

## **Minera IRL Limited**

### **Preliminary Results for year ended 31<sup>st</sup> December 2008**

LONDON: 24 June 2009 - Minera IRL Limited ("MIRL" or "the Company"), the precious metal mining and exploration company with assets in South America, announces its audited results for the year ended 31 December 2008 and Company developments during the year.

#### **Highlights:**

- Corihuarmi gold mine commenced production on schedule with first gold pour on 15 March 2008;
- 51,691 ounces of gold produced in 2008 exceeding budget by over 40%; cash operating cost of US\$161 per ounce, 43% below budget;
- Investment in the Corihuarmi mine recovered within first seven months of operation;
- New Life of Mine Plan extends life of Corihuarmi into 2013;
- Significant gold discovery at the Ollachea project;
- Cash balance at the year end increased to US\$9 million.

Executive Chairman Courtney Chamberlain commented:

"The year 2008 was momentous with your Company joining the ranks of the gold producers and establishing growth opportunities for the future. Our Corihuarmi Gold Mine was successfully commissioned on time and performed strongly. Exploration drilling led to an exciting new gold discovery at our Ollachea Project. I would like to thank all shareholders for their support for our vision of building a diverse gold mining company through our own initiatives and potential new transactions."

The Report and Accounts for the year ended 31 December 2008 will be posted to shareholders on 29 June and are available from the Company's website [www.minera-irl.com](http://www.minera-irl.com)

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## CHAIRMAN'S STATEMENT

I am pleased to present this annual report to shareholders, our third as a publicly listed company. The year 2008 was momentous with your Company joining the ranks of the gold producers and establishing growth opportunities for the future. Our Corihuarmi Gold Mine was successfully commissioned on time and performed strongly. Exploration drilling led to an exciting new gold discovery at our Ollachea Project. Minera IRL was the top mining stock performer on both the AIM and Lima Stock Exchanges for 2008.

### Projects

#### *Corihuarmi*

The Corihuarmi Gold Mine was commissioned and commenced production with the first gold pour on 15 March 2008. In spite of arduous climatic conditions at an altitude of almost 5,000 meters in the Andes, the project was completed on schedule at a cost of US\$20 million. The ramp up to the designed mining and heap leaching rate of one million tonnes per annum was quickly achieved. The full 2008 production of 51,691 ounces, almost all from the Diana outcrop, exceeded the budget by 40% and was mainly a result of higher grade than predicted in the feasibility study for this zone. The low cash operating cost of US\$161 per ounce, approximately 43% below budget, was largely due to less waste stripping than planned and the higher gold production. Pre-tax, ex-mine cash surplus recovered the capital and prior sunk cost within the first seven months of operation. The Company policy of no gold hedging served us well with gold sales averaging US\$869 per ounce for the year.

By year end haul road access to the top of the larger Susan outcrop had been achieved, a significant feat which required the team to negotiate a substantial vertical cliff face, and mining of the barren waste capping commenced. As anticipated, gold grades have fallen during the first quarter of 2009 and ore production was further adversely affected as the mining equipment was largely committed to the removal of the waste cap which is scheduled for completion during the second quarter. Production for the first quarter was 7,150 ounces at a cost of US\$364 per ounce.

Both the Susan and residual Diana outcrops were re-drilled using the reverse circulation drilling process, which for this type of gold mineralization produces more accurate sampling results than diamond drilling. This database was used to estimate the new Measured and Indicated Resource, effective 1 January 2009, which contains 155,000 ounces. This is higher than the resource in the original feasibility study and more than replaces 2008 depletion. From this a new Life-of-Mine (LOM) plan has been developed which extends the mine life well into 2013.

We anticipate further enhancements to the LOM Plan from known mineralization and, potentially, new discoveries. Scree material, broken rock which has fallen from the mineralized cliff faces, has been quantified with 87 reverse circulation drill holes providing the database for an Inferred Resource of over 40,000 ounces. During the latter part of the year and into the first

quarter of 2009, a 5,562 metre exploration diamond drilling programme consisting of 45 drill holes in the immediate mine area has identified mineralization that is expected to provide a modest addition to the Corihuarmi resource base. Further exploration is planned at the Betania Prospect, approximately 10 km southeast of Corihuarmi, where one earlier drill hole intersected 150 metres grading 0.33 g/t gold indicating a potential bulk tonnage target.

#### *Ollachea*

At the Ollachea project, following the signing of a comprehensive surface rights agreement with the local community in late 2007, exploration commenced in January 2008. Ollachea is located in southern Peru within a recently recognised auriferous slate belt. Local artisanal miners have been active in the area for many years and the initial exploration drilling target, supported by a strong geophysical ground magnetic anomaly, was the down-dip extensions of this zone. Two diamond rigs commenced drilling in October 2008 and, at the time of writing, the results of 40 holes have been announced. To date 28 holes have been drilled along a strike of about 450 meters over the Minapampa zone. These holes result in an average gold intersection thickness of 70 metres (estimated to be 62 metres true thickness) with an average grade of 2.26 g/t gold. This represents an outstanding initial result and forms the basis for an expanded programme and data gathering for a scoping study. In addition to the Minapampa zone, there also remains much exploration potential with open ended encouraging drilling intersections yet to be followed up.

#### *La Falda*

In March 2009 a Letter of Intent (LOI) was signed with Catalina Resources as a precursor to an Agreement which will allow Minera IRL to earn a 75% interest in the La Falda Project. La Falda is a new gold porphyry discovery located in Chile's gold belt, the Maricunga. Shortly after signing the LOI a strong Induced Potential (IP) geophysical anomaly was located within the largest of the porphyry systems thus far identified. Minera IRL will begin exploration drilling at this high quality project at the commencement of the southern field season once weather conditions become satisfactory, usually in September or October.

#### *Other projects*

Two projects were downgraded during the year. Following evaluation of the Oxapampa Project in March 2008 it was determined that the project did not have the potential for a Minera IRL sized deposit. The Ananea Project, located in the Puno district of Peru, was likewise downgraded following extensive surface mapping and sampling.

The Huaquirca Joint Venture continues to be managed by our partner Minera Alturas Corporation and the Frontera Project in Chile continues to be managed by Teck Cominco.

### **Financial Results**

The production from the Corihuarmi Gold Mine yielded sales revenue of US\$ 43.6 million, and after the deduction of the costs of production, administration and exploration the Group made an operating profit of US\$15.6 million (2007: loss US\$10.4 million). Administration expenses included a charge of US\$630,000 for the notional cost of the share options issued to employees and directors of the Group, as required under International Financial Reporting Standard 2.

The Group spent a total of US\$6.7 million on exploration during the year, of which US\$4.5 was added to the intangible assets of the group (US\$3.3 million of which was spent on the Ollachea project) and US\$2.2 million was recognised as a cost in the income statement.

At the end of the year the Group had a balance of cash of US\$9 million, leaving the company in a strong position to enter the next phase of development.

## **Corporate Governance**

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

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

## **Share Price Performance**

The AIM IPO raising in April 2007 was priced at GBP0.45 per share giving a market capitalization of approximately GBP28 million. The listing of the Company on the Lima Ventures Exchange in December 2007 saw a commencement of an expanding retail shareholder base and increased liquidity. Shareholders increased from less than 100 to over 1,200 and approximately one third of the equity in the Company is now held through the Lima exchange. Minera IRL Limited was admitted to the main board of the Lima exchange in June 2008, the only company which has thus far been moved from the Ventures Exchange to the main board. The Company closed the year as the best mining stock performer on both the AIM and Lima exchanges for 2008. The closing price at the time of writing, GBP0.81, gives a market capitalization of GBP50 million.

## **Current Investment Climate and Country Outlook**

Whilst the price of most metals fell sharply during the second half of the year, gold, though highly volatile, was the star performer generally trading in the band between US\$800/ounce and US\$1,000 ounce. There appears to be widespread confidence that the gold price will remain strong in the short to medium term.

The world economic crisis resulted in dramatic falls on most of the international stock exchanges. The Lima exchange was particularly hard hit with most mining stocks faring poorly. This is particularly true of the junior exploration companies for whom fund-raising has been difficult, if not impossible. This is in marked contrast to gold production companies which have raised considerable capital, particularly in the Canadian market.

Despite the general world downturn, Peru has continued to attract strong foreign investment both in the public and private sectors. The total of foreign investment announced in 2008 in mining alone was over US\$23 billion. Economic growth has continued, and Peru is currently ranked third in Investment Grade for Latin America, behind Chile and Mexico. The government of President Alan Garcia continues to maintain political stability.

In mining, Peru remains the world's largest producer of silver, and within Latin America it is the leading producer of gold, zinc, tin and lead. Practically all of the world's major multinational mining companies operate in Peru, and in 2008, mining exports exceeded US\$18.5 billion.

In other parts of Latin America the Company remains well disposed to opportunities in Argentina, Chile, Colombia and Mexico. In Argentina particular note is taken of the mining policies of the specific province. Chile has an extremely strong mining economy and the La Falda project will offer the Company an increased exposure there.

Once again, I wish to convey my sincere thanks to my fine Board and Management team and to all employees for their dedication and perseverance in achieving the success at Corihuarmi and the exciting new discovery at Ollachea as well as other important initiatives. I would also like to thank all shareholders for their support for our vision of building a diverse gold mining company through our own initiatives and potential new transactions.

Courtney Chamberlain  
Executive Chairman  
Minera IRL Limited

23 June 2009

## CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2008

	Notes	2008 US\$000	2007 Restated US\$000
Revenue		43,568	-
Cost of sales		(17,344)	-
<b>Gross profit</b>		<b>26,224</b>	<b>-</b>
Administrative expenses		(8,447)	(6,262)
Exploration costs written off		(2,185)	(4,104)
<b>Operating profit/ (loss)</b>		<b>15,592</b>	<b>(10,366)</b>
Finance income		151	578
Finance expense		(657)	(572)
<b>Profit/ (loss) before tax</b>		<b>15,086</b>	<b>(10,360)</b>
Income tax		(2,563)	-
<b>Profit/ (loss) for the year</b>		<b>12,523</b>	<b>(10,360)</b>
<b>Earnings/ (loss) per ordinary share (US cents)</b>			
- Basic		20.2	(19.1)
- Diluted		18.0	(19.1)

## CONSOLIDATED BALANCE SHEET as at 31 December 2008

	Notes	2008 US\$000	2007 Restated US\$000
<b>Assets</b>			
Property, plant and equipment	3	26,249	19,617
Intangible assets	4	10,504	6,043
<b>Total non-current assets</b>		<b>36,753</b>	<b>25,660</b>
Other receivables and prepayments		8,170	3,550
Inventory		773	28
Cash and cash equivalents		8,992	5,241
<b>Total current assets</b>		<b>17,935</b>	<b>8,819</b>
<b>Total assets</b>		<b>54,688</b>	<b>34,479</b>
<b>Equity</b>			
Share capital		41,459	41,423
Foreign currency reserve		129	129
Share option reserve		1,173	543
Profit and loss account		(6,371)	(18,894)
<b>Total equity</b>		<b>36,390</b>	<b>23,201</b>
<b>Liabilities</b>			
Interest bearing loans		-	3,000
Provisions		1,235	500
Other long term liabilities		3,081	3,805
<b>Total non-current liabilities</b>		<b>4,316</b>	<b>7,305</b>
Interest bearing loans		6,000	-
Trade and other payables		7,982	3,973
<b>Total current liabilities</b>		<b>13,982</b>	<b>3,973</b>
<b>Total liabilities</b>		<b>18,298</b>	<b>11,278</b>
<b>Total equity and liabilities</b>		<b>54,688</b>	<b>34,479</b>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 23 June 2009.

Courtney Chamberlain  
Executive Chairman

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended  
31 December 2008**

	Note	Share capital US\$000	Foreign Currency reserve US\$000	Share option reserve US\$000	Profit and loss account US\$000	Total US\$000
<b>Balance at 1 January 2007</b>		14,363	129	-	(8,534)	5,958
Loss for the year		-	-	-	(10,360)	(10,360)
New share capital subscribed		28,550	-	-	-	28,550
Cost of raising share capital		(1,490)	-	-	-	(1,490)
Reserve for share option costs		-	-	543	-	543
<b>Balance 31 December 2007</b>						
<b>Restated</b>		<b>41,423</b>	<b>129</b>	<b>543</b>	<b>(18,894)</b>	<b>23,201</b>

	Note	Share capital US\$000	Foreign currency reserve US\$000	Share option reserve US\$000	Profit and loss account US\$000	Total US\$000
<b>Balance at 1 January 2008</b>		41,423	129	543	(18,894)	23,201
Profit for the year		-	-	-	12,523	12,523
New share capital subscribed		36	-	-	-	36
Reserve for share option costs		-	-	630	-	630
<b>Balance 31 December 2008</b>		<b>41,459</b>	<b>129</b>	<b>1,173</b>	<b>(6,371)</b>	<b>36,390</b>

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2008

	Note	2008 US\$000	2007 US\$000
<b>Cash flows from operating activities</b>			
Operating profit/(loss)		15,592	(10,366)
Depreciation		5,394	53
Impairment of exploration assets		51	2,944
Provision for share option costs		630	543
Provision for mine closure costs		233	-
Loss on disposals of assets		64	31
Increase in inventory		(745)	(28)
Increase in other receivables and prepayments		(4,620)	(2,193)
Increase in trade and other payables		1,289	2,131
Corporation tax paid		(887)	-
<b>Net cash flow from operations</b>		<b>17,001</b>	<b>(6,885)</b>
Interest received		151	578
Interest paid		(337)	(199)
<b>Net cash outflow from operating activities</b>		<b>16,815</b>	<b>(6,506)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(11,588)	(13,553)
Acquisition of intangible assets (exploration expenditure)		(4,512)	(3,162)
<b>Net cash outflow from investing activities</b>		<b>(16,100)</b>	<b>(16,715)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of ordinary share capital		36	28,550
Cost of raising share capital		-	(1,490)
Receipt of loans		3,000	-
<b>Net cash inflow from financing activities</b>		<b>3,036</b>	<b>27,060</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,751</b>	<b>3,839</b>
Cash and cash equivalents at beginning of period		5,241	1,402
<b>Cash and cash equivalents at end of period</b>		<b>8,992</b>	<b>5,241</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2008

### 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 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

The financial statements were authorised for issue by the directors on 23 June 2009.

## Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

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

## Basis of Preparation

The financial statements are presented in United States dollars, rounded to the nearest thousand, and have been prepared on the fair value basis.

In common with many exploration and mining companies, the Company raises finance for its activities in discrete tranches to finance itself for limited periods only. Further funding is raised as and when required, the most recent being in February 2008 (note 16).

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

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

### (a) Principles of Consolidation

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

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

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

### (b) Significant accounting estimates and assumptions

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

- a. Capitalisation and impairment of deferred exploration and development costs- accounting policies h, i and j
- b. Estimation of share based payments - accounting policy o
- c. Environmental provisions - accounting policy n

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

Sales revenue is recognised on metal which has been transported from the mine and sold.

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

**(d) Income Tax**

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

**(e) Foreign Currency**

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

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

**(f) Cash and Cash Equivalents**

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

**(g) Accounts Receivable**

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

**(h) Property, plant and equipment**

*(i) Owned asset*

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

*(ii) Subsequent costs*

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

*(iii) Depreciation*

Depreciation on these assets is calculated by the straight-line method to allocate their cost over their estimated useful lives, as follows: vehicles 5 years, computer equipment 4 years, furniture and fixtures, other equipment 10 years. Mining assets are depreciated on a straight-line basis over the expected life of the mine. The amount of ore remaining and the expected future life of the mine are reviewed each year.

*(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 in process is calculated by applying the total cost of production per ounce to the number of ounces which have been extracted from the ore, but not yet been converted into doré bars.

**(l) Trade and other payables**

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

**(m) Segment reporting**

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

**(n) Provisions**

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

**(o) Share based payments**

The Group rewards directors, senior executives and certain consultants with share options. These instruments are stated at fair value at the date of grant, using the Black-Scholes valuation model, and are expensed to the income statement over the vesting period of the options. The valuation model requires assumptions to be made about the future, including the length of time the options will be held before they

are exercised, the number of option holders who will leave the Company without exercising their options, the volatility of the share price, the risk free interest rate and the dividend yield on the Company's shares. The resulting valuation does not necessarily reflect the value attributed to the options by the option holders.

**(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) Issued IFRS that are not yet effective**

The Group has not adopted any standards or interpretations in advance of the required implementation dates. There has been no significant impact on the consolidated financial statements from new standards or interpretations effective in 2008.

International Financial Reporting Standards that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 31 December 2008, but which are expected to have an impact on the financial statements in future periods are detailed below:

IFRS/Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
IFRS 8	Operating segments	No change to accounting policy, therefore no impact	Supersedes IAS 14 from 1 January 2009	1 January 2009
IAS 23 amendment	Borrowing costs	Finance costs directly related to non-current assets will be capitalised	1 January 2009	1 January 2009
IFRS 3/IAS 27 revised	Business combinations/ consolidated and separate financial statements	Acquisition costs for business combinations will be expensed	1 July 2009	1 January 2010
IFRIC 16	Hedges of a net investment in a foreign operation	No change to accounting policy, therefore no impact	1 October 2008	1 January 2009

**NOTE 2 PRIOR PERIOD ADJUSTMENT**

During the year the directors undertook a review of the agreements relating to the acquisition of mining concessions for the Ollachea project. As a result of this review, it was identified that there were contractual obligations at the year ended 31 December 2007 for the payment of US\$5.5 million to Rio Tinto Mining and Exploration Limited over a period of five years. The 2007 comparative figures for the consolidated financial statements have therefore been restated for a prior period adjustment to recognise this obligation.

In accordance with IFRS 39- Financial Instruments: Recognition and Measurement, a liability and deferred exploration intangible asset have been recognised at the present value of contractual payments as at the date of the agreement.

The 2007 comparative amounts for the Group have been restated as follows:

- finance expenses have increased by US\$373,000 to reflect the unwinding of the discount on the

liability over the course of the year ended 31 December 2007;

- additional intangible assets of US\$4,389,000 have been recognised to represent the present value of mining licences acquired;

- current liabilities of US\$1,000,000 and long term liabilities of US\$3,762,000 have been recognised, representing the present value of the contractual obligation as at the year ended 31 December 2007;

- as a result of the adjustment to finance expenses, the basic and diluted loss per share for the year ended 31 December 2007 has increased from 18.4 to 19.1 US cents.

NOTE 3 PROPERTY, PLANT and EQUIPMENT

	Mining assets US\$000	Deferred development costs US\$000	Motor vehicles US\$000	Computers and office equipment US\$000	Total US\$000
<b>Cost</b>					
Balance at 1 January 2007	-	5,497	87	90	5,674
Additions	12,114	1,617	95	227	14,053
Disposals	-	-	(31)	(8)	(39)
<b>Balance 31 December 2007</b>	<b>12,114</b>	<b>7,114</b>	<b>151</b>	<b>309</b>	<b>19,688</b>
Balance at 1 January 2008	12,114	7,114	151	309	19,688
Additions	11,008	-	362	720	12,090
Disposals	-	-	(78)	(7)	(85)
<b>Balance 31 December 2008</b>	<b>23,122</b>	<b>7,114</b>	<b>435</b>	<b>1,022</b>	<b>31,693</b>
<b>Depreciation and impairment losses</b>					
Balance at 1 January 2007	-	-	10	16	26
Depreciation charge for the year	-	-	23	30	53
Disposals	-	-	(7)	(1)	(8)
<b>At 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>45</b>	<b>71</b>
Balance at 1 January 2008	-	-	26	45	71
Depreciation charge for the year	3,800	1,473	47	74	5,394
Disposals	-	-	(19)	(2)	(21)
<b>At 31 December 2008</b>	<b>3,800</b>	<b>1,473</b>	<b>54</b>	<b>117</b>	<b>5,444</b>
<b>Carrying amounts</b>					
At 1 January 2007	-	5,497	77	74	5,648
<b>Balance 31 December 2007</b>	<b>12,114</b>	<b>7,114</b>	<b>125</b>	<b>264</b>	<b>19,617</b>
At 1 January 2008	12,114	7,114	125	264	19,617
<b>Balance 31 December 2008</b>	<b>19,322</b>	<b>5,641</b>	<b>381</b>	<b>905</b>	<b>26,249</b>

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

## NOTE 4 INTANGIBLE ASSETS

	Deferred exploration costs US\$000
Carrying value 1 January 2007	1,436
Additions	7,551
Impairment	(2,944)
<b>Balance 31 December 2007</b>	<b>6,043</b>
<b>Restated</b>	
Carrying value 1 January 2008	6,043
Additions	4,512
Impairment	(51)
<b>Balance 31 December 2008</b>	<b>10,504</b>

During 2008 and 2007 the Group wrote off expenditure relating to a number of mining concessions. The impairment occurred due to unfavourable results from the exploration activities in the individual concessions. These amounts have been charged to the income statement within exploration costs written off.

The carrying value of the remaining deferred exploration costs for the other projects have been assessed for impairment and the results of these assessments have been sufficiently encouraging to justify the retention of the deferred exploration assets in the balance sheet.

NOTE 5 The directors do not recommend the payment of a dividend.

NOTE 6 The financial information set out above does not constitute the Group's statutory information for the years ended 31 December 2008 and 2007, but is derived from those accounts. Statutory accounts for 2008 will be delivered to the Jersey Registrar of Companies after the Company's Annual General Meeting. The auditors have reported on these accounts and their reports were unqualified.