MINERA IRL LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- The Corihuarmi Gold Mine's 2015 gold production of 23,917 ounces was up 4% from the 2015 budget of 23,000 ounces and 3% up from the 23,321 ounces of gold produced in 2014.
- 2015 gold sales of 24,056 ounces, up 2% from 23,654 ounces in 2014, realised an average gold price of $1,143/oz, down 9% from $1,260/oz in 2014; resulting in sales revenue of $27.6 million in 2015, down 8% from $29.9 million in 2014.
- 2015 site cash operating costs per ounce produced were $658/oz, down 7% from $705/oz in 2014. Total cash costs per ounce sold in 2015 were $789/oz, down 10% from $874/oz in 2014.
- Gross profit was down 4% to $6.5 million in 2015, from $6.8 million in 2014.
- Loss before tax from continuing operations (which includes a write off of intangible asset of $3.0 million) of $14.7 million (2014: Loss before tax from continuing operations of $6.9 million).
- Loss after tax from continuing operations of $15.1 million in 2015 (2014: loss after tax from continuing operations of $8.9 million).
- Cash held of $15.6 million as at 31 December 2015 (2014: $3.8 million).
- In June 2015, the Group entered into a $70 million Bridge Loan agreement. The proceeds of the Bridge Loan were used to repay the Macquarie Bank debt facility, make the final property payment due to Rio Tinto Mining and Exploration Limited, and will be used to advance many of the initial aspects of the development of the Ollachea Gold Project.

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CHAIRMAN'S STATEMENT

In my newly appointed capacity as Chairman of the Board of Directors, I am pleased to inform you of positive developments to resurrect the Group's fortunes and advance the flagship Ollachea gold project. The Group has passed through a tumultuous period over the past year which witnessed the removal of a former director and newly appointed Chairman together with his successor by an overwhelming majority of the votes cast at the AGM and subsequent EGM. Due to the prolonged internal dispute the Group was obliged to request a suspension of trading in its shares in London, Toronto and Lima in September 2015; the following month the Group requested a delisting from the Toronto Stock Exchange as it was unable to comply with the listing requirements, and the Ontario Securities Commission ("OSC") imposed a "Cease Trade Order" as a result of the delay in completing the June 2015 interim financial statements. Earlier this year the Nominated Adviser for AIM resigned their mandate which forced the Group to request de-listing from the London Stock Exchange.

The first step to restore credibility to the Group was the election of seasoned professionals to the Board of Directors and the drafting of a peace agreement between the disputing parties that required the legal actions and counter suits to be withdrawn and the minority shares in the subsidiary companies tendered to the custody of a mutually respected third party, so as to consolidate the companies into one unified entity. This has been accomplished. Simultaneously a forensic investigation was commissioned with an auditing firm to investigate anonymous whistle blower accusations involving local management and service providers. Further to an exhaustive investigation, the examiners concluded that there was no credible evidence of any serious wrong doing or criminal misconduct.

The results of the investigation were communicated to the Group's auditor, PKF Littlejohn LLP, who have noted the report findings and have issued their audit report on our 2015 financial statements, which is the final impediment to lifting the OSC cease trade order. It is anticipated that the regulatory authority will restore trading within the next three months, which will be followed by a formal request by the Group to re-list on the TSX. Meanwhile the Group has been granted a full listing on the Lima Exchange and the local regulatory authority will lift the trading ban simultaneously with the OSC. This will provide two trading platforms for shareholders. The Group is also discussing with UK institutions a possible relisting on AIM.

The year 2015 saw the untimely passing in April 2015 of the Chairman and Founder of the Company, Mr. Courtney Chamberlain. Shortly thereafter the Group faced a deadline to repay $30 million to Macquarie Bank for a loan that matured on June 30th and would have resulted in foreclosure on the assets. Fortunately the Corporacion Financiera de Desarrollo ("COFIDE") came to the rescue with a facility of up to $240 million for the development of the Ollachea gold project. The bank agreed to advance $70 million as a bridge loan which covered the repayment of the Macquarie Bank loan plus a large component of the final payment to Rio Tinto for acquisition of the property.

A condition precedent to access the second tranche of the COFIDE financing is the drilling of 5,250 mts. off the Ollachea tunnel to probe the extension of the eastern plunge of the Minapampa mineralization. The initial three holes drilled into this mineralized zone reported higher than average grades and it is anticipated that the drill program will enhance the reserves, which already exceed one million ounces gold. The drilling contract has been awarded and work will commence directly the appropriate approvals have been given by the local Ollachea community.

A specialist mining engineering company was engaged to review the planned extraction rate for the Ollachea mine. They are conducting simulations to determine the optimum rate and cut-off grade with the objective to reduce capital cost and enhance operating performance. The Group has received an offer from Peru's largest mine construction company to undertake the Ollachea contract on a fixed price turnkey basis (EPC) with performance guarantees. Discussions are ongoing with the contractor to establish a completion target for the 2nd Quarter 2018.

Meanwhile the Group's wholly owned Corihuarmi gold mine continues to perform above expectations having produced 5,769 oz. Au in the first quarter of 2016 at an estimated cash cost of US $ 692 per oz. During March 2016 there was a record production of 2,329 oz. Au at an estimated cost of US $ 654 per oz. (all quoted figures are unaudited).

Earlier in the year independent engineers assessed the eventual closure cost for the Corihuarmi mine, which had been one of the reasons that delayed the filing of the June 30th 2015 interim accounts. Their conclusion was that the Group's capital provision for closure was adequate. Currently there are sufficient resources that will likely extend the mine life through 2017. A drilling program is contemplated to investigate along strike mineral extensions to the north of the current mining area.

My thanks goes out to the shareholders, management and employees who have weathered a long period of uncertainty and have remained loyal to the Group. I am gratified to report that we are now well on the road to recovery to create a mid-tier gold producer that fulfils the expectations of our late Chairman and the people who have worked with him for the accomplishment of those objectives.

Francis O'Kelly
Lima, Peru
1 June 2016

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year to 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The Group operates the Corihuarmi Gold Mine, has a project that has a completed feasibility study and environmental and construction permits, as well as a number of exploration projects.

A summary of the financial risk management policies and objectives is contained in the notes to the financial statements and the Group's Annual Information Form.

RESULTS AND DIVIDENDS

The total comprehensive loss for the year after tax was $15,085,000 (2014: loss of $43,363,000). No dividend was paid during the year and no final dividend is proposed. The loss of $15,085,000 (2014: loss of $43,363,000) is to be transferred to accumulated losses.

DIRECTORS

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

Director	Ordinary shares of no par value	
	31-Dec-2015	31-Dec-2014
C Chamberlain (1)	-	3,692,692
D Jones	292,936	292,936
D Hodges (2)	-	215,000
N Valdez Ferrand (3)	-	894,000
R Fryer (4)	-	-
J Bavin (5)	-	-
J Pinto (6)	-	-

(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 to the Board as Non-Executive Director on 10 February 2014. He was appointed Executive Chairman on 6 March 2015 and stepped down on 26 August 2015.
(3) Mr. Valdez Ferrand resigned on 21 January 2015.
(4) Mr. Fryer was appointed as director on 5 May 2015.
(5) Mr.Bavin was appointed as director on 16 December 2015.
(6) Mr. Pinto was appointed as Chairman on 26 August 2015 and stepped down on 16 December 2015.

Mr J Ramos was appointed to and resigned from the Board on 16 December 2015 and 21 December 2015 respectively.

On 31 December 2015, the directors who served during the year held the following share options under the Minera IRL Limited Incentive Stock Option Scheme:

Director	No. Held 31-Dec-2014	Granted	Exercised	Expired or cancelled	No. Held 31-Dec-2015	Exercise price (£)	Expiry Date
C Chamberlain	500,000	-	-	(500,000)	-	1.0800	17-Nov-2015
	470,000	-	-	(470,000)	-	0.8063	03-Apr-2017
	670,000	-	-	(670,000)	-	0.1500	15-Nov-2018
D Hodges	160,000	-	-	(160,000)	-	0.0988	02-Apr-2019
D Jones	120,000	-	-	(120,000)	-	1.0800	17-Nov-2015
	160,000	-	-	-	160,000	0.8063	03-Apr-2017
	160,000	-	-	-	160,000	0.1500	15-Nov-2018
N Valdez Ferrand	50,000	-	-	(50,000)	-	0.7250	01-Jul-2015
	120,000	-	-	(120,000)	-	1.0800	17-Nov-2015
	160,000	-	-	(160,000)	-	0.8063	03-Apr-2017
	160,000	-	-	(160,000)	-	0.1500	15-Nov-2018

Details of these share options may be found in note 15 to the financial statements.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

DONATIONS

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

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

SUBSTANTIAL SHAREHOLDERS

As at 1 June 2016, the Group has been notified of the following substantial shareholdings in addition to those of the directors:

	Number of Shares	Percentage of Issued Share Capital
Rio Tinto Mining and Exploration Limited	44,126,780	19.1
Compañía Inversora en Minas S.A.	9,146,341	4.0

DISCLOSURE OF INFORMATION

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

By order of the Board

R A Fryer

R Fryer
Director 1 June 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law in Jersey requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. As at 31 December 2015 the directors were required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Minera IRL Limited for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and Auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the Companies (Jersey) Law 1991.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group needs to raise further funds under its senior debt facility or through new equity funds in order to repay the existing Bridge Loan, commence major site construction on the Ollachea Gold Project and fund the Group's other trading operations and commitments in order to remain a going concern. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Alistair Roberts
Senior statutory auditor
for and on behalf of PKF Littlejohn LLP
Statutory auditor
London, UK
Date: 2 June 2016

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

for the years ended 31 December 2015 and 2014

	Notes	2015 US$000	2014 US$000
Revenue		27,584	29,866
Cost of sales		(21,057)	(23,101)
Gross profit		6,527	6,765
Administration expenses		(8,862)	(6,625)
Exploration costs		(594)	(180)
Gain on sale of exploration property	21	-	879
Loss on revaluation of available-for-sale investments		-	(8)
Operating (loss) profit before write-off of intangible asset		(2,929)	831
Write-off of intangible asset	10	(3,038)	-
Operating (loss) profit		(5,967)	831
Finance expense	5	(8,748)	(7,790)
Loss before tax		(14,715)	(6,959)
Income tax expense	7	(370)	(1,966)
Loss from continuing operations		(15,085)	(8,925)
Discontinued operations			
Dilution gain on part disposal of joint venture	22	-	560
Share of loss from investment in joint venture	22	-	(2,879)
Loss on assets held for sale	22	-	(32,119)
Loss after tax from discontinued operations		-	(34,438)
Loss for the year attributable to the equity shareholders of the parent		(15,085)	(43,363)
Total comprehensive loss for the year attributable to the equity shareholders of the parent		(15,085)	(43,363)

Earnings per ordinary share (US cents)			
Basic and diluted – continuing operations		(6.5)	(4.0)
Basic and diluted – discontinuing operations		-	(15.2)
Basic and diluted - total	8	(6.5)	(19.2)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015 and 2014

	Notes	2015 US$000	2014 US$000
Assets			
Restricted cash	14	3,269	-
Property, plant and equipment	9	7,099	5,143
Intangible assets	10	133,159	133,070
Other receivables and prepayments	11	6,649	7,834
Total non-current assets		150,176	146,047
Inventory	12	2,591	3,207
Other receivables and prepayments	11	756	864
Current tax recoverable		703	422
Cash and cash equivalents	13	15,580	3,809
Total current assets		19,630	8,302
Total assets		169,806	154,349
Equity			
Share capital	15	159,012	159,012
Share option reserve	15	959	2,770
Accumulated losses		(76,322)	(63,482)
Total equity attributable to the equity shareholders of the parent		83,649	98,300
Liabilities			
Interest bearing loans	16	63,542	-
Trade and other payables	19	-	14,190
Provisions	18	5,329	4,485
Royalty buyback provision	17	7,178	2,153
Total non-current liabilities		76,049	20,828
Interest bearing loans	16	2,190	28,435
Trade and other payables	19	7,918	6,786
Total current liabilities		10,108	35,221
Total liabilities		86,157	56,049
Total equity and liabilities		169,806	154,349

The consolidated financial statements were approved and authorised for issue by the Board and were signed on its behalf on 1 June 2016.

R A Fryer

R Fryer
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2015 and 2014

	Note	Share capital US$000	Share option reserve US$000	(Accul. losses) retained earnings US$000	Total US$000
Balance at 1 January 2014		**151,014**	**1,395**	**(20,381)**	**132,028**
Loss for the year		-	-	(43,363)	(43,363)
Total comprehensive loss		-	-	(43,363)	(43,363)
New share capital subscribed	15	8,073	-	-	8,073
Cost of share issuance	15	(75)	-	-	(75)
Share options issued	15	-	1,637	-	1,637
Expiry/lapse of share options	15	-	(262)	262	-
Total transactions with owners, recognised directly in equity		7,998	1,375	262	9,635
Balance 31 December 2014		**159,012**	**2,770**	**(63,482)**	**98,300**

	Note	Share capital US$000	Share option reserve US$000	(Accul. losses) retained earnings US$000	Total US$000
Balance at 1 January 2015		**159,012**	**2,770**	**(63,482)**	**98,300**
Loss for the year		-	-	(15,085)	(15,085)
Total comprehensive loss		-	-	(15,085)	(15,085)
Share options issued	15	-	434	-	434
Expiry/lapse of share options	15	-	(2,245)	2,245	-
Total transactions with owners, recognised directly in equity		-	(1,811)	2,245	434
Balance 31 December 2015		**159,012**	**959**	**(76,322)**	**83,649**

CONSOLIDATED CASH FLOW STATEMENT

For the years ended 31 December 2015 and 2014

	Notes	2015 US$000	2014 US$000
Cash flows from operating activities			
Loss before tax		(14,715)	(6,959)
Finance expense		8,748	7,790
Depreciation	9	2,187	2,507
Share based payment		-	8
Revaluation loss of available-for-sale investments		-	8
Gain on sale of exploration property		-	(879)
Write-off of intangible asset	10	3,038	-
Decrease in inventory		616	141
Decrease (Increase) in other receivables and prepayments		1,574	(760)
Increase (Decrease) in trade and other payables		2,304	(1,534)
Payment of mine closure costs	18	(93)	(62)
Net cash inflow from operations		3,659	260
Corporation tax paid		(727)	(649)
Net cash inflow (outflow) from operating activities		2,932	(389)
Cash flows from investing activities			
Proceeds on sale of exploration property		-	1,125
Proceeds on available-for-sale investments		-	22
Proceeds on sale of bonds received on sale of investment in joint venture		-	9,803
Acquisition of property, plant and equipment		(2,714)	(2,248)
Increase in restricted cash		(3,269)	-
Deferred exploration and development expenditures		(4,140)	(8,164)
Net cash outflow from investing activities		(10,123)	(538)
Cash flows from financing activities			
Finance expense paid		(4,514)	(3,063)
Cost of raising share capital		-	(75)
Payment of loans	16	(30,000)	-
Payment of long term liabilities	16	(12,000)	-
Receipt of loans	16	70,000	4,909
Loan transaction costs		(4,524)	-
Loan extension fees	16	-	(1,500)
Net cash inflow from financing activities		18,962	271
Net increase in cash and cash equivalents		11,771	420
Cash and cash equivalents at beginning of year		3,809	3,389
Cash and cash equivalents at end of year	13	15,580	3,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Minera IRL Limited (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 consolidated financial statements of the Group for the year ended 31 December 2015 comprise the Group and its subsidiaries (together referred to as the “Group”).

The financial statements were authorised for issue by the directors on 1 June 2016.

Statement of Compliance

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

New and amended standards

All new standards and amendments to standards and interpretations effective for annual periods beginning on or after 1 January 2015 are not material to the Group and therefore not applied in preparing these financial statements.

New and amended standards issued but not yet effective for the financial year beginning 1 January 2015 and not early adopted:

Standard		Effective Date
IAS 1 (Amendments)	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
IAS 7 (Amendments)	Disclosure Initiative	*1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax	*1 January 2017
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation	1 January 2016
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions	1 February 2015
IAS 27 (Amendments)	Separate Financial Statements	1 January 2016
IAS 38 (Amendments)	Clarification of Acceptable Methods of Amortisation	1 January 2016
IFRS 9 Financial Instruments		*1 January 2018
IFRS 11 (Amendments)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14 Regulatory Deferral Accounts		*1 January 2016
IFRS 15 Revenue from Contracts with Customers		*1 January 2018
IFRS 16 Leases		*1 January 2019
Annual Improvements	2010 – 2012 Cycle	1 February 2015
Annual Improvements	2012 – 2014 Cycle	1 January 2016

***Subject to EU endorsement**

The Directors do not anticipate that the adoption of these standards and interpretations will have a material effect on the reported income or net assets of the Group.

Basis of Preparation and Going Concern

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

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.

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

At 31 December 2015, the Group had working capital of $9,522,000 (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 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, Compania Minera Kuri Kullu S.A., which holds the 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. During the year ended 31 December 2016 to date, the Group has repaid $700,000 of the outstanding liability and is currently in discussions with Rio Tinto and COFIDE to reschedule the balance.

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 the Minapampa East zone, and maintaining social and environmental programs. The Group is restricted in its use of the proceeds from the Bridge Loan to the advancement of the Ollachea Gold Project.

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. The Bridge Loan is otherwise repayable in June 2017. The Directors are confident the Group will be able to secure the additional funds however, no agreement has currently 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.

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

Accounting Policies

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

(a) Principles of Consolidation

The consolidated financial statements incorporate the statements of the Group and enterprises controlled by the Group (its subsidiaries) made up to 31 December each year. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

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

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

Accounting Policies (continued)

(a) Principles of Consolidation (continued)

Subsidiaries

These consolidated financial statements include the financial statements of the Group and its subsidiaries as follows:

	Location	Ownership
Minera IRL Limited	Jersey	-
Minera IRL S.A.	Peru	100%
Compañía Minera Kuri Kullu S.A.	Peru	100%
Minera IRL Argentina S.A.	Argentina	100%
Hidefield Gold Limited	UK	100%
Hidefield Gold (Alaska) Inc.	USA	100%
Minera IRL Chile S.A.	Chile	100%

(b) Investments in Jointly Controlled Entities (Equity-accounted Investees)

A joint venture is an arrangement whereby the parties (joint venturers) that have joint control of the arrangement have rights to the net assets of the arrangement. This is an arrangement that involves the use of a separate vehicle, where the individual assets and liabilities of the arrangement reside with the vehicle, in both form and substance.

Joint ventures are accounted for using the equity method and are included in the consolidated statement of financial position as investments in joint ventures. Investments in jointly controlled entities are recognized initially at cost. The cost of the investment includes transaction costs. The Group's share of net earnings (losses), from the date that joint control commences until the date that joint control ceases, is included in the consolidated statement of comprehensive income as a share of net earnings (losses) from investments in joint ventures (net of income tax), after adjustments to align the accounting policies with those of the Group. Profit distributions received or receivable from an investee reduces the carrying value of the investment.

(c) Revenue Recognition

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

(d) Income Tax

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

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(e) Foreign Currency

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

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

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

Accounting Policies (continued)

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits and money market investments readily converted to cash and have an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities. For the purposes of the cash flow statements, cash and cash equivalents includes cash on hand and in banks, and money market investments readily convertible to cash, net of outstanding bank overdrafts.

Restricted cash, comprising cash set aside to cover rehabilitation obligations, is not available for use by the Group and is excluded from cash and cash equivalents.

(g) Trade and Other Receivables

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

(h) Intangible Assets

Deferred exploration costs

Once legal title is obtained, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against the results in the year in which the decision to abandon the area is made. No amortisation is charged during the exploration and evaluation phase. Expenditure is transferred from 'Deferred Exploration Costs' to 'Mining Assets' in property, plant and equipment once the work completed to date supports the technical and commercial feasibility of the project, the appropriate permits have been issued and financing has been secured. Additional exploration and evaluation expenditure subsequent to transfer is capitalised within 'Mining Assets' within property, plant and equipment.

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

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

(i) Property, Plant and Equipment

(i) Owned asset

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Mining assets are depreciated over the expected life of the mine. The amount of ore remaining and the expected future life of the mine are reviewed each year.

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

Accounting Policies (continued)

(i) Property, Plant and Equipment (continued)

(iv) Mining assets and Deferred development costs

When the technical and commercial feasibility of an area of interest has been demonstrated, financing has been secured and the appropriate permits have been issued, the area of interest enters its development phase. The accumulated costs are transferred from exploration and evaluation expenditure within intangible assets and reclassified as mining assets and deferred development costs. When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either recognised as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements to mineable reserve development.

Once mining commences the asset is amortised on a unit-of-production basis over the expected life of the mine. Provisions are made for impairments to the extent that the asset's carrying value exceeds its net recoverable amount.

(j) Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment. Prior to carrying out of impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets. Such determination is by reference to the stage of development of the project and the level of reliability and surety of information used in calculating value in use or fair value less costs to sell.

Impairment reviews performed under IFRS 6 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 applies:

i. sufficient data exists that render the resource uneconomic and unlikely to be developed
ii. title to the asset is compromised
iii. budgeted or planned expenditure is not expected in the foreseeable future
iv. insufficient discovery of commercially viable resources leading to the discontinuation of activities

Impairment reviews performed under IAS 36 are carried out when there is an indication that the carrying value may be impaired. Such key indicators (though not exhaustive) to the industry include:

i. a significant deterioration in the spot price of gold
ii. a significant increase in production costs
iii. a significant revision to, and reduction in, the life of mine plan

If any indication of impairment exists, the recoverable amount of the asset is estimated, being the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Such impairment losses are recognised in profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the year.

(k) Inventory

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

(l) Trade and Other Payables

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies (continued)

(m) Segment Reporting

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

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events when it is more likely than not that an outflow of resources will be required to settle the obligation and when the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Royalty Buyback Provision

The Group records the present value of the estimated cash flows on the $5,000,000 buyback fee on the royalties granted under Tranche 3 and 4 of the Macquarie Bank loan to determine the effective interest rate.

The Group also records the present value of the estimated cash flows on the $5,565,000 buyback fee on the royalties granted as part of the fees paid to Sherpa, the structuring agent of the COFIDE Bridge Loan.

Additional details on the royalties granted to Macquarie Bank and Sherpa are provided under note 17, “Royalty Buyback Liabilities”.

(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 consolidated statement of comprehensive income 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 Group without exercising their options, the volatility of the share price, the risk-free interest rate and the dividend yield on the Group’s shares. The resulting valuation does not necessarily reflect the value attributed to the options by the option holders.

(p) Borrowings and Borrowings Costs

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 as a finance cost over the period of the borrowings on an effective interest basis. Interest expense is capitalized once a development decision on an asset is made. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) 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 Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Impairment

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

In assessing the carrying amounts of deferred exploration costs, the Directors have used an updated financial model based upon the original Definitive Feasibility Study prepared in conjunction with a number of independent experts. The study has been approved by the Directors.

Should any key parameters differ from the assumptions contained within the technical economic model, such as tonnes of ore mined, grade of ore mined, recovery profile or gold price, the net present value will be affected either positively or negatively. If the impact is negative, an impairment charge may be required that has not been recognised in these financial statements. Further information on the year end carrying values is disclosed in note 9, “Property, Plant and Equipment”, and note 10, “Intangibles”.

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

Accounting Policies (continued)

(q) Significant Accounting Estimates and Assumptions (continued)

Depreciation

Mining assets are depreciated on a unit-of-production 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. Additional information on the depreciation of mining assets is provided in note 9, “Property, Plant and Equipment”.

Environmental provisions

Management uses its judgement and experience, together with independently prepared reports by qualified valuers, to provide for and amortise the estimated costs for decommissioning and site rehabilitation over the life of the mine. The ultimate cost of decommissioning and site rehabilitation is uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions estimated which could affect future financial results. Additional information on environmental provisions is provided under “Provisions” in note 18.

Estimation of recoverable gold contained on the leach pads

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

NOTE 2 - SEGMENT REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal reports on the performance of the managerial units of the Group to the chief operating decision maker, in this case, the Executive Chairman and the Board of Directors. The Group identifies these units primarily according to the country of 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 2015 the Group had four customers. The following table sets out the income and expenditure of the Group according to these reporting segments:

2015	Peru US$000	Argentina US$000	Jersey US$000	Total US$000
Mining revenue	27,584	-	-	27,584
Mining cost of sales	(18,978)	-	-	(18,978)
Mining gross profit	8,606	-	-	8,606
Exploration costs expensed	(594)	-	-	(594)
Administrative expenses	(4,556)	-	(4,224)	(8,780)
Net income	3,456	-	(4,224)	(768)
Exploration of properties - deferred	(4,140)	-	-	(4,140)
Capital expenditure	(3,130)	-	-	(3,130)
Reconciliations				
Segmental Revenue				
Customer A	19,749	-	-	19,749
Customer B	5,489	-	-	5,489
Customer C	2,180	-	-	2,180
Customer D	166	-	-	166
Group revenues	27,584	-	-	27,584
Segment Result				
Segmental net income	3,456	-	(4,224)	(768)
Depreciation and amortisation	(1,933)	-	(228)	(2,161)
Write-off of Intangible asset	(3,038)	-	-	(3,038)
Group operating loss	(1,515)	-	(4,452)	(5,967)
Finance expense	(6,185)	-	(2,563)	(8,748)
Group loss before tax	(7,700)	-	(7,015)	(14,715)
Group Assets				
(not allocated for internal reporting)				
Non-current assets	150,176	-	-	150,176
Inventory	2,591	-	-	2,591
Current tax recoverable	703	-	-	703
Other receivables and prepayments	756	-	-	756
Cash and cash equivalents	15,539	-	41	15,580
Group total assets	169,765	-	41	169,806

NOTE 2 - SEGMENT REPORTING (continued)

2014	**Peru US$000**	**Argentina US$000**	**Jersey US$000**	**Total US$000**
Mining revenue	29,866	-	-	29,866
Mining cost of sales	(20,683)	-	-	(20,683)
Mining gross profit	9,183	-	-	9,183
Exploration costs expensed	(180)	-	-	(180)
Administration	(4,045)	-	(2,525)	(6,570)
Net income	4,958	-	(2,525)	2,433
Exploration of properties - deferred	(8,546)	-	-	(8,546)
Capital expenditure	(2,311)	-	-	(2,311)
Reconciliations				
Segmental Revenue				
Customer A	29,520	-	-	29,520
Others	346	-	-	346
Group revenues	29,866	-	-	29,866
Segment Result				
Segmental net income	4,958	-	(2,525)	2,433
Depreciation and amortisation	(2,473)	-	-	(2,473)
Other income	879	-	-	879
Gain on disposal of available-for-sale investments	-	-	(8)	(8)
Group operating profit	3,364	-	(2,533)	831
Dilution gain on part disposal of joint venture	-	560	-	560
Share of loss from investment in joint venture	-	(2,879)	-	(2,879)
Loss on asset held for sale	-	(32,119)	-	(32,119)
Net finance income (expense)	(1,498)	-	(6,292)	(7,790)
Group loss before tax	1,866	(34,438)	(8,825)	(41,397)
Group Assets (not allocated for internal reporting)				
Non-current assets	146,047	-	-	146,047
Inventory	3,207	-	-	3,207
Current tax recoverable	422	-	-	422
Other receivables and prepayments	835	-	29	864
Cash and cash equivalents	3,537	-	272	3,809
Group total assets	154,048	-	301	154,349

NOTE 3 – EXPENSES BY NATURE

	2015 US$000	2014 US$000
Site operating costs	15,912	16,575
Community and environmental costs	1,691	2,596
Depreciation and amortisation	2,161	2,473
Royalties, taxes and selling costs	1,375	1,381
Foreign exchange	1,090	835
Investor relations and Stock Exchange fees	425	441
Legal, professional and consulting fees	2,006	1,456
Director and employee benefit expense	3,107	2,980
Property costs and utilities	588	693
Travel costs	331	331
Project finance costs	980	-
Other	253	(35)
Total cost of sales and administration expenses	29,919	29,726

Auditor's remuneration:		
Fees payable to the Group's auditor and its associates for the audit of the consolidated and subsidiaries financial statements	**118**	152
Fees payable to the Group's auditor in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	**-**	2
Taxation services	**-**	6
Review of interim financial statements	**-**	9
Assurance services pursuant to legislation	**-**	4

NOTE 4 - STAFF NUMBERS AND COSTS

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

	Number of employees 2015	Number of employees 2014
Corporate finance and administration	**35**	39
Technical	**42**	47
Construction and production	**356**	334
	433	420

The aggregate payroll costs of these persons were as follows:

	2015 US$000	2014 US$000
Wages and salaries	**7,223**	8,136
Social security	**633**	701
Share based payments	**-**	8
	7,856	8,845

NOTE 5 - FINANCE EXPENSE

	2015 US$000	2014 US$000
Macquarie Bank finance facility	**691**	1,536
Macquarie Bank royalty buyback provision (note 17)	**786**	2,109
Macquarie Bank amortization of deferred extension fee	**1,564**	1,565
Rio Tinto Ollachea Mining Rights Transfer Contract payment (1)	**(354)**	1,010
Rio Tinto share hold incentive bonus	**-**	744
COFIDE Bridge Loan effective interest	**4,702**	-
Other Bridge loan finance costs – unwinding of discount	**322**	-
Sherpa royalty buyback provision (note 17)	**317**	-
Brokerage fee on sale of Argentinean bonds	**-**	341
Other (includes unwinding of discount on environmental provisions)	**720**	485
	8,748	7,790

(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 $354,000.

NOTE 6 - REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Salary & Fees US$000	Compensation for loss of office US$000	Other Benefits US$000	Share Based Payments [3] US$000	2015 Total Remuneration US$000
2015					
Directors:					
C Chamberlain [1]	133	-	2	-	**135**
D Hodges [2]	153	280	-	-	**433**
R Fryer [3]	15	-	-	-	**15**
D Jones	24	-	-	-	**24**
J Pinto	14	-	-	-	**14**
J Bavin [4]	1	-	-	-	**1**
Directors Total	340	280	2	-	**622**
Non-Directors:	1,030	-	149	-	**1,179**
TOTAL	1,370	280	151	-	**1,801**

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 and ceased to be a director on 26 August 2015
3. Mr. Fryer was appointed to the Board of Directors on 5 May 2015.
4. Mr. Bavin was appointed to the Board of Directors on 16 December 2015.
5. Non-Directors include the President of the Peruvian subsidiaries, Chief Financial Officer, VP of Exploration, the Corihuarmi Mine Manager and other senior executives.

NOTE 6 - REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

	Salary & Fees US$000	Bonus US$000	Other Benefits US$000	Share Based Payments [3] US$000	2014 Total Remuneration US$000
2014					
Directors:					
C Chamberlain	400	-	8	-	408
D Hodges [1]	21	-	-	8	29
D Jones	24	-	-		24
G Ross [2]	3	-	-	-	3
N Valdez Ferrand [3]	24	-	-	-	24
Directors Total	472	-	8	8	488
Non-Directors:	1,042	150	219	-	1,411
TOTAL	1,514	150	227	8	1,899

Notes:
1. Mr. Hodges was appointed as a non-executive director of Minera IRL Limited on 10 February 2014.
2. Mr. Ross resigned on 10 February 2014.
3. Mr. Valdez Ferrand resigned on 21 January 2014.
4. The share based payments were associated with options granted 2 April 2014. The options were granted with a strike price of £0.10 and a term of 5 years. See note 16 for further details.
5. Non-Directors include the President of the Peruvian subsidiaries, Chief Financial Officer, VP of Exploration, the Corihuarmi Mine Manager and other senior executives.

NOTE 7 - INCOME TAX EXPENSE

	2015 US$000	2014 US$000
Current tax-foreign	**282**	2,029
Deferred tax-foreign	**88**	(63)
Income tax expense	**370**	1,966

	2015 US$000	2014 US$000
Income tax expense from continuing operations	**370**	1,966
Income tax expense from discontinued operations	**-**	-
Income tax expense	**370**	1,966

The income tax expense provision for the year is different than the provision on the loss before tax at the standard rate of corporation tax of 28% (2014: 30%) based on the Peru tax rate, the location of the Group’s main operations.

NOTE 7 - INCOME TAX EXPENSE (continued)

The differences are explained below:

	2015 US$000	2014 US$000
Tax reconciliation		
Loss for the year	**(15,085)**	(43,363)
Tax	**370**	1,966
Loss before tax	**(14,715)**	(41,397)
Tax at 28% (2014: 30%)	**(4,120)**	(12,419)
Effects (at 28%) of:		
Expenses not deductible for tax purposes and losses carried forward on which no deferred tax asset is recognised	**4,402**	14,448
Unrecognised deferred tax movements	**88**	(63)
Income tax expense	**370**	1,966

At 31 December 2015, the subsidiary operating the Corihuarmi gold mine In Peru, Minera IRL SA, has accumulated losses of $539,000 (2014: distributable reserves $27,330,000).

Unrecognised deferred tax assets

The Group has estimated tax losses of approximately $14,464,000 (2014: $8,426,000) available to carry forward for offset against future profits. At the year end, a potential deferred tax asset of $4,326,000 (2014: $673,000) has not been recognised because there is insufficient evidence of the timing of future taxable profits against which they can be recovered.

NOTE 8 – EARNINGS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders of $15,085,000 (2014: loss of $43,363,000) and the weighted average number of ordinary shares outstanding during the year ended 31 December 2015 of 231,135,028 (2013: 226,334,762).

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

	2015 Loss US$000	**2015 Number of shares '000**	**2015 Loss per share US cents**	2014 Loss US$000	2014 Number of shares '000	2014 Earnings per share US cents
Continuing Operation						
Basic loss	**(15,085)**	**231,135**	**(6.5)**	(8,925)	226,335	(4.0)
Dilutive effects-options	**-**	**-**	**-**	-	-	-
Diluted loss	**(15,085)**	**231,135**	**(6.5)**	(8,925)	226,335	(4.0)
Discontinued Operations						
Basic loss	**-**	**-**	**-**	(34,438)	226,335	(15.2)
Dilutive effects-options	**-**	**-**	**-**	-	-	-
Diluted loss	**-**	**-**	**-**	(34,438)	226,335	(15.2)

As at 31 December 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 the Group's share options.

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

	Mining assets & deferred development costs US$000	Land & buildings US$000	Motor Vehicles US$000	Computers & other equipment US$000	Total US$000
Cost					
Balance at 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
Balance at 1 January 2015	**50,832**	**396**	**2,626**	**2,935**	**56,789**
Additions	**3,075**	**-**	**-**	**55**	**3,130**
Reclassifications (note 10)	**1,013**	**-**	**-**	**-**	**1,013**
Balance - 31 December 2015	**54,920**	**396**	**2,626**	**2,990**	**60,932**
Depreciation					
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
Balance - 1 January 2015	**46,468**	**337**	**2,258**	**2,583**	**51,646**
Depreciation for the year	**1,888**	**7**	**174**	**118**	**2,187**
Balance - 31 December 2015	**48,356**	**344**	**2,432**	**2,701**	**53,833**
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 - 31 December 2015	**6,564**	**52**	**194**	**289**	**7,099**

NOTE 10 - INTANGIBLE ASSETS

Deferred Exploration Costs	Ollachea US$000	Other Peru US$000	Total US$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	3,854	286	4,140
Write-off of intangible assets	-	(3,038)	(3,038)
Reclassifications (note 9)	-	(1,013)	(1,013)
Balance - 31 December 2015	**132,432**	**727**	**133,159**

NOTE 10 - INTANGIBLE ASSETS (continued)

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. As a consequence, the Group recorded an impairment charge of $3,038,000.

The Ollachea property will require significant project financing in order to bring it into production and convert it into mining assets. The carrying values of the deferred exploration and development costs for the Ollachea property and the Group's other exploration properties in Peru at 31 December 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 statement of financial position.

NOTE 11 - OTHER RECEIVABLES AND PREPAYMENTS

	2015 US$000	2014 US$000
Non-current assets		
Other receivables	**6,649**	6,924
Deferred expenses	**-**	910
	6,649	7,834
Current assets		
Other receivables	**466**	610
Prepayments	**290**	254
	756	864

Included in other receivables is an amount of $6,947,000 (2014: $7,359,000) relating to recoverable sales tax paid on the purchase of goods and services in Peru. Of the $6,947,000 sales tax recoverable, $6,649,000 (2014: $6,924,000) relates to purchases for the Ollachea project which is only recoverable upon commencement of metal sales from that project. Commercial production is not expected to commence in 2016, therefore this element has been included in non-current assets.

NOTE 12 - INVENTORY

	2015 US$000	2014 US$000
Gold in process	**1,399**	1,607
Mining materials	**1,192**	1,600
	2,591	3,207

NOTE 13 - CASH AND CASH EQUIVALENTS

	2015 US$000	2014 US$000
Bank balances	**15,580**	3,809

The $15,580,000 bank balance includes an amount of $14,623,000 from 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

	2015 US$'000	2014 US$'000
Security on environmental performance guarantees	**3,269**	-

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 23, "Capital Commitments and Contingent Liabilities".

NOTE 15 - CAPITAL AND RESERVES

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

Issued share capital	**Ordinary shares**
Shares in issue 1 January 2014	182,824,225
Share issuance [1] completed 28 January 2014 for settlement of a $7,438,000 Rio Tinto liability	44,126,780
Share issuance [2] completed 31 January 2014 for settlement of $307,000 in trade payables	1,917,600
Share issuance [3] completed 11 August 2014 for settlement of $328,000 in trade payables	2,266,423
Shares in issue 1 January 2015	231,135,028
Shares in issue 31 December 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 Mining and Exploration Limited to settle the first instalment of the final Ollachea payment for $7,310,000 and interest due ($128,000).

[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

Group Share Option Scheme

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

NOTE 15 - CAPITAL AND RESERVES (continued)

Share Options (continued)

Group Share Option Scheme (continued)

	2015 Number of share options	Weighted average exercise price (£)	2014 Number of share Options	Weighted average exercise price (£)
Outstanding - beginning of year	**9,230,000**	**0.68**	12,010,000	0.68
Granted during the year	**-**	**-**	160,000	0.10
Expired during the year	**(4,660,000)**	**(0.74)**	(2,050,000)	(0.91)
Lapsed during the year	**-**	**-**	(890,000)	(0.53)
Outstanding - end of the year	**4,570,000**	**0.51**	9,230,000	0.63
Exercisable - end of the year	**4,570,000**	**0.51**	9,230,000	0.63

The average remaining contractual life of the outstanding options as at 31 December 2015 was 2.0 years (2014: 2.5 years).

On the expiry and lapsing of 4,660,000 options during the year ended 31 December 2015, a total of $2,245,000 was transferred from share option reserve to accumulated losses (2014: 2,940,000 options expired and lapsed, $262,000 transferred to accumulated losses).

The following table details the incentive stock options outstanding as at 31 December 2015:

Number of share options	**Exercise price**	**Expiry date**
2,035,000	£0.15	15 November 2018
2,535,000	£0.81	3 April 2017
4,570,000	£0.51	

Other Share Options

	2015 Number of share options	Weighted average exercise price ($)	2014 Number of share options	Weighted average exercise price ($)
Outstanding - beginning of year	**26,000,000**	**0.18**	18,786,525	1.06
Granted	**11,556,751**	**0.16**	26,000,000	0.18
Expired	**-**	**-**	(18,786,525)	(1.06)
Outstanding - end of the year	**37,556,751**	**0.17**	26,000,000	0.18
Exercisable - end of the year	**26,000,000**	**0.18**	26,000,000	0.18

As part of the fees paid in connection with the Bridge Loan to 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.

NOTE 15 - CAPITAL AND RESERVES (continued)

Share Options (continued)

Other Share Options (continued)

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 (to 30 June 2016) to Macquarie Bank as partial consideration for the one-year extension of the Macquarie Bank loan facility (see "Interest Bearing Loans" under note 16). 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.

Share Option Reserve

The share option reserve includes a credit based on the fair value of share options issued and remaining in issue at 31 December 2015.

Capital Maintenance

The directors manage the capital resources of the Group to ensure that there are sufficient funds available to continue in business. The Group monitors capital on the basis of the gearing ratio.

	At 31 December 2015 US$000	At 31 December 2014 US$000
Total interest bearing debt	**65,732**	28,435
Total equity	**83,649**	98,300
Debt-to-equity ratio	**78.6%**	28.9%

NOTE 16 – INTEREST BEARING LOANS

	At 31 December 2015 US$000	At 31 December 2014 US$000
Non-Current liabilities		
Bank loan	**63,542**	-
Current liabilities		
Promissory note	**2,190**	-
Bank loan	**-**	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 in the statement of financial position 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 length 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% ($1,575,000) 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. Sherpa is also 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".

The total cost of the Bridge Loan, including the estimated value of the share options and the Sherpa Royalty Buyback, has been deferred, and will be expensed over the two-year life of the loan on an effective interest basis.

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 statement of financial position 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 mine 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.

NOTE 16 – INTEREST BEARING LOANS (continued)

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 ($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 (subject to receipt of all regulatory approvals of the TSX, AIM and BVL stock markets). The Group is currently in negotiations with Sherpa to amend the terms of the structuring agent fee.

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 Tranche 4 and the corresponding 0.5% gross revenue royalties were registered against the Ollachea property in favour of Macquarie Bank at each draw down.

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 and was amortized over the one-year term of the modified Macquarie Finance Facility. $1,564,000 of the total cost was expensed in finance costs in 2015 (2014: $1,565,000).

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

NOTE 17 – ROYALTY BUYBACK LIABILITIES

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

A reconciliation of the royalty buyback provision 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
Unwinding of discount	317	786	1,103
Balance 31 December 2015	**4,239**	**2,939**	**7,178**

NOTE 17 – ROYALTY BUYBACK LIABILITIES (continued)

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).

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.

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.

NOTE 18 - PROVISIONS

The Group has a provision of $5,329,000 (2014: $4,485,000) against the present value of the cost of restoring the Corihuarmi mine site and Ollachea exploration tunnel site. This provision is an estimate of the cost of reversing the alterations to the environment that had been made to date. The timing and cost of this rehabilitation is uncertain and depends upon the duration of the mine life and the quantity of ore that will be extracted from the mine. At the year end, management estimates that the remaining mine life at Corihuarmi is approximately 24 months. The directors have currently estimated the rehabilitation of the Ollachea exploration tunnel to begin in 2 years' time, based on the time to develop the mine prior to commencement of commercial production, and on the assumption that commercial production does not proceed.

	Environmental provisions US$000
Balance 1 January 2014	3,965
Accretion expense	423
Additional provision	159
Paid during the year	(62)
Balance 31 December 2014	4,485
Accretion expense	**522**
Additional provision	**415**
Paid during the year	**(93)**
Balance 31 December 2015	**5,329**

The Group recognises neither the deferred tax asset in respect of the temporary difference on the rehabilitation liability nor the corresponding deferred tax liability in respect of the temporary difference on a rehabilitation asset.

NOTE 19 – TRADE AND OTHER PAYABLES

	2015 US$000	2014 US$000
Non-current		
Other payables	-	14,190
Current		
Trade payables	**5,170**	5,541
Other payables	**2,748**	1,245
	7,918	6,786

On July 11, 2013, the Group and Rio Tinto agreed to an amount of $21,500,000 as the amount due from the Group to Rio Tinto in connection with the second and final additional payment under the Mining Rights Transfer Contract for the Ollachea property. 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.

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 liability accrued interest at 7% per annum and was secured against the Ollachea mining tenements. The amount was repayable 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 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 available cash and cash equivalents, and other receivables. The Group's financial assets are classified as loans and receivables and initially recognised at fair value. After initial measurement, such financial assets are measured at amortised cost using the effective interest method, less provision for impairment.

The Group's financial liabilities include trade and other payables, interest bearing loans and other long term liabilities. All financial liabilities are recognised initially at fair value and, in the case of interest bearing loans, net of directly attributable transaction costs. Trade and other payables and interest bearing loans are subsequently measured at amortised cost using the effective interest method.

Risk management

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

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

NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

	2015	2014
	US$000	US$000
Pounds sterling	**-**	1
Australian dollars	**-**	18
Canadian dollars	**29**	31
Peruvian nuevos soles	**250**	270
United States dollars	**15,301**	3,489
	15,580	3,809

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

	2015	2014
	US$000	US$000
Pounds sterling	**(184)**	(181)
Australian dollars	**(61)**	5
Canadian dollars	**(281)**	(125)
Peruvian nuevos soles	**1,557**	3,047
United States dollars	**(63,869)**	(47,079)
	(62,838)	(44,333)

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

	2015	2014
	US$000	US$000
10% weakening of the US dollar	**99**	270
20% weakening of the US dollar	**197**	540
10% strengthening of the US dollar	**(99)**	(270)
20% strengthening of the US dollar	**(197)**	(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. Management of the Group safeguards its cash resources and makes regular forecasts of the requirements to use those resources. If necessary, management adapts its 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.

2015

Financial Liabilities	**Due in less than 3 months US$000**	**Due between 3 months to 1 year US$000**	**Due between 1 to 5 years US$000**	**Total US$000**
Trade payables	4,965	135	70	5,170
Other payables	2,748	-	-	2,748
Interest bearing loan - current	2,267	-	-	2,267
Interest bearing loan – non-current	1,129	3,386	72,258	76,773
	11,109	3,521	72,328	86,958

NOTE 20 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

2014

Financial Liabilities	Due in less than 3 month US$000	Due between 3 months to 1 year US$000	Due between 1 to 5 years US$000	Total US$000
Trade payables	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, primarily gold. Severe changes in the market price of gold may affect the recoverability of the Group's investments in its mine, exploration assets and mining rights, and of the Group's intercompany receivables. The supply and demand for gold, the level of interest rates, the rate of inflation, investment decisions by large holders of gold including governmental reserves, and stability of exchange rates can all cause significant fluctuations in the market price of gold. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Credit risk
The Group is exposed to credit risk in so far as it deposits cash with its banks as detailed in notes 13 and 14. However, the banks used are international institutions of the highest standing. In addition the Group is exposed to sovereign risk in so far as it is owed recoverable sales tax, as detailed in note 11, by the government of Peru.

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 6.17% over LIBOR. 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 agreed terms so that no interest is incurred on those liabilities.

NOTE 21 - OTHER INCOME

In March 2014, the Group received proceeds of $1,125,000 on the sale of its Chapi-Chapi project and recognized a gain of $879,000.

NOTE 22 – DISCONTINUED OPERATIONS

As of 16 August 2013, upon entering into the contractual arrangement with CIMINAS whereby the investment in Minera IRL Patagonia, the subsidiary that holds the Don Nicolás Gold Project, became jointly controlled, the Group's remaining interest in Minera IRL Patagonia was considered a joint venture and was subsequently accounted for using the equity method. Although the Group was to retain 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.

Between 1 January 2014 and the sale of Minera IRL Patagonia to CIMINAS in July 2014, the Group recorded a loss of $2,879,000 on its share of Minera IRL Patagonia. As the Don Nicolás Gold Project was a development project it did not record any revenue during the year ended 31 December 2014.

During 2014, prior to the July 2014 sale of the Group's remaining interest in Minera IRL Patagonia, CIMINAS made capital contributions of $6,405,000, which was the balance of the amount remaining under Tranche II and an initial contribution under Tranche III. The contribution of $6,405,000 by CIMINAS reduced Minera IRL Limited'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 and recorded a loss on the sale of $32,119,000.

NOTE 23 - 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. As a result of examinations conducted by the Ministry of Energy and Mines to the Corihuarmi mine the Group has been fined for failure to comply with environmental obligations. The Group has appealed the aforesaid resolutions. As at December 31, 2015 the Group estimates an amount of $177,000 as contingencies related to liabilities for breach of environmental issues. No provision has been made as the Directors consider that the Group will be successful in its appeal.

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 $1,277,000 would be payable. No provision has been made as the Directors consider that the Group will be successful in its appeal.

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 2017, 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. In December 2015 the contract was extended until June 2017.

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.

The Group has provided performance guarantees to the Peruvian Ministry of Energy and Mines relating to the future reclamation and rehabilitation of the 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 the Group to provide cash deposits to the bank as security. The total of the performance guarantees required by the Peruvian Ministry of Energy and Mines increased to $4,604,000 at the end of 2015. 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. As at 31 December 2015 the Group has made cash deposits of $3,269,000 as security of these letters of guarantee. Subsequently, the Group has paid $1,380,000 increasing the balance of restricted funds to $4,649,000 as at 31 January 2016.

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 24 - RELATED PARTIES

During the years ended 31 December 2015 and 2014, the Group did not enter into transactions with related parties with the exception of key management as disclosed in note 6. As at 31 December 2015, the Group owed Ladykirk Capital Advisors Inc., a company controlled by Mr Daryl Hodges, $250,000, Mr Julian Bavin $979, Mr Doug Jones $5,875 and Mr Brad Boland $28,675.

NOTE 25 - SUBSEQUENT EVENTS

On 28 March 2016 Minera IRL Limited announced the appointment of Mr Francis O'Kelly as a non-executive director of the Company and the resignation of Mr Eric Olson from the position of Chief Operating Officer.

On 23 May 2016 Mineral IRL Limited announced the appointment of Mr Gerardo Perez as a non-executive director of the Company.