COFIDE Bridge Loan. The proceeds of this loan are to be used exclusively in connection with the development of the Ollachea project.

Note 14 – Restricted Cash

	30 June 2015 ($'000)	31 December 2014 ($'000)
Security on environmental performance guarantees	**1,368**	-

The Group has provided cash to a Peruvian bank as collateral against performance guarantees the bank has provided to the Peruvian Ministry of Energy and Mines relating to the future reclamation and rehabilitation of the Group's Corihuarmi mine site and Ollachea exploration tunnel site. The performance guarantees are provided in the form of letters of guarantee from a major Peruvian bank and are renewed on an annual basis. Additional details on the cash collateral requirements are provided under note 21, "Capital Commitments and Contingent Liabilities".

Note 15 – Capital and Reserves

As at 30 June 2015 and 31 December 2014, Minera IRL Limited's share capital was made up of no par shares. There is no upper limit on the value of shares to be issued.

Issued share capital	**Ordinary Shares**
Shares in issue 1 January 2014	182,824,225
Share issuance completed 28 January 2014 for settlement of a $7,438,000 Rio Tinto liability [1]	44,126,780
Share issuance completed 31 January 2014 for settlement of $307,000 in trade payables [2]	1,917,600
Share issuance completed 11 August 2014 for settlement of $328,000 in trade payables [3]	2,266,423
Shares in issue 31 December 2014 and 30 June 2015	**231,135,028**

[1] On 28 January 2014, Minera IRL Limited issued 44,126,780 ordinary shares at a price of C$0.179 per share to Rio Tinto to settle the first instalment of the final Ollachea payment for $7,310,000 and interest due ($128,000). Additional details are provided under note 19, "Trade and Other Payables".

[2] On 31 January 2014, Minera IRL Limited issued 1,917,600 ordinary shares at a price of C$0.179 per share to settle certain accounts payable in the aggregate amount of C$343,000 ($307,000).

[3] On 11 August 2014, Minera IRL Limited issued 2,266,423 ordinary shares at a price of C$0.16 per share to settle certain accounts payable in the aggregate amount of C$363,000 ($328,000).

Share Options

Minera IRL Limited has a share option scheme for the benefit of directors, employees and consultants. 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. All of the options outstanding were granted with an exercise price 25% above the prevailing market price on the date of the grant and were exercisable immediately. The options lapse on the fifth anniversary of the date of grant and have no performance conditions.

(Unaudited – Expressed in United States Dollars)

Note 15 – Capital and Reserves (continued)

	30 June 2015		31 December 2014	
	Number of Options	Weighted Average Exercise Price (£)	Number of Options	Weighted Average Exercise Price (£)
Outstanding – beginning of period	9,230,000	0.63	12,010,000	0.68
Granted	-	-	160,000	0.10
Expired	-	-	(2,050,000)	(0.91)
Lapsed	(540,000)	(0.67)	(890,000)	(0.53)
Outstanding, end of period	8,690,000	0.62	9,230,000	0.63
Exercisable, end of period	8,690,000	0.62	9,230,000	0.63

The average remaining contractual life of the outstanding options as at 30 June 2015 was 2.0 years (2014: 2.5 years).

No options were granted during the six months ended 30 June 2015. On 2 April 2014, Minera IRL Limited granted 160,000 incentive stock options at an exercise price of £0.10 for a period of 5 years. The options vested immediately upon being granted, and they were fair valued with a Black-Scholes option pricing model using the following assumptions:

Date of Grant	2 April 2014
Share price on date of grant	£0.08
Exercise price	£0.10
Expected volatility	57%
Expected option life	3.5 yrs.
Risk-free rate of return	0.50%
Expected dividends	Nil
Fair Value	£0.03

The fair value of this option grant resulted in a share based payment expense during 2014 of $8,000.

On the expiry and lapsing of 540,000 options during the six months ended 30 June 2015, a total of $67,000 was transferred from share option reserve to accumulated losses. During the year ended 31 December 2014, on the expiry and lapsing of 2,940,000 options, a total of $262,000 was transferred from share option reserve to accumulated losses.

The following table details the incentive share options outstanding as at 30 June 2015:

Number of share options	Exercise price	Expiry date
160,000	£0.10	2 April 2019
2,830,000	£0.15	15 November 2018
425,000	£0.25	17 May 2018
3,005,000	£0.81	3 April 2017
2,270,000	£1.08	17 November 2015
8,690,000	£0.62	

(Unaudited – Expressed in United States Dollars)

Note 15 – Capital and Reserves (continued)

Other Share Options

	30 June 2015		31 December 2014	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Outstanding, beginning of period	26,000,000	0.18	18,786,525	1.06
Granted	-	-	26,000,000	0.18
Expired	-	-	(18,786,525)	(1.06)
Outstanding – end of period	26,000,000	0.17	-	0.18
Exercisable – end of period	26,000,000	0.17	26,000,000	0.18

As part of the fees paid in connection to the Bridge Loan to the structuring agent Inversiones y Asesoría SHERPA S.C.R.L. ("Sherpa"), Minera IRL Limited is required to grant 11,556,751 options (subject to receipt of all regulatory approvals of the TSX, AIM and BVL stock markets). Each option will be exercisable to purchase one ordinary share of the Group at a price of C$0.20 ($0.16) per share at any time on or prior to the date that is 360 days after the commencement of commercial production from the Ollachea Gold Project. The options have not been granted yet.

The options vest immediately upon being granted and have been fair valued at $434,000 based on the Black-Scholes option pricing model using the following assumptions:

Date of Grant	3 June 2015
Share price on date of grant	C$0.11
Exercise price	C$0.20
Expected volatility	88.1%
Expected option life	3 yrs.
Risk-free rate of return	0.50%
Expected dividends	Nil
Fair value	$0.04

On 30 June 2014, Minera IRL Limited granted 26,000,000 options at an exercise price of $0.176 for a period of two years (30 June 2016) to Macquarie Bank as partial consideration for the one-year extension of the Macquarie Bank loan facility (see note 16, "Interest Bearing Loans"). The options vested immediately upon being granted and were fair valued at $1,629,000 based on the Black-Scholes option pricing model using the following assumptions:

Date of Grant	30 June 2014
Share price on date of grant	$0.176
Exercise price	$0.176
Expected volatility	60%
Expected option life	2 yrs.
Risk-free rate of return	0.50%
Expected dividends	Nil
Fair value	$0.06

The 18,786,525 options that were cancelled when the new options were granted were also held by Macquarie Bank. These original options were also issued as consideration in connection with the interest bearing loan and had an immaterial fair value.

The following table summarises other share options outstanding as at 30 June 2015:

Number of share options	Exercise price	Expiry date
26,000,000	0.176	30 June 2016
26,000,000	0.176	

(1) Options have an exercise price of C$0.20.

Note 15 – Capital and Reserves (continued)

Dividends

The directors do not recommend the payment of a dividend.

Capital Maintenance

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

	30 June 2015 ($'000)	31 December 2014 ($'000)
Total interest bearing debt	**63,908**	28,435
Total equity	**90,946**	98,300
Debt-to-equity ratio	**70.3%**	28.9%

Note 16 –Interest Bearing Loans

	30 June 2015 ($'000)	31 December 2014 ($'000)
Non-current liabilities		
Bank loans due after one year	**61,718**	-
Current liabilities		
Promissory note due within a year	**2,190**	28,435

COFIDE Bridge Loan
In June 2015, the Group secured a $70,000,000 Bridge Loan from the Peruvian state-owned development and promotion bank, COFIDE, which was syndicated through Goldman Sachs. The Bridge Loan is expected to be the first component of a Senior Debt Facility of up to $240,000,000 to be structured by COFIDE to develop the Group's Ollachea Gold Project. The Bridge Loan, net of fees and expenses, has been recorded as an interest bearing loan on the balance sheet under non-current liabilities.

COFIDE is a Peruvian state-owned development bank with a charter to provide financing to projects of national interest. COFIDE is also actively involved with several Peruvian community programs which provide economic, health, social, educational and sustainable large-scale development.

The tenor of the loan is for 24 months, at an interest rate of LIBOR plus 6.17%. The Bridge Loan terms included financing fees of 2.25% ($1,875,000) paid to COFIDE along with an upfront fee of $300,000 to Goldman Sachs. In addition, the Group paid certain fees to the structuring agent, Sherpa, including a 3% fee ($2,100,000) paid in cash as well as a 0.9% net smelter return royalty on the Ollachea Gold Project; in addition Sherpa is entitled to 11,556,751 share options, each of which is exercisable to purchase one ordinary share of Minera IRL Limited at a price of C$0.20 per share at any time on or prior to the date that is 360 days after the commencement of commercial production from the Ollachea Gold Project (subject to the receipt of all regulatory approvals of the TSX, AIM and BVL stock markets). See note 15, "Capital and Reserves" for more details on the share options.

The 0.9% net smelter return royalty granted to Sherpa is subject to a buy back at the Group's option. Details on the royalty buy back are provided in note 17, "Royalty Buyback Liabilities".

Note 16 –Interest Bearing Loans (continued)

COFIDE Bridge Loan (continued)
The total cost of the Bridge Loan, including the estimated value of the share options and the Sherpa Royalty Buyback, was deferred, and will be expensed over the two-year life of the loan. During the second quarter of 2015, $659,000 of the deferred amount was charged to finance expense.

The Bridge Loan is secured by the Ollachea Gold Project's assets, mining reserves, mining concessions and rights, guarantees from the Group's subsidiary Minera IRL S.A., and a pledge of the shares of the Group's subsidiary, Compañía Minera Kuri Kullu S.A., which holds the Ollachea Gold Project.

The net proceeds from the Bridge Loan have been applied towards the repayment of the $30,000,000 Macquarie Bank debt facility and the payment of $12,000,000 of the $14,190,000 outstanding to Rio Tinto under the Ollachea Mining Rights Transfer Contract. The remaining $2,190,000 outstanding to Rio Tinto has been converted into an unsecured promissory note payable by 31 December 2015, accruing interest at a rate of 7% per annum. The Group had negotiated the option of settling the $2,190,000 promissory note with cash or the issuance of Minera IRL Limited ordinary shares, subject to shareholder approval at the annual general meeting held, subsequent to 30 June 2015. However, the resolution to approve the issuance of ordinary shares in settlement of the promissory note at the annual general meeting, held on 27 August 2015, was not approved by shareholders. The promissory note has been recorded as an interest bearing loan on the balance sheet under current liabilities.

The net proceeds from the Bridge Loan, after the payment of existing debt, and financing fees and expenses, will be used to advance many of the initial aspects of project development needed to position the Group to commence major site construction on the Ollachea Gold Project once the Senior Debt Facility is in place. This includes commencing the detailed engineering and design, recommencement of underground drilling at the Minapampa East zone, and maintaining social and environmental programs.

The Group has signed a letter of mandate with COFIDE to structure the Senior Debt Facility for up to $240,000,000, under which the Bridge Loan is expected to be refinanced. The Senior Debt Facility is expected to be in place by the end of 2016; however, the availability of the Senior Debt Facility is not guaranteed and its terms, including the size of the facility, are still to be negotiated. The Group may also seek to raise equity funding to reduce the amount of debt and leverage on the Ollachea Gold Project to what is determined to be an acceptable level, and for general corporate and working capital purposes.

The Senior Debt Facility is expected to be subject to similar financing fees and would be subject to fees payable to Sherpa, including a 3% fee paid in cash; an additional net smelter return royalty on the Ollachea Gold Project of up to 1.1% (depending on the size of the Senior Debt Facility); and the issuance of up to 23.1 million options (also depending on the size of the Senior Debt Facility). The options will be exercisable to purchase one ordinary share of the Group at a price of C$0.20 per share at any time on or prior to the date that is 360 days after the commencement of commercial production from the Ollachea Gold Project (subject to receipt of all regulatory approvals of the TSX, AIM and BVL stock markets).

Macquarie Bank Finance Facility
In August 2013, the Macquarie Bank Finance Facility (the "Macquarie Finance Facility") was amended to increase the amount available by $10,000,000, in two separate $5,000,000 tranches ("Tranche 3" and "Tranche 4"), increasing the total amount available under the Macquarie Finance Facility to $30,000,000. The Macquarie Finance Facility interest rate remained LIBOR plus 5.0%; however, as a condition of drawing down on each additional $5,000,000 tranche, a 0.5% gross revenue royalty on gold production from the Group's Ollachea Gold Project for the life of the mine would be granted to Macquarie Bank (the "Macquarie Royalty"). Once granted, the Group would have the right to buyback and cancel each tranche of the Macquarie Royalty by paying a buyback fee (the "Macquarie Buyback Fee"). Additional details on the Macquarie Buyback are provided in note 17, "Royalty Buyback Liabilities".

In November 2013, Tranche 3, totalling $5,000,000, was drawn down by the Group and at the end of March 2014, the Group drew down on the remaining $5,000,000 under the Macquarie Finance Facility and the corresponding 0.5% gross revenue royalties were registered against the Ollachea property in favour of Macquarie Bank at each draw down.

Note 16 –Interest Bearing Loans (continued)

Macquarie Bank Finance Facility (continued)
In June 2014, it was announced that the Macquarie Finance Facility, that was due to mature on 30 June 2014, had been extended by one year to 30 June 2015. In addition to the existing terms, which remained unchanged, there was an upfront fee of $1,500,000, which was paid during the third quarter of 2014, and Minera IRL Limited issued 26,000,000 share options. The existing 18,786,525 share options held by Macquarie Bank were cancelled upon the issuance of the new options. The 26,000,000 share options expire on 30 June 2016 and have an exercise price of $0.176. See note 15, "Capital and Reserves", for more details on the share options.

The total cost of the one-year extension of $3,129,000 was applied against the carrying amount of the Macquarie Finance Facility as at 30 June 2014 and was amortized over the one-year term of the modified Macquarie Finance Facility. During the six-month period between 30 June 2014 and 31 December 2014, $1,565,000 of the total cost was expensed, with the balance of $1,564,000 being expensed during the six months ended 30 June 2015.

In June 2015, the $30,000,000 due under the Macquarie Finance Facility, along with $300,000 in accrued interest, was paid from proceeds from the COFIDE Bridge Loan.

Note 17 –Royalty Buyback Liabilities

The Group has granted royalties on the Ollachea Gold Project under the COFIDE Bridge Loan and the Macquarie Finance Facility that can be bought out at the Group's option. The Group is expensing the present value of the estimated cash flows relating to the royalty buyback over the life of the respective loans.

A reconciliation of the royalty buyback liabilities is as follows:

	Sherpa Royalty US$000	Macquarie Royalty US$000	Total US$000
Balance 1 January 2014	-	135	135
Finance expense recorded	-	2,109	2,109
Fees paid in connection with Tranche 4	-	(91)	(91)
Balance 31 December 2014	-	2,153	2,153
Accrued	3,922	-	3,922
Finance expense recorded	37	418	455
Balance 30 June 2015	**3,959**	**2,571**	**6,530**

Macquarie Royalty Buyback Liability
In August 2013, the Macquarie Finance Facility was amended to increase the amount available by $10,000,000, in two separate $5,000,000 tranches, increasing the total amount available under the Facility to $30,000,000. The Macquarie Finance Facility interest rate remained LIBOR plus 5.0%; however, as a condition of drawing down on each additional $5,000,000 tranche, a 0.5% gross revenue royalty on gold production from the Group's Ollachea Gold Project for the life of the mine was to be granted to Macquarie Bank. Once granted, the Group would have the right to buyback and cancel each tranche of the Macquarie Royalty by paying a buyback fee (the "Buyback Fee"). The Buyback Fee would be calculated as the amount required to generate an internal rate of return ("IRR") to Macquarie Bank of 25% for each tranche, but shall not be less than $2,500,000 for each 0.5% gross revenue royalty. The IRR would be calculated using the actual drawdown and actual repayment of each tranche, the upfront fee paid (1.5% of each tranche), the interest payments associated with each tranche paid and any payments made under the Macquarie Royalty.

Note 17 –Royalty Buyback Liabilities

In November 2013, the Group drew down $5,000,000 under Tranche 3, and on 31 March 2014, the Group drew down $5,000,000 under Tranche 4. The corresponding 0.5% gross revenue royalties were registered against the Ollachea property in favour of Macquarie Bank at each draw down.

In June 2015, the Macquarie Finance Facility was refinanced with proceeds from the COFIDE Bridge Loan. However, the Macquarie Royalties along with the Group's option to buy the royalties back remain in place.

Sherpa Royalty Buyback Liability
In June 2015, the Group secured a $70,000,000 Bridge Loan from COFIDE. Upon completion of the Bridge Loan, fees to the Group's structuring agent, Sherpa, as described in Note 16, including a 0.9% net smelter return royalty on the Ollachea Gold Project ("Sherpa Royalty"), were payable. In addition to the Group's right of first refusal on the sale of any royalty granted to Sherpa, the agreement provided the Group with the option to buy out any Sherpa Royalty. Under the terms of the agreement, until the Ollachea Gold Project achieves commercial production, the Group has the option to buy back the Sherpa Royalty ("Sherpa Royalty Buyback") at a price of $6,184,000 for every 1% royalty purchased ($5,565,000 for the 0.9% royalty granted). Prior to 2 June 2016, the Group has the option to buy back any Sherpa royalty at a price of $5,622,000 for every 1% royalty purchased ($5,060,000 for the 0.9% royalty granted).

Note 18 – Provisions

The Group has made a provision of $5,285,000 ($4,485,000 – 31 December 2015) against the present value of the cost of restoring the Corihuarmi site and the Ollachea exploration tunnel site. This provision is an estimate of the cost of reversing the alterations to the environment which have been made up until 30 June 2015. The timing and cost of this rehabilitation is uncertain and dependent upon the duration of the mine life and the quantity of ore that will be extracted from the mine. At the present time, management estimates that the remaining mine life at Corihuarmi is approximately 20 months. Further, management has currently estimated that the rehabilitation of the Ollachea exploration tunnel is to begin in 11 years based on the time to develop the mine and the projected mine life.

	Environmental Provisions ($'000)
Balance - 1 January 2014	3,965
Accretion	423
Additional reclamation provision	159
Paid during the year	(62)
Balance - 31 December 2014	4,485
Accretion	232
Additional reclamation provision	626
Paid during the period	(58)
Balance - 30 June 2015	**5,285**

Note 19 – Trade and Other Payables

	30 June 2015 ($'000)	31 December 2014 ($'000)
Non-current		
Other payables	**-**	14,190
Current		
Trade payables	**3,173**	5,541
Other payables	**2,938**	1,245
	6,111	6,786

At 31 December 2014, the final instalment due to Rio Tinto under the Mining Rights Transfer Contract of $14,190,000 for the Ollachea property was outstanding. The $14,190,000 due accrued interest at 7% per annum and was secured against the Ollachea mining tenements. The amount was due on 11 July 2016 and was included in the non-current portion of trade and other payables. Under the Ollachea Mining Rights Transfer Contract, up to 80% of the remaining principal payment was eligible to be settled in ordinary shares of Minera IRL Limited at the Group's election.

In January 2014, the Group issued 44,126,780 ordinary shares to Rio Tinto to settle the first instalment of the final Ollachea payment ($7,310,000) and accrued interest ($128,000). As part of the agreement to issue shares, it was agreed that if Rio Tinto did not sell any of these shares during a period of one year after the date of issuance, Rio Tinto would be paid an incentive bonus of 10% of the value of the shares. The Group made a provision of $744,000 against this expected liability during the year ended 31 December 2014.

In June 2015, $12,000,000 of the $14,190,000 due to Rio Tinto, along with the $744,000 share hold incentive bonus was paid from proceeds for the COFIDE Bridge Loan. A promissory note for the balance of $2,190,000 due under the Mining Rights Transfer Contract for the Ollachea property was issued by the Group to Rio Tinto. Additional details on the COFIDE Bridge Loan and the settlement of the amounts due to Rio Tinto are provided under note 16, "Interest Bearing Loans".

Note 20 – Financial Instruments and Financial Risk Management

Financial instruments

The Group's principal financial assets comprise of cash and cash equivalents. They are all classified as financial assets and are measured at amortized cost.

The Group'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 amortized 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 minimizing them, and the directors consider whether it is appropriate to make use of financial instruments for this purpose. The following are major financial risks that the Group is exposed to:

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

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

	30 June 2015 ($'000)	31 December 2014 ($'000)
Pounds sterling	**24**	1
Australian dollars	**12**	18
Canadian dollars	**65**	31
Peruvian nuevo soles	**267**	270
United States dollars	**22,805**	3,489
	23,173	3,809

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

	30 June 2015 ($'000)	31 December 2014 ($'000)
Pounds sterling	**(85)**	(181)
Australian dollars	**10**	5
Canadian dollars	**(233)**	(125)
Peruvian nuevos soles	**3,631**	3,047
United States dollars	**(53,385)**	(47,079)
	(50,062)	(44,333)

Note 20 – Financial Instruments and Financial Risk Management (continued)

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 liabilities shown in the table above:

	30 June 2015 ($'000)	31 December 2014 ($'000)
10% weakening of the US dollar	**332**	270
20% weakening of the US dollar	**665**	540
10% strengthening of the US dollar	**(332)**	(270)
20% strengthening of the US dollar	**(665)**	(540)

Liquidity risk
Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents as well as an adequate amount of committed credit facilities. The management of the Group safeguards its cash resources and makes regular forecasts of the requirements to use those resources. If necessary, the management adapt their plans to suit the resources available.

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

30 June 2015 **Financial Liabilities**	**Due in less than 3 months ($'000)**	**Due between 3 months to 1 year ($'000)**	**Due between 1 to 5 years ($'000)**	**Total ($'000)**
Trade payables	3,173	-	-	3,173
Other payables	2,940	45	-	2,985
Interest bearing loan - current	-	2,276	-	2,276
Interest bearing loan - non-current	1,138	3,412	74,550	79,100
	7,251	5,733	74,550	87,534

31 December 2014 **Financial Liabilities**	**Due in less than 3 month ($'000)**	**Due between 3 months to 1 year ($'000)**	**Due between 1 to 5 years ($'000)**	**Total ($'000)**
Trade payables	3,077	-	-	3,077
Other payables	3,209	993	15,183	19,385
Interest bearing loan	390	31,170	5,000	36,560
	6,676	32,163	20,183	59,022

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 Group's intercompany receivables.

Note 20 – Financial Instruments and Financial Risk Management (continued)

Credit risk
The Group is exposed to credit risk in so far as it deposits cash with various banks. 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 by the government of Peru, as detailed in note 11, "Other Receivables and Prepayments".

Interest rate risk
The Group has debt denominated in US dollars and is therefore exposed to movements in US dollar interest rates. This debt bears interest at 5% over LIBOR and allows for interest periods of between 30 and 180 days. A change in LIBOR of +/- 1% would not have a material effect on the financial results of the Group. It is the policy of the Group to settle trade payables within the agreed terms and no interest is incurred on those liabilities.

Note 21 – Capital Commitments and Contingent Liabilities

The Group is subject to various laws and regulations governing its mining, development and exploration activities. These laws and regulations are continually changing and generally becoming more restrictive. The Group has made, and expects to make in the future, expenditures to comply with such laws and regulations.

During 2013, the Group was issued tax reassessments by the Peruvian tax authorities for the years ended 31 December 2008, 2009 and 2011 related to the deductibility of depreciation claimed by the Group. The appeal filed by the Group with the tax authorities was unsuccessful and the Group subsequently filed an appeal with the Peruvian Tax Court. If the Group is unsuccessful in its appeal of the reassessments, taxes in the amount of approximately $1,467,000 would be payable.

The Group has entered into certain contracts for the purchase of electrical equipment and the supply of power for the construction and operation of the Ollachea project. The supply of power contract included certain minimum power usages in the event that construction of Ollachea had not commenced by June 2015. In March 2015, the Group entered into an amended power contract deferring the requirement to make minimum power usage payments for twelve months, until June 2016. As compensation for deferring the minimum power usage requirements for twelve months, the Group agreed to pay fixed monthly compensation for a period of nine and a half years starting six months after Ollachea commences production. The monthly compensation amount will vary depending on the start date of the construction of Ollachea, but could be as high as $11,000 per month for total payments of $1,254,000 over the nine and a half year period. Minimum power usage, beginning in June 2016, would amount to approximately $16,000 per month for the first three months, increasing to $78,000 per month thereafter. If the Group chooses to terminate the power supply agreement prior to the commencement of production, there would be a penalty of approximately $1,570,000. Equipment related to the purchase of long lead time items for the Group's main substation for the supply of power has been ordered through a third party. If the Group cancels these orders a penalty of 10% of the value of the purchases would be payable, 10% of which would total approximately $240,000.

In July 2014, the Group entered into a sale and purchase agreement with CIMINAS, the Group's partner in the Don Nicolás joint venture, whereby CIMINAS would acquire the Group's remaining interest in Minera IRL Patagonia for an amount of $11,451,000 (the "Don Nicolás SPA"). As part of the Don Nicolás SPA, the Group has indemnified CIMINAS and Minera IRL Patagonia employees against any loss that originated during the Group's management period (prior to August 2013) or during the co-management period (between August 2013 and the date of the Don Nicolás SPA). Any undisclosed liabilities originating prior to the signing of the Don Nicolás SPA would result in a purchase price adjustment under the Don Nicolás SPA. The Group would continue (subject to applicable limitation periods) to be responsible for 100% of any undisclosed liabilities originating during the Group's management period and 55% of any undisclosed liabilities originating during the co-management period. Extensive financial and legal due diligence was carried out by CIMINAS not only during the initial joint venture transaction with Minera IRL Limited in August 2013, but also during the finalization of the Don Nicolás SPA. In addition, an environmental audit has been completed by a third party consultant to assess Minera IRL Patagonia's existing environmental liabilities.

Note 21 – Capital Commitments and Contingent Liabilities (continued)

The Group has provided performance guarantees to the Peruvian Ministry of Energy and Mines relating to the future reclamation and rehabilitation of the Group's Corihuarmi mine site and Ollachea exploration tunnel site. The performance guarantees are provided in the form of letters of guarantee from a major Peruvian bank and are renewed on an annual basis.

In January 2015, as part of the renewal process of the performance guarantees, the Peruvian bank providing the letters of guarantee required, as a condition of renewing the performance guarantees, that the Group provide cash deposits to the bank as security. The total of the performance guarantees required by the Peruvian Ministry of Energy and Mines had increased on renewal from $2,736,000 to $3,908,000. Following discussions between the Group and the bank, it was agreed that the bank would renew the performance guarantees for a period of one year on the condition that the Group provide the bank with a cash deposit of $1,368,000, equal to 35% of the total performance guarantee, as security (paid). In addition, the Group agreed to further increase the cash deposit securing the performance guarantees to $3,908,000, equal to 100% of the amount of the performance guarantees, over the balance of 2015. It was agreed that an additional cash deposit of $586,000 would be provided by 30 June 2015 (paid subsequent to 30 June 2015), bringing the total cash deposit to $1,954,000, or equal to 50% of the performance guarantees. It was also agreed that during the six-month period between 1 July 2015 and 31 December 2015, monthly cash deposits of $326,000 would be made, equal to cash deposits of $1,954,000, bringing the total to $3,908,000, 100% of the performance guarantees. To ensure the funds are available to increase the cash deposit the Group has agreed, starting 15 July 2015, to assign the rights to its gold sales from Corihuarmi to the Peruvian Bank. The Group has made the required payments of $326,000 per month subsequent to 30 June 2015.

As part of the Bridge Loan financing entered into with COFIDE, the Group also signed a letter of mandate in regards to a larger senior debt facility for up to $240,000,000. Additional details on the Bridge Loan and letter of mandate can be found in note 16, "Interest Bearing Loans". The mandate letter provides for a payment of $1,440,000 from the Group to COFIDE in the event that the Group does not proceed with the Senior Debt Facility once COFIDE has achieved the approval of all the banks to be participants in the facility.

Note 22 – Related Parties

The Group's portion of transactions between the Group and its jointly controlled entities are eliminated on consolidation.

During the period ended 30 June 2015, the Group did not enter into transactions with related parties with the exception of key management as disclosed in note 6, "Remuneration of Key Management Personnel" and with one of its directors as outlined below.

On 1 May 2014, the Group entered into a consulting agreement with Ladykirk Capital Advisors Inc. ("LCAI"), a company controlled by Daryl Hodges, a director of the Group, to provide services in regards to securing financing for the development of the Ollachea Gold Project. No payments were made under this agreement in 2014. In 2015, prior to Mr. Hodges assuming the role of Executive Chairman, LCAI was paid $36,000 in fees during the period, and reimbursement of expenses.

Note 23 – Subsequent Events

On 28 September 2015 the Group terminated the option agreement with Minera Monterrico SAC related to the Bethania property. A charge of $3,034,000 was recorded as at 30 June 2015