MINERA IRL LIMITED
Interim Financial Accounts
For the Third Quarter ended 30 September 2013

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

HIGHLIGHTS

Financial

- Gold sales of 6,427 ounces, down 15% (Q3 2012: 7,520 ounces, Q2 2013: 6,949 ounces) at an average realized gold price of $1,323 per ounce (Q3 2012: $1,667 per ounce)
- Revenue of $8.5 million, down 32% (Q3 2012: $12.5 million)
- Gross profit of $1.7 million, down 71% (Q3 2012: $5.8 million)
- EBITDA, before a one-time $12.5 million non-cash loss on the deconsolidation of Minera IRL Patagonia S.A. as a result of the CIMINAS transaction, of $0.9 million, down 82% (Q3 2012: $4.8 million)
- Adjusted loss after tax of $1.4 million, before the one-time $12.5 million non-cash loss, resulting in a total after tax loss of $13.9 million (Q3 2012: Profit after tax of $1.7 million)
- Cash balance of $1.3 million at the end of the quarter (Q2 2013: $4.9 million)
- Subsequent to 30 September 2013, the Company drew down the first $5 million of the additional $10 million available on the debt facility with Macquarie Bank and issued the corresponding 0.5% royalty on Ollachea

Operational Performance

- **Corihuarmi, Peru**
  - Gold production from the Corihuarmi Gold Mine of 6,296 ounces (Q3 2012: 7,660 ounces)
  - Site cash operating costs of $650 per ounce, similar to the $653 per ounce reported in the second quarter of 2013, but an increase from $552 per ounce in the third quarter of 2012
- **Ollachea, Peru**
  - The Peruvian Ministry of Mines and Energy approved the Environmental and Social Impact Assessment ("ESIA") for the Ollachea Gold Project
  - With government approval of the ESIA, the Company will now focus its efforts to obtain the Construction Permit for the Ollachea Gold Mine
  - In parallel with these permitting activities, the Company continues to advance project financing negotiations

- **<u>Don Nicolás, Argentina</u>**
  - Successfully secured $80m financing for the Don Nicolas Gold Project from Argentinian sources, full details are disclosed in the announcement of 19 August 2013
    - Under the terms of the financing, the Company entered into a definitive agreement with Compañía Inversora en Minas ("CIMINAS"), whereby CIMINAS would make a $45 million investment in Minera IRL Patagonia S.A. ("Minera Patagonia") to become up to a 45% equity owner of Minera Patagonia
    - The equity investment, in addition to a $35 million credit facility CIMINAS has made available, is being applied toward the development of the Don Nicolás Gold Project in Santa Cruz Province, Argentina
  - The Don Nicolas Project is fully permitted and construction activities are expected to commence in the first quarter of 2014
  - During the quarter, the Company recorded a loss of $12.5 million related to the deconsolidation of Minera Patagonia, based on an estimated fair value of $40.1 million on the Company's remaining interest

CHAIRMAN'S STATEMENT

We achieved two major milestones in the quarter ending 30 September 2013: Receipt of the Government of Peru's approval of the Ollachea Project's Environmental and Social Impact Assessment ("ESIA"), the key permit toward developing the project, and the arrangement of an $80 million financing package for the Don Nicolás Project in Argentina. On the operating front, we also had another quarter of steady production from our Corihuarmi Gold Mine and remain on track to achieve our full-year gold production guidance of 24,000 ounces.

At our flagship Ollachea Gold Project, the ESIA was approved by the Peruvian authorities in late September. The ESIA report is the culmination of over three years of environmental baseline studies, a definitive feasibility study, archaeological studies, water management plan, flora and fauna studies, social baseline studies and comprehensive public consultations with the community. The approval of a mining project's ESIA is a major milestone on the path towards production and is the key permit required to build a mine in Peru.

With the approval of the ESIA, the Company is now advancing its application for a Construction Permit for the Ollachea Gold Mine. Based upon revised management estimates, the Company now expects to receive the Construction Permit in the first quarter of 2014 (from late 2013). In parallel with the Construction Permit activities, we continue to advance project financing negotiations, with a goal of having debt facilities in place near the end of the first quarter of 2014.

As a result of the updated timeline to receive the Construction Permit for the Ollachea Gold Mine, and subject to obtaining sufficient financing, we have extended the schedule for the start of mine construction to the second half of 2014 from the first quarter of 2014. Accordingly, production from the Ollachea Gold Mine is now forecasted to commence near the end of 2015.

On 16 August 2013, after many months of negotiation led by Dr Diego Benavides, Minera IRL Limited announced that it had entered into a definitive agreement with Compañía Inversora en Minas ("CIMINAS") for 100% of the financing required to develop the Don Nicolás Gold Project in Santa Cruz Province, Argentina. CIMINAS, an investment fund established by a consortium of Argentine companies, has committed to provide financing for up to a total of $80 million, to be made up of a combination of equity and debt, for the development of the Don Nicolás. As a result of this financing arrangement, Minera IRL Limited will retain a 51% equity interest in the holding company for Don Nicolás, Minera IRL Patagonia S.A. ("Minera Patagonia"), and be the operator. This financing is fully secured against the assets of Minera Patagonia without recourse to Minera IRL Limited's other assets.

With respect to developing Don Nicolás, Minera Patagonia is in the final stages of negotiating a contract with a consortium comprised of SAXUM Ingenieria S.A., an Argentine engineering firm, and Kappes Cassiday & Associates to carry out the Engineering, Procurement, Construction and Management of the Don Nicolás Project. The development team is in the process of being assembled and the detailed engineering and procurement process will commence shortly thereafter. This will be followed by site mobilization and construction of the infrastructure, mining and processing facilities in the first quarter of 2014.

The mine management team will be assembled and put in place to coincide with the expected commissioning of the mine and processing plant in late 2014. Over its initial 3.6-year mine life, gross average annual gold and silver production is estimated at approximately 52,400 ounces (26,700 ounces net) and 56,000 ounces (28,600 ounces net), respectively, and average cash operating costs of $528 per ounce, after silver metal credits.

We are very pleased with this transaction, which fully finances the new Don Nicolás Mine whilst providing significant exposure to the exploration and mine expansion upside potential within Minera Patagonia's highly prospective 2,600 km^2 ground package located in the Deseado Massif. Once in production, Minera Patagonia plans to recommence an aggressive exploration and drill-out program to provide the basis for expanding and extending the life of the mining operations. There is also a pending feasibility study for a heap leach plant to operate in parallel to the milling operation to treat a significant resource of lower grade mineralization that is in addition to the existing reserve base.

At Corihuarmi, operational performance for the third quarter of 2013 was sound, with gold production of 6,296 ounces, 16% lower than the corresponding period in 2012, and slightly less than gold production of 6,633 ounces in the prior quarter. Gold production for the first nine of 2013 was 18,777 ounces, in-line with our full-year guidance of 24,000 ounces.

Site cash operating costs averaged $650 per ounce during the third quarter of 2013, an increase from $552 in the third quarter of 2012, and very similar to the $653 per ounce realized in the prior quarter. This year-over-year increase in per ounce costs is primarily due to fewer ounces being produced relative to last year. Production is expected to continue to decline as Corihuarmi approaches the end of its mine life.

During the quarter, 6,427 ounces of gold were sold at an average realized price of $1,323 per ounce for revenue of $8.5 million. Earnings before interest, taxes, depreciation and amortization ("EBITDA") were $0.9 million and the loss before taxes was $13.5 million. On an after-tax basis, a loss of $13.9 million was recorded. The loss was largely driven by a non-cash charge of $12.5 million on Minera Patagonia as a result of the transaction with CIMINAS resulting in a revaluation of our interest in Minera Patagonia for accounting purposes. The Company's cash and cash equivalents balance was $1.3 million at the end of the quarter.

We continue our efforts to restrict discretionary spending programs and are beginning to realize noticeable benefits from these cost reduction programs at the corporate level. Importantly, as a result of the transaction and financings by CIMINAS, in addition to the capital cost for constructing the Don Nicolás Project, Minera Patagonia now carries associated costs such as exploration and Argentina G&A.

The third quarter gold price and gold equity market performance has been a little disappointing as we continue to elude a strong recovery. However, I believe that we witnessed the bottoming of the gold price mid-year at around $1,200 per ounce. I am optimistic that the gold price will improve from the current $1,300 per ounce range, underpinned by strong jewellery and investment demand from the Far East that continues to grow.

Most gold mining stocks remain well undervalued and companies with low cost and financeable projects should stand out over the long-term. As for Minera IRL, some market pundits have been sceptical of our ability to find financing for two projects ready for development. I believe that optimism is improving as a result of the successful financing of Don Nicolás from within Argentina, which has been well received by the investment community and media. With Don Nicolás financed, we are now focusing our attention on financing and developing our flagship Ollachea Project in Peru.

Our team continues to do an outstanding job and I thank them for their efforts and contributions. I also wish to thank our shareholders for their continuing support and patience during these challenging times. Management remains dedicated to unlocking the very substantial shareholder value contained in our portfolio of high quality next generation gold mines and exploration projects.

Courtney Chamberlain
Executive Chairman
Minera IRL Limited

November 13, 2013

NOTICE TO READER

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

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Minera IRL Limited

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited - Expressed in thousands of United States Dollars, except per share amounts)

		Three Months Ended		Nine Months Ended	
	Notes	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenue		$ 8,530	$ 12,549	$ 27,844	$ 34,733
Cost of sales		(6,860)	(6,766)	(21,054)	(19,528)
Gross profit		1,670	5,783	6,790	15,205
Administration		(2,264)	(2,092)	(5,989)	(6,304)
Exploration and evaluation		(51)	(65)	(176)	(243)
Share based payments	14	-	(20)	(33)	(585)
Gain on disposal of available-for-sale investments	6	3	(5)	23	(1)
Operating (loss) profit		(642)	3,601	615	8,072
Loss on deconsolidation of subsidiary	5	(12,517)	-	(12,517)	-
Share of loss from joint venture	9	(66)	-	(66)	-
Finance income		-	39	2	98
Finance expense		(292)	(98)	(856)	(291)
(Loss) profit before tax	4	(13,517)	3,542	(12,822)	7,879
Income tax expense		(371)	(1,832)	(2,422)	(4,358)
(Loss) profit for the period attributable to the equity shareholders of the parent		$ (13,888)	$ 1,710	$ (15,244)	$ 3,521
Retranslation of foreign operations		(231)	410	(231)	(414)
Loss on revaluation of available-for-sale investments		-	(2)	-	(255)
Recycled on disposal of available-for-sale investments		-	(10)	(20)	(34)
Total comprehensive (loss) income		$ (14,119)	$ 2,108	$ (15,495)	$ 2,818
(Loss) earnings per share (US cents)					
Basic	12	(8.0)	1.1	(8.9)	2.4
Diluted	12	(8.0)	1.1	(8.9)	2.4
Weighted average common shares outstanding					
Basic		173,677,884	151,902,884	171,464,491	144,010,694
Diluted		173,677,884	151,902,884	171,464,491	144,020,545

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

Minera IRL Limited

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of United States Dollars)

	Notes	September 30, 2013	December 31, 2012
Assets			
Property, plant and equipment	11	$ 14,791	$ 17,986
Intangible assets	10	126,670	159,359
Investment in joint venture	5, 9	43,189	-
Available-for-sale investments	6	14	183
Deferred tax assets		822	654
Other receivables and prepayments	7	6,323	13,266
Total non-current assets		191,809	191,448
Inventory	8	3,402	3,486
Other receivables and prepayments	7	3,432	2,917
Current tax recoverable		434	-
Cash		1,275	6,246
Total current assets		8,543	12,649
Total assets		$ 200,352	$ 204,097
Equity			
Share capital	14	$ 148,036	$ 134,163
Foreign currency reserve		-	231
Share option reserve	14	1,738	1,705
Revaluation reserve		-	20
(Accumulated losses) retained earnings		(2,363)	12,881
Total equity attributable to equity shareholders of the parent		147,411	149,000
Liabilities			
Trade and other payables	13	14,190	14,000
Interest bearing loans	13	-	20,000
Provisions	13	3,314	3,178
Total non-current liabilities		17,504	37,178
Trade and other payables	13	15,437	17,755
Interest bearing loans	13	20,000	-
Current tax		-	164
Total current liabilities		35,437	17,919
Total liabilities		52,941	55,097
Total equity and liabilities		$ 200,352	$ 204,097

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Minera IRL Limited

Condensed Interim Consolidated Statements of Changes in Equity

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

		Share capital		Reserves				
	Notes	Number of Shares	Amount	Share option	Revaluation	Foreign currency	(Accumulated losses) retained earnings	Total equity
Balance at 1 January 2012		**119,582,884**	**$ 100,752**	**$ 1,917**	**$ 328**	**$ 231**	**$ 8,751**	**$ 111,979**
Profit for the period		-	-	-	-	-	3,521	3,521
Loss on available-for-sale investments		-	-	-	(255)	-	-	(255)
Recycled on disposal of available-for-sale investments		-	-	-	(34)	-	-	(34)
Retranslation of foreign operations		-	-	-	-	(414)	-	(414)
Total comprehensive income		-	-	-	(289)	(414)	3,521	2,818
New share capital subscribed	14	29,260,000	33,363	-	-	-	-	33,363
Cost of raising share capital	14	-	(2,153)	-	-	-	-	(2,153)
Issuance of share options	14	-	-	585	-	-	-	585
Share options exercised	14	3,060,000	2,201	(797)	-	-	797	2,201
Balance at 30 September 2012		**151,902,884**	**$ 134,163**	**$ 1,705**	**$ 39**	**$ (183)**	**$ 13,069**	**$ 148,793**
Loss for the period		-	-	-	-	-	(188)	(188)
Loss on available-for-sale investments		-	-	-	(19)	-	-	(19)
Retranslation of foreign operations		-	-	-	-	414	-	414
Total comprehensive income		-	-	-	(19)	414	(188)	207
Balance at 31 December 2012		**151,902,884**	**$ 134,163**	**$ 1,705**	**$ 20**	**$ 231**	**$ 12,881**	**$ 149,000**
Loss for the period		-	-	-	-	-	(15,244)	(15,244)
Retranslation of foreign operations		-	-	-	-	(231)	-	(231)
Recycled on disposal of available-for-sale investments		-	-	-	(20)	-	-	(20)
Total comprehensive income		-	-	-	(20)	(231)	(15,244)	(15,495)
New share capital subscribed	14	21,775,000	15,504	-	-	-	-	15,504
Cost of raising share capital	14	-	(1,631)	-	-	-	-	(1,631)
Issuance of share options	14	-	-	33	-	-	-	33
Balance at 30 September 2013		**173,677,884**	**$ 148,036**	**$ 1,738**	**$ -**	**$ -**	**$ (2,363)**	**$ 147,411**

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

Minera IRL Limited

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of United States Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
OPERATING ACTIVITIES				
Operating (loss) profit	$ (642)	$ 3,601	$ 615	$ 8,072
Items not affecting cash:				
Depreciation	1,586	1,247	4,417	3,627
Share based payments	-	20	33	585
Provision for mine closure costs	-	65	16	137
Loss (profit) on disposal of available-for-sale investments	-	23	(28)	1
Revaluation of available-for-sale investments	(2)	(27)	6	(9)
Changes in non-cash working capital items:				
(Increase) decrease in inventory	10	(569)	84	(556)
(Increase) decrease in other receivables and prepayments	434	(1,255)	404	(1,798)
Increase (decrease) in trade and other payables	450	1,618	(3,609)	370
Payment of mine closure costs	(14)	-	(55)	-
Corporation tax paid	(270)	(1,177)	(2,876)	(5,249)
	1,552	3,546	(993)	5,180
Finance income received	-	72	2	98
Finance expense paid	(292)	(98)	(856)	(291)
Net cash from (used in) operating activities	1,260	3,520	(1,847)	4,987
INVESTING ACTIVITIES				
Disposal of available-for-sale investments	-	22	171	61
Decrease in cash due to deconsolidation of subsidiary	(415)	-	(415)	-
Acquisition of property, plant and equipment	(1,264)	(559)	(3,148)	(1,813)
Deferred exploration and development expenditures	(3,231)	(15,881)	(13,605)	(36,918)
Net cash used in investing activities	(4,910)	(16,418)	(16,997)	(38,670)
FINANCING ACTIVITIES				
Proceeds from the issue of ordinary share capital	-	-	15,504	33,363
Cost of raising share capital	-	(7)	(1,631)	(2,153)
Share options exercised	-	-	-	2,201
Net cash from financing activities	-	(7)	13,873	33,411
Change in cash	(3,650)	(12,905)	(4,971)	(272)
Cash at beginning of period	4,925	22,943	6,246	11,134
Exchange rate movements	-	410	-	(414)
Cash at end of period	$ 1,275	$ 10,448	$ 1,275	$ 10,448
Cash and cash equivalents consists of:				
Cash	$ 1,275	$ 10,448	$ 1,275	$ 10,448
Short-term investments	-	-	-	-
	$ 1,275	$ 10,448	$ 1,275	$ 10,448

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

Note 1 – Nature and Continuance of Operations

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

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

These condensed interim consolidated financial statements of the Company for the three and nine month periods ended 30 September 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

These condensed interim consolidated financial statements have been prepared on the assumption that the Company 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 Company is not expected to continue operations for the foreseeable future.

At 30 September 2013, the Company had a working capital deficit of $26,894,000. Current liabilities at 30 September 2013 included a $20,000,000 interest bearing loan provided by Macquarie Bank Limited with a maturity date of 30 June 2014. The current liabilities also included the current portion of the amount due to Rio Tinto plc ("Rio Tinto") under the Mining Right Transfer Contract for the Ollachea property. Under the Mining Right Transfer Contract, $21,500,000 is due to Rio Tinto over a 33-month period, with $7,310,000 due in January 2014. Up to 80% of the payments can be settled in ordinary shares of Minera IRL Limited at the Company's election. The balance is due in July 2016.

Having taking into account the balance of cash at 30 September 2013, the required payment dates of certain current liabilities, ongoing positive cash flows from the Corihuarmi mine, the additional $10,000,000 secured under its Macquarie Bank Finance Facility and the ability to manage expenditure, the Directors consider that the Company has sufficient financial resources available to allow fundraising initiatives to be progressed for the funding of the Ollachea project and refinancing or renegotiation of the existing Macquarie facilities due for repayment in June 2014. However, there are risks associated with the operation of a mine and the development and financing of new mining operations, which may give rise to the possibility that additional working capital may be required. Specifically, the Ollachea Gold Project, which has a positive feasibility study completed and an environmental permit, will require additional funding to construct. However, the Directors are confident that existing facilities can be renegotiated and such further sources of finance that may be necessary can be secured in the required timescale and on this basis have adopted the going concern basis of preparation.

However, the above conditions indicate the existence of a material uncertainty which may cast doubt on the Company'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.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on November 12, 2013.

Note 2 – Basis of Preparation and Significant Accounting Policies

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

Note 2 – Basis of Preparation and Significant Accounting Policies (continued)

These condensed interim consolidated financial statements have been prepared by management and reported in thousands of United States dollars in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as adopted for use within the European Union and applicable to the preparation of interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and, with the exception of “Investments in jointly controller entities” which is discussed below, have been prepared following the same accounting policies and method of computation as the annual Financial Statements for the year ended 31 December 2012. The disclosures provided below are incremental to those included with the annual Financial Statements. Certain information and disclosures normally included in the notes to the annual Financial Statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual Financial Statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS expected to be effective for the year ended 31 December 2013.

Following the completion of the transaction with Compañía Inversora en Minas on August 16, 2013 that resulted in the joint control of Minera IRL Patagonia S.A., as described in note 5, “Transaction with CIMINAS – Don Nicolás Gold Project”, the Company has added the following accounting policy:

Investments in jointly controlled entities (equity-accounted investees):

Investments in jointly controlled entities are accounted for under the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Note 3 – Key Management Compensation

	Salary & Fees ($)	Bonus ($)	Other Benefits ($)	Share Based Payments ($)	Total ($)
30 September 2013					
Directors:					
C Chamberlain	375	-	13	-	388
D Jones	18	-	-	-	18
K Judge	12	-	-	-	12
G Ross	18	-	-	-	18
N Valdez Ferrand	18	-	-	-	18
Directors total	441	-	13	-	454
Non-Directors:	1,174	-	282	24	1,480
TOTAL	1,615	-	295	24	1,934

(Unaudited – Expressed in thousands of United States Dollars)

Note 3 – Key Management Compensation (continued)

	Salary & Fees ($)	Bonus ($)	Other Benefits ($)	Share Based Payments ($)	Total ($)
30 September 2012					
Directors:					
C Chamberlain	335	-	21	73	429
D Jones	34	-	-	25	59
K Judge	34	-	-	25	59
G Ross	34	-	-	25	59
N Valdez Ferrand	34	-	-	25	59
Directors total	471	-	21	173	665
Non-Directors:	1,325	126	314	303	2,068
TOTAL	1,796	126	335	476	2,733

Note 4 – (Loss) Profit Before Tax

	30 September 2013 ($)	30 September 2012 ($)
Auditor's remuneration:		
Audit of group financial statements	**121**	90
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the Company pursuant to legislation	**20**	-
Taxation services	**1**	-
Corporate finance services	**62**	39
Foreign exchange loss	**660**	77

Note 5 – Transactions with CIMINAS – Don Nicolás Gold Project

On August 16, 2013, the Company entered into a definitive agreement with Compañía Inversora en Minas ("CIMINAS"), whereby CIMINAS would make a $45,000,000 investment in Minera IRL Patagonia S.A. ("Minera Patagonia") to become up to a 45% equity owner of Minera Patagonia. The equity investment in addition to a $35,000,000 credit facility CIMINAS has made available to Minera Patagonia is expected to provide the financing required to develop Minera Patagonia's Don Nicolás Gold Project in Santa Cruz Project, Argentina.

In addition, The Company entered into an agreement with Argenwolf S.A. ("Argenwolf"), a business corporation organized and existing under the laws of the Argentine Republic, to provide Argenwolf a 4% equity stake in Minera Patagonia as compensation for arranging the investment by CIMINAS.

As part of the agreement, CIMINAS also subscribed for 9,146,341 ordinary shares of Minera IRL Limited in exchange for $3,000,000, in equivalent Argentine Pesos, being invested in Minera Patagonia. The 9,146,341 ordinary shares were issued subsequent to 30 September 2013. Additional detail is provided under note 14,"Issued Capital".

(Unaudited – Expressed in thousands of United States Dollars)

Note 5 – Transactions with CIMINAS – Don Nicolás Gold Project (continued)

In the joint arrangement with CIMINAS, the Company will retain at least a 51% interest in Minera Patagonia, down from 100%. Although the Company will retain more than half of the voting shares in Minera Patagonia, management has determined that the Company does not have control by virtue of an agreement with its other shareholders, which requires unanimous consent on decisions concerning relevant activities, resulting in joint control. Consequently, upon entering into the agreement with CIMINAS, the Company's interest in Minera Patagonia was considered a joint venture and has subsequently been accounted for using the equity method. Additionally, on the transition to joint control, Minera Patagonia was deconsolidated and the Company's remaining interest was determined to have a fair value of $40,099,000 and a loss on the deconsolidation of Minera Patagonia of $12,517,000 was recorded on the consolidated statement of loss and comprehensive loss.

The following adjustments were made to the net assets of the consolidated financial statements as of the date of the transaction with CIMINAS, 16 August 2013, to deconsolidate Minera Patagonia on the transition to joint control:

	($)
Property, plant and equipment	2,101
Intangibles	47,223
Other receivables and prepayments – long-term	5,629
Other receivables and prepayments – current	1,326
Cash	415
Foreign currency reserve	(231)
Trade and other payables – current	(379)
Current taxes	(312)
Net assets	55,772
Loss on deconsolidation of Minera Patagonia	(12,517)
Investment in Minera Patagonia Joint Venture – 16 August 2013	43,255
Transaction costs	(3,156)
Fair value of Minera IRL Limited's interest in Minera Patagonia – 16 August 2013	40,099

Transaction costs of $3,156,000 includes an amount of $2,224,000 that is the estimated fair value of the 4% equity stake in Minera Patagonia provided to Argenwolf as compensation for arranging the investment by CIMINAS.

Details on the investment in the Don Nicolás Joint Venture following the deconsolidation of Minera Patagonia is provided in note 9,"Investment in the Don Nicolás Joint Venture".

The $45,000,000 equity investment consists of 4 components ("Tranches") that are made up of preferred and common equity and are described as follows:

1. Tranche I (Minera IRL Ordinary Shares) – $3,000,000
   CIMINAS subscribed for 9,146,341 ordinary shares of Minera IRL Limited and as consideration CIMINAS contributed $3,000,000 to Minera Patagonia toward the development of Don Nicolás. The ordinary shares were issued subsequent to 30 September 2013 pursuant to a prospectus supplement to the Company's base shelf prospectus dated July 12, 2012. Additional details on the share issuance are provided in note 14, "Issued Capital".

2. Tranche II – $7,300,000
   Tranche II provides CIMINAS with a 7.8% equity interest in Minera Patagonia in exchange for an investment of $7,300,000 and has no preferred rights.

Note 5 – Transactions with CIMINAS – Don Nicolás Gold Project (continued)

3. Tranche III (Accelerated Payback) – $15,000,000
   Tranche III provides CIMINAS with a 16.1% equity interest in Minera Patagonia in exchange for an investment of $15,000,000. These shares will have preference on dividend payments (doubled to 32.2% of expected cash flows) until the accumulated dividend paid under Tranche III totals $15,000,000. At which point, the preferred equity held by CIMINAS will be converted to common shares representing a 16.1% interest in Minera Patagonia. In additional to receiving double dividends, Tranche III will receive 60% of the dividends payable to Minera IRL Limited to further accelerate the pay back of Tranche III, until the accumulated amount paid under Tranche III totals $15,000,000.

4. Tranche IV (Secured) – $19,700,000
   Tranche IV provides CIMINAS with an option to acquire a 21.1% equity interest in Minera Patagonia in exchange for an investment of $19,700,000. This preferred interest has an annual secured return of 12.5% during the initial option period. At the end of years three, four and five of production, CIMINAS will have the option to request repayment of $6,566,667 (one-third of the amount of Tranche IV) or convert these preferred shares into common shares that represent approximately 7% of Minera Patagonia. At each of these option dates CIMINAS can convert all of the outstanding preferred shares of Tranche IV into common shares. As guarantee for this Tranche, the Company has pledged in favour of CIMINAS its 51% stake in Minera Patagonia.

   Additionally, a Reserve account to guarantee each payment will be set up. The Reserve account will be funded from Minera Patagonia's free cash flow exceeding the dividend distribution capacity. In addition, once the accumulated dividends under Tranche III reach $15,000,000, the Reserve account will receive 80% of Minera IRL Limited's dividend from Minera Patagonia until the total amount in the Reserve account reaches $6,566,667. At which point, Minera IRL Limited will receive 100% of the dividends corresponding to its 51% stake in Minera Patagonia.

CIMINAS and Minera Patagonia also entered into an agreement whereby CIMINAS will provide a bridge debt facility of up to $35,000,000 ("Credit Facility") while Minera Patagonia looks to arrange an Argentina sourced debt facility. In the event that Minera Patagonia is unable to obtain a replacement facility, the Credit Facility will be converted to longer term project financing under the terms of the existing agreement.

The initial term of the Credit Facility is for 12 months from the first disbursement of the funds and accrues interest at a rate of 360-day LIBOR plus 8.0%. Interest is payable at maturity. If alternative debt financing is not secured there is an option to extend the facility for an additional 24 months at an interest rate of 180-day LIBOR plus 8.5%, with a 0.5% step up per quarter (the last quarter of the loan being 180-day LIBOR plus 12.0%). During this extended period, interest is payable semi-annually and repayment of the loan will be in three equal annual instalments, the first being at the beginning of the extended period.

A commitment fee of 2.0% per annum is payable on non-disbursed funds from the closing of the Agreement. The commitment period is for 18 months from the closing of the Agreement. The Credit Facility is senior debt and will have a first degree mining mortgage on Minera Patagonia's mining rights and properties.

Note 6 – Available-for-Sale Investments

Available-for-sale investments consisted of 398,224 common shares of Alturas Minerals Corp. and have been valued at the market price of C$0.035 per share as quoted on the TSX Venture Exchange on 30 September 2013.

At 31 December 2012, available-for-sale investments consisted of 493,434 common shares of Columbus Gold Corp., 398,224 common shares of Alturas Minerals Corp. and 397,520 common shares of Alix Resources Corp. and have all been valued at their respective market prices as quoted on the TSX Venture Exchange.

(Unaudited – Expressed in thousands of United States Dollars)

Note 7 – Other Receivables and Prepayments

	30 September 2013 ($)	31 December 2012 ($)
Non-current assets		
Other receivables	**6,323**	13,266
Current assets		
Other receivables	**2,896**	2,032
Prepayments	**536**	885
	3,432	2,917

Included in other receivables and prepayments is an amount of $6,197,000 (2012: $13,049,000) relating to sales tax paid on the purchase of goods and services in Peru (2012: Peru and Argentina). This balance is expected to be fully recovered in due course against the revenue earned from exploitation of the respective projects. Included in the sales tax recoverable is an amount of $6,207,000 (2012: $9,361,000) relating to purchases for the Ollachea project (2012: Ollachea and Don Nicolás projects), which is not expected to be recovered in the next twelve month period and has therefore been included in non-current assets.

Note 8 - Inventory

	30 September 2013 ($)	31 December 2012 ($)
Gold in process	**1,818**	2,117
Mining materials	**1,584**	1,369
	3,402	3,486

Note 9 – Investment in the Don Nicolás Joint Venture

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 statements of financial position as investments in joint ventures. The Company's share of net earnings (losses) is included in the consolidated statements of earnings as a share of net earnings (losses) from investments in joint ventures (net of income tax). Profit distributions received or receivable from an investee reduce the carrying value of the investment.

As of 16 August 2013, upon entering into the contractual arrangement with CIMINAS whereby the investment in Minera Patagonia, the subsidiary which holds the Don Nicolás Gold Project, became jointly controlled, the Company's remaining interest in Minera Patagonia was considered a joint venture and has subsequently been accounted for using the equity method. Although the Company will retain more than half of the voting shares in Minera Patagonia, management has determined that the Company does not have control by virtue of an agreement with another shareholder, which requires unanimous consent on decisions concerning relevant activities resulting in joint control.

(Unaudited – Expressed in thousands of United States Dollars)

Note 9 – Investment in the Don Nicolás Joint Venture (continued)

Summarized financial information for the Don Nicolás Joint Venture is as follows:

As at	**30 September 2013 ($)**
Cash	109
Other current assets	372
Non-current assets	43,450
Total assets	**43,931**
Trade payable and provisions	512
Other current liabilities	230
Non-current liabilities	-
Total liabilities	**742**
Net assets	**43,189**

	Investment in Don Nicolás Joint Venture ($)
Balance - 1 January 2013	-
Carrying value of investment on loss of control – 16 August 2013	43,255
Share of losses (net of taxes)	(66)
Balance - 30 September 2013	**43,189**

During the period between 16 August 2013 and 30 September 2013, the Don Nicolás Joint Venture recorded a loss and comprehensive loss of $66,000. As the Don Nicolás Joint Venture is a development project it did not record any revenue during the period between 16 August 2013 and 30 September 2013.

Note 10 – Intangible Assets

	Ollachea ($)	**Don Nicolás ($)**	**Other Peru ($)**	**Other Argentina ($)**	**Total ($)**
Balance – 1 January 2012	51,256	22,957	6,671	7,590	88,474
Additions	56,299	10,540	1,026	3,020	70,885
Balance – 31 December 2012	107,555	33,497	7,697	10,610	159,359
Additions	11,441	2,761	223	109	14,534
Transfers	-	-	(246)	246	-
Deconsolidation on loss of control of Minera IRL Patagonia S.A.	-	(36,258)	-	(10,965)	(47,223)
Balance - 30 September 2013	**118,996**	**-**	**7,674**	**-**	**126,670**

Note: The Ollachea property includes $21,748,000 provided in respect of further payments to Rio Tinto. See note 13, “Liabilities” for more details.

(Unaudited – Expressed in thousands of United States Dollars)

Note 10 – Intangible Assets (continued)

The carrying values of the remaining deferred exploration costs at the period end have been assessed for indications of impairment and the results of these assessments have been sufficiently encouraging to justify the retention of the deferred exploration assets on the consolidated statements of financial position.

Ollachea will require significant project financing in order to bring it into production and convert it into mining assets.

Note 11 – Property, Plant and Equipment

	Mining Assets & Deferred Development Costs ($)	Land & Buildings ($)	Motor Vehicles ($)	Computers & Other Equipment ($)	Total ($)
Cost					
Balance - 1 January 2012	37,555	2,085	2,853	3,272	45,765
Additions	1,615	774	85	376	2,850
Disposals	(37)	-	(64)	-	(101)
Balance - 31 December 2012	**39,133**	**2,859**	**2,874**	**3,648**	**48,514**
Additions	2,806	193	218	187	3,404
Disposals	-	-	(195)	-	(195)
Reclassifications	(316)	308	-	8	-
Deconsolidation on loss of control of Minera IRL Patagonia S.A.	-	(1,684)	(51)	(1,016)	(2,751)
Balance – 30 September 2013	**41,623**	**1,676**	**2,846**	**2,827**	**48,972**
Accumulated Depreciation					
Balance – 1 January 2012	23,624	32	611	1,509	25,776
Depreciation for the year	3,786	57	478	494	4,815
Disposals	(27)	-	(36)	-	(63)
Balance – 31 December 2012	**27,383**	**89**	**1,053**	**2,003**	**30,528**
Depreciation for the period	3,587	34	351	436	4,408
Disposals	-	-	(105)	-	(105)
Deconsolidation on loss of control of Minera IRL Patagonia S.A.	-	(69)	(51)	(530)	(650)
Balance - 30 September 2013	**30,970**	**54**	**1,248**	**1,909**	**34,181**
Carrying Amounts					
Balance - 1 January 2012	13,931	2,053	2,242	1,763	19,989
Balance - 31 December 2012	**11,750**	**2,770**	**1,821**	**1,645**	**17,986**
Balance – 30 September 2013	**10,653**	**1,622**	**1,598**	**918**	**14,791**

(Unaudited – Expressed in thousands of United States Dollars)

Note 12 – (Loss) Earnings per Share

The loss per share for the nine month period ended 30 September 2013 has been calculated at $(0.089) (2012: earnings per share of $0.024) using the loss for the period $15,244,000 (2012: profit of $3,521,000) and the weighted average number of ordinary shares in issue during the nine month period ended 30 September 2013 of 171,464,491 (2012: 144,010,694).

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

	2013 Loss ($)	**2013 Number of shares (‘000)**	**2013 Loss per share (cents)**	2012 Profit ($)	2012 Number of shares (‘000)	2012 Earnings per share (cents)
Basic (loss) earnings	**(15,244)**	**171,464**	**(8.9)**	3,521	144,011	2.4
Dilutive effects-options	**-**	**-**	-	-	10	-
Diluted (loss) earnings	**(15,244)**	**171,464**	**(8.9)**	3,521	144,021	2.4

Note 13 – Liabilities

Interest Bearing Loans

As at 30 September 2013, the Group had drawn $20,000,000 (31 December 2012: $20,000,000) on the interest bearing loan provided by Macquarie Bank (the “Facility”). In November 2012, the interest bearing loans were amended with the term of the loan being extended from December 31, 2012 to June 30, 2014 and the interest rate increased to LIBOR plus 5% (from LIBOR plus 3.5%). The loan is secured against the assets of the Group, with the exception of the Group’s joint venture interest in Minera Patagonia in Argentina. In addition, other share options were granted in connection with the loan extension. See note 14, “Capital and Reserves” for more details on the other share options.

In August 2013, the 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 Facility to $30,000,000. The Facility interest rate remains 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 Company’s Ollachea gold project for the life of mine will be granted to Macquarie Bank (the “Macquarie Royalty”). Once granted, the Company 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 tranche. The IRR would be calculated using the actual drawdown and actual repayment of each tranche, the upfront fee paid (1.5% of each tranche, payable on drawdown), the interest payments associated with each tranche paid and any payments made under the Macquarie Royalty.

A condition precedent to Tranche 4 being made available was the government approval of the Environmental and Social Impact Assessment (“ESIA”) required for the development of the Ollachea gold project. The ESIA was received by the Company in September 2013. The $10,000,000 available under Tranches 3 and 4 is subject to an undrawn line fee of 2% per annum.

Subsequent to 30 September 2013, Tranche 3, totalling $5,000,000, was drawn by the Company and the corresponding 0.5% gross revenue royalty was registered against the Ollachea property in favour of Macquarie Bank. Total debt outstanding under the Facility following Tranche 3 being drawn was $25,000,000.

(Unaudited – Expressed in thousands of United States Dollars)

Note 13 – Liabilities (continued)

Provisions

The Group has made a provision of $3,314,000 against the present value of the cost of restoring the Corihuarmi mine site and the Ollachea exploration tunnel site to its original condition. This provision is an estimate of the cost of reversing the alterations to the environment that have been made up until 30 September 2013. The timing and cost of this rehabilitation is uncertain and dependent upon the duration of the mine life and the quantity of ore that will be extracted from the mine. At present time, it is estimated that the remaining mine life at Corihuarmi is approximately 21 months. Further, it is currently estimated that the rehabilitation of the Ollachea exploration tunnel is to begin in 11 years based on the time to develop and the projected mine life.

	Environmental Provisions ($)
Balance - 1 January 2012	2,443
Additional provision	789
Paid during the year	(54)
Balance - 31 December 2012	3,178
Additional provision	176
Accretion expense	15
Paid during the period	(55)
Balance - 30 September 2013	**3,314**

	30 September 2013 ($)	31 December 2012 ($)
Trade and other payables		
Non-current		
Other payables	**14,190**	14,000
Current		
Trade payables	**7,879**	8,090
Other payables	**7,558**	9,665
	15,437	17,755

Payment on Ollachea Gold Project Due to Rio Tinto

On July 11, 2013, the Company and Rio Tinto agreed to an amount of $21,500,000 as the amount due by the Company to Rio Tinto in connection with the second and final additional payment under the Mining Right Transfer Contract for the Ollachea property. The amount due is included in the current and non-current portions of trade and other payables. The payment was originally to be made in three separate instalments. The first instalment, representing 34% of the amount due, $7,310,000, was payable within 90 days of agreeing to the amount due (October 2013); the second instalment, representing 33% of the amount due, $7,095,000, was payable within 12 months of agreeing to the amount due (July 2014); and, the third and final instalment, representing 33% of the amount due, $7,095,000, is payable within 24 months of agreeing to the amount due (July 2015). The second and third instalments accrued interest at an annual rate of 7% and were secured against the Ollachea mining tenements. Under the Ollachea Mining Right Transfer Contract, up to 80% of the payment could be settled in ordinary shares of Minera IRL Limited at the Company’s election.

(Unaudited – Expressed in thousands of United States Dollars)

Note 13 – Liabilities (continued)

On September 13, 2013, the Company announced that it had agreed to revised payment terms with Rio Tinto. Under the revised agreement, the principal amount owing to Rio Tinto of $21,500,000 would be repaid in two instalments. The first instalment, representing 34% of the total amount due ($7,310,000), and originally due 11 October 2013, would be payable by 11 January 2014 (the "First Instalment"). The second and third instalments were combined into one final instalment, representing the remaining 66% of the total amount ($14,190,000), which is due 1 July 2016 (the "Final Instalment"). The Company retained the right, at the Company's election, to pay up to 80% of the principal amount in ordinary shares of Minera IRL Limited. The Company also has the right to settle up to 100% of the amounts outstanding to Rio Tinto in cash, at any time.

Both instalments accrue interest at a rate of 7% per annum to be paid in cash. The First Instalment interest payment is due on 11 January 2014 and the Final Instalment interest payments are due on the first day of July in 2014, 2015 and 2016. At 30 September 2013, a total of $248,000 had been accrued on the Final Instalment.

For purposes of calculating the number of shares to be issued, it will be the lower of C$0.242, representing the 5-day volume-weighted-average price ("VWAP") on the Toronto Stock Exchange ("TSX") on the date of signing the revised agreement, or the TSX's 5-day VWAP on the day on which an instalment is paid. The exchange rate between the United States and Canadian dollars is based on the average prevailing exchange rate during the 5-day VWAP period as posted by the Bank of Canada.

Additionally, should Rio Tinto not sell any ordinary shares that it receives as consideration for the First Instalment for a period of one year, Rio Tinto shall be entitled to a cash Share Hold Incentive Payment. The Share Hold Incentive Payment, which is subject to certain qualifying exceptions, will be equal to 10% of the market value of any ordinary shares provided as part of the payment of the first instalment.

Note 14 – Capital and Reserves

As at 30 September 2013 and 31 December 2012, the Company'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 2012	119,582,884
Equity offering completed 5 March 2012 for total cash consideration of $33,363,376	29,260,000
Share options exercised on 2 April 2012 for total cash consideration of $1,605,500	2,230,000
Share options exercised on 12 April 2012 for total cash consideration of $595,688	830,000
Shares in issue 30 June 2012 and 1 January 2013	151,902,884
Equity offering completed 7 February 2013 for total cash consideration of $15,504,000	21,775,000
Total Shares in issue 30 September 2013	**173,677,884**

On 7 February 2013, the Company issued 21,775,000 ordinary shares at a price of $0.71 per share (equivalent to £0.45 and C$0.71 based on exchange rate at pricing) as a private placement of common shares to raise gross proceeds of C$15,504,000. A total of $1,631,000 in commissions and professional fees was paid in cash in connection with this placement.

On 2 April and 12 April 2012, the Company issued an aggregate of 3,060,000 ordinary shares at a price of £0.45 for the exercise of incentive stock options.

(Unaudited – Expressed in thousands of United States Dollars)

Note 14 – Capital and Reserves (continued)

On 5 March 2012, the Company issued 29,260,000 ordinary shares at a price of C$1.13 per share (equivalent to £0.72 based on exchange rate at pricing) under a prospectus offering to raise gross proceeds of C$33,063,800. A total of $2,153,000 in commissions and professional fees was paid in cash in connection with this offering.

Subsequent to 30 September 2013, the Company issued 9,146,341 ordinary shares at a price of US$0.328 to CIMINAS for gross proceeds of $3,000,000. The issuance of the 9,146,341 ordinary shares was part of the financing of the development of the Don Nicolás Gold Project that is described in detail under note 5, "Transaction with CIMINAS - Don Nicolás Gold Project".

Share Options

The changes in options issued under the Share Option Plan are as follows:

	30 September 2013		31 December 2012	
	Number of Options	Weighted Average Exercise Price (£)	Number of Options	Weighted Average Exercise Price (£)
Options outstanding, beginning	**9,730,000**	**0.88**	**8,955,000**	**0.78**
Options granted	425,000	0.25	3,835,000	0.78
Options expired	(790,000)	0.62	-	-
Options exercised	-	-	(3,060,000)	0.45
Options outstanding, end	**9,365,000**	**0.88**	**9,730,000**	**0.88**
Options exercisable, end	**9,365,000**	**0.88**	**9,730,000**	**0.88**

On 17 May 2013, the Company granted a total 425,000 incentive stock options at an exercise price of £0.25 for a period of 5 years. The options vested immediately upon being granted, and they were fair valued with a Black-Scholes option pricing model using the following assumptions:

Date of Grant	17 May 2013
Share price on date of grant	£0.20
Exercise price	£0.25
Expected volatility	46%
Expected option life	3.5 yrs
Risk-free rate of return	0.48%
Expected dividends	Nil
Fair Value	£0.05

On 3 April 2012, the Company granted a total 3,485,000 incentive stock options at an exercise price of £0.81 for a period of 5 years. Additionally, the Company granted 200,000 incentive stock options at £0.59 for a period of 5 years on 14 May 2012. Finally, the Company granted 150,000 incentive stock options at £0.53 for a period of 5 years on 04 September 2012. All of the above options vested immediately upon being granted. These options were fair valued with a Black-Scholes option pricing model using the following assumptions:

Date of Grant	3 April 2012	14 May 2012	4 September 2012
Share price on date of grant	£0.65	£0.47	£0.42
Exercise price	£0.81	£0.59	£0.53
Expected volatility	30%	30%	36%
Expected option life	3.5 yrs	3.5 yrs	3.5 yrs
Risk-free rate of return	0.75%	0.75%	0.75%
Expected dividends	Nil	Nil	nil
Fair Value	£0.10	£0.07	£0.08

(Unaudited – Expressed in thousands of United States Dollars)

Note 14 – Capital and Reserves (continued)

The following table details the incentive stock options outstanding as at 30 September 2013:

Number of share options	Exercise price	Expiry date
425,000	£0.25	17 May 2018
150,000	£0.53	3 September 2017
200,000	£0.59	14 May 2017
3,485,000	£0.81	3 April 2017
2,630,000	£1.08	17 November 2015
50,000	£0.73	2 July 2015
125,000	£0.89	26 January 2015
2,300,000	£0.91	17 November 2014
9,365,000	£0.88	

Other Share Options

There were no changes in other share options during the nine month period ending 30 September 2013.

	30 September 2013		31 December 2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning	**18,786,525**	**1.06**	**8,578,431**	**1.17**
Options granted	-	-	10,208,094	1.05
Options outstanding, end	**18,786,525**	**1.06**	**18,786,525**	**1.06**
Options exercisable, end	**18,786,525**	**1.06**	**18,786,525**	**1.06**

These options were issued as additional consideration to Macquarie Bank in connection with the interest bearing loan. (Refer to note 13)

The following table details the other share options outstanding as at 30 September 2013:

Number of share options	Exercise price	Expiry date
6,944,444	$1.08	December 31, 2014
1,633,987	$1.08	December 31, 2014
680,828	$1.08	December 31, 2014
4,672,897	$1.07	December 31, 2014
4,854,369	$1.03	December 31, 2014
18,786,525	$1.06	

Note 15 – Financial Instruments and Financial Risk Management

Financial instruments

The Group's principal financial assets comprise available-for-sale financial assets, cash and other receivables. With the exception of available-for-sale financial assets, which are recorded at fair value, all of the Group's financial assets are classified as loans and receivables and are measured at amortised cost.

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

(Unaudited – Expressed in thousands of United States Dollars)

Note 15 – Financial Instruments and Financial Risk Management (continued)

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 that the Group is exposed to:

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

The balances of cash held in various currencies were:

	30 September 2013 ($)	31 December 2012 ($)
Pounds sterling	**29**	72
Australian dollars	**1**	242
Canadian dollars	**42**	174
Argentine pesos	**-**	206
Chilean pesos	**8**	22
Peruvian nuevo soles	**253**	1,164
United States dollars	**942**	4,366
	1,275	6,246

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

	30 September 2013 ($)	31 December 2012 ($)
Pounds sterling	**(151)**	(89)
Australian dollars	**(45)**	(230)
Canadian dollars	**(88)**	406
Argentine pesos	**(48)**	5,791
Chilean pesos	**8**	(7)
Peruvian nuevo soles	**4,769**	1,605
United States dollars	**(41,963)**	(39,961)
	(37,518)	(32,485)

(Unaudited – Expressed in thousands of United States Dollars)

Note 15 – Financial Instruments and Financial Risk Management (continued)

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

	30 September 2013 ($)	31 December 2012 ($)
10% weakening of the US dollar	**445**	748
20% weakening of the US dollar	**890**	1,495
10% strengthening of the US dollar	**(445)**	(748)
20% strengthening of the US dollar	**(890)**	(1,495)

Liquidity risk
Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents as well as an adequate amount of committed credit facilities. The management of the Group safeguards its cash resources and makes regular forecasts of the requirements to use those resources. If necessary the management adapt their plans to suit the resources available. As at 30 September 2013, the Company had a working capital deficit of $26,894,000.

Market price of minerals risk
The Group's business exposes it to the effects of changes in the market price of metals. Severe changes in the market price of metals may affect the recoverability of the Group's investments in its mine and exploration assets and mining rights.

Credit risk
The Group is exposed to credit risk in so far as it deposits cash with its banks. However, the banks used are international institutions of the highest standing. In addition, the Group is exposed to sovereign risk in so far as it is owed recoverable sales tax, as detailed in note 7, "Other Receivables and Prepayments", by the governments of the Latin American countries in which it works.

Interest rate risk
The Company has debt denominated in US dollars and is therefore exposed to movements in US dollar interest rates. This debt bears interest at 5% over LIBOR and allows for interest periods of between 30 and 180 days. A change in LIBOR of +/-1% would not have a material effect on the financial results of the Company. It is the policy of the Company to settle trade payables within the agreed terms and no interest is incurred on those liabilities. In addition, at 30 September 2013, the Company had two payments related to the Ollachea gold property totalling $21,500,000 that are due between January 11, 2014 and July 1, 2016. Both payments accrue interest at an annual rate of 7%.

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

Fair values of financial assets and liabilities
The Group has performed a review of the financial assets and liabilities as at 30 September 2013 and has concluded that the fair value of those assets and liabilities is not materially different to book value.

(Unaudited – Expressed in thousands of United States Dollars)

Note 16 – Capital Commitments and Contingent Liabilities

The Group has entered into a contract with Generacion Electrica San Gaban SA for the supply of power to the construction and operation of the Ollachea project. In the event that certain minimum power usages are not achieved, then the Group is exposed to a maximum penalty of up to approximately $700,000.

Note 17 – Segment Reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports on the performance of the managerial units of the Group to the chief operating decision maker, in this case the Executive Chairman and the Board of Directors. The Group identifies these units primarily according to the country of operations.

The Group has only two customers (2012: two). The following table sets out the income and asset allocation of the Group according to these reporting segments:

	Peru ($)	Argentina ($)	Other ($)	Total ($)
For the Nine Months Ended 30 September 2013				
Revenue	27,844	-	-	27,844
Administration	(3,395)	(605)	(1,989)	(5,989)
Operating profit (loss)	3,219	(605)	(1,999)	615
Net profit (loss)	1,254	(12,969)	(3,529)	(15,244)
For the Nine Months Ended 30 September 2012				
Revenue	34,733	-	-	34,733
Administration	(3,160)	(942)	(2,202)	(6,304)
Operating profit (loss)	11,804	(945)	(2,787)	8,072
Net profit (loss)	6,874	(943)	(2,410)	3,521

	Peru ($)	Argentina ($)	Other ($)	Total ($)
As at 30 September 2013				
Non-current assets	148,596	43,189	24	191,809
Current	8,071	-	472	8,543
Total assets	156,667	43,189	496	200,352
As at 31 December 2012				
Non-current assets	138,191	53,119	138	191,448
Current	10,367	180	2,102	12,649
Total assets	148,558	53,299	2,240	204,097

Note 18 – Related Party Transactions

During the nine month period ended 30 September 2013, the Company had no related party transactions, with the exception of key management compensation as disclosed in note 3.

Note 19 – Seasonal Influences

The business of the Company is not generally subject to seasonal influences.

Note 20 – Subsequent Events

On October 10, the Company issued 9,146,341 ordinary shares at a price of US$0.328 to CIMINAS for gross proceeds of $3,000,000. The issuance of the 9,146,341 ordinary shares was part of the financing of the development of the Don Nicolás Gold Project that is described in detail under note 5, "Transaction with CIMINAS - Don Nicolás Gold Project".

Subsequent to 30 September 2013, Tranche 3, totalling $5,000,000, under the interest bearing loan facility provided by Macquarie Bank, was drawn by the Company and the corresponding 0.5% gross revenue royalty was registered against the Ollachea property in favour of Macquarie Bank. Total debt outstanding under the Facility following Tranche 3 being drawn was $25,000,000. Additional details are provided in note 13, "Liabilities", under the section entitled "Interest Bearing Loans".

The Directors of Minera IRL are listed in the Group's Annual report for the year ended 31 December 2012.

By order of the Board

C. Chamberlain
Executive Chairman