



MINERA IRL LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED 30 SEPTEMBER 2010 *(expressed in United States dollars, unless otherwise noted)*

The following Management's Discussion and Analysis ("MD&A"), prepared as of November 13th 2010 and should be read together with the audited consolidated financial statements (the "Financial Statements") of Minera IRL Limited ("Minera IRL", the "Group" or the "Company") for the fiscal year end December 31 2009 and related notes thereto and the unaudited consolidated financial statements of the Company for the quarter ended September 30th, 2010 and related notes thereto (the "Quarterly Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are stated in United States dollars, unless otherwise indicated. Additional information about Minera IRL, including the Company's most recently filed Annual Information Form and the risks and uncertainties discussed therein, may be found at the Company's website at www.minera-irl.com and within the Company's SEDAR profile at www.sedar.com.

Third Quarter 2010 Financial, Operational and Development Highlights

- **Corihuarmi third quarter gold production of 8,748 ounces, up 11.4% from 7,850 ounces in the same period in 2009**
- **Third quarter gold sales of 9,053 ounces, up 13.0% from 8,010 ounces in the same period in 2009**
- **Third quarter realised gold price of \$1,236 per ounce, up 27.2% from \$972 per ounce in same period in 2009**
- **Sales revenue of \$11.2 million, up 42.5% from \$7.8 million in the same period in 2009**
- **Gross profit of \$4.7 million, up 47.6% from \$3.2 million in the same period in 2009**
- **Loss before tax of \$0.9 million due to the previously announced decision to relinquish and write off the exploration expenditure for the La Falda and Killincho exploration projects of approximately \$2.9 million**
- **Loss after tax of \$1.7 million**
- **The Pre-feasibility Study of the 1.3 million ounce Minapampa Zone gold inferred**

resource at the Ollachea Project progressed with in-fill drilling over the Minapampa Zone completed

- Drilling has reverted back to the new Concurayoc discovery at Ollachea, located 500 metres west of the Minapampa Zone, where the immediate objective is to drill define an inferred resource
- The Feasibility Study on the Don Nicolas Project in Patagonia progressed with in-fill drilling substantially completed
- Also in Patagonia, scout drilling at Escondido has identified a new discovery with gold mineralization immediately adjacent to the Las Calandrias discovery announced by Mariana Resources Ltd.
- Draw down of \$10 million of the \$20 million Macquarie Bank Limited facility
- Cash held of \$5.4 million at 30 September 2010
- Post third quarter end, the Company completed a successful equity raising for gross proceeds of approximately C\$37.5 million, or net proceeds of approximately C\$35 million, by issuing 32,641,600 ordinary shares at C\$1.15 per share

Background and Business of the company

Minera IRL Limited is a Jersey registered company and together with its subsidiaries (the "Group" or "Company") is a Latin American precious metals mining, development and exploration company. The Company was privately funded from inception in 2000 until an initial public offering and admission of its ordinary shares on the AIM Market of the London Stock Exchange plc ("AIM") in April 2007, and subsequently listed on the Lima Stock Exchange in Peru, Bolsa de Valores Lima ("BVL"), in December 2007 both under the symbol of "MIRL". Most recently the shares were approved for listing on Toronto Stock Exchange ("TSX"), in April 2010 under the symbol "IRL".

In Peru the Company operates the Corihuarmi Gold Mine, is conducting a Pre-feasibility study on the Ollachea Project and exploring a number of gold prospects. In Argentina the company is undertaking a feasibility study at the Don Nicolas gold project in Patagonia and is prospecting a large land package under licence by the Company.

Details of the Company's corporate structure can be found on the web site www.minera-irl.com.

Overview of Third Quarter Financial Results

Financial Data	Three months September 30		Nine months September 30	
	2010	2009	2010	2009
Revenue (\$'000)	11,176	7,844	29,495	21,162
Net Profit/(loss) after tax (\$'000)	(1,719)	1,007	94	1,534
Earnings/(loss) per share				
Basic (cents)	(2.0)	1.3	0.1	2.3
Diluted (cents)	(2.0)	1.2	0.1	2.1

For the third quarter of 2010, revenue increased by 42.5% or \$3.33 million over the third quarter of 2009. This increase was attributed to a higher realised gold price and an increase in gold sold.

The company reported a net loss after tax of \$1.72 million for the third quarter of 2010, compared with a profit of \$1.01 million in the same prior year period. The after tax loss was a result of writing off \$2.9 million on two exploration projects.

Operational, Project Development and Exploration Review

Corihuarmi Gold Mine

The Company's 100% owned Corihuarmi Gold Mine ("Corihuarmi") is located approximately 160km south east of Lima, Peru, in the Central Andes at an altitude of almost 5,000 metres. The Company acquired the Corihuarmi project in 2002 and was brought into production in March 2008.

Below is a summary of the key operating statistics for Corihuarmi for the quarter:

Operating Parameter	September Quarter 2010	September Quarter 2009
Waste (tonnes)	28,856	45,099
Ore mined & stacked on heaps (tonnes)	398,090	299,836
Ore grade, mined and stacked (g/t)	0.87	1.10
Gold produced (ounces)	8,748	7,850
Gold sold (ounces)	9,053	8,010
Realised Gold Price (\$ per ounce)	1,236	972
Operating cash costs (\$ per ounce) ¹	378	348

Gold production for the third quarter of 2010 increased by 11.4% to 8,748 ounces, over the 7,850 ounces produced in the same prior year period.

Although the grade was lower, this was more than compensated for by the higher tonnes mined and crushed for the quarter, compared to the corresponding quarter in 2009, resulting in higher

gold production. Mining was as per plan and predominantly on the Susan outcrop. The benches mined contained a low proportion of waste whereas during the corresponding period in 2009 more waste mining was required in establishing mining in that ore zone. The cost per ounce increased by 8.6% due to overall higher gross costs. The price received from spot gold sales increased 27.2% giving Corihuarmi a substantially increased margin.

Work continued on plans to treat the 3.8 million tonnes of broken scree material below the outcrops. This material currently contains 55,000 ounces of gold in the Inferred Resource category. An Environmental Impact Assessment required to permit mining and treatment rates to increase to 2 million tonnes per annum in 2011 has been submitted to the authorities. It is expected that this will allow additional low grade material to be profitably treated and a gold production level of approximately 30,000 ounces per annum to be maintained in 2011.

Ollachea Project - Development

Minera IRL's flagship Ollachea Gold Project is located in southern Peru, approximately 250 km north of Lake Titicaca, on the eastern escarpment of the Andes Mountains. The project was acquired from Rio Tinto in 2006. A surface rights agreement was signed with the local community in late 2007. The 100% owned Minera Kuri Kulla SA was registered to manage the Ollachea Project.

Diamond drilling with 2 rigs commenced in October 2008 and by end-September 2010, over 49,000 meters have been completed in 129 holes.

A significant gold discovery was announced in early 2009 and a Scoping Study for the Minapampa Zone was completed by Coffey Mining in November 2009. The Scoping Study was based upon a NI43-101 compliant inferred resource of 9 million tonnes grading 4.5 grams per tonne containing 1.3 million ounces. The Scoping Study indicates the potential for a viable underground mine with an average production rate of 117,000 ounces per year at a cash operating cost of below \$400 per ounce. The project is now advancing through the pre-feasibility study stage. The objective is to commission a new gold mine during 2014.

The Pre-feasibility study, due for completion during the first half of 2011, progressed well. Two rigs completed the in-fill drilling of the Minapampa Zone throughout the period. This program, entailing 39 holes, was designed to provide sufficient drill density to allow a substantial portion of the Inferred Resource to be reclassified as Measured and Indicated. Additional studies included ongoing metallurgical testwork, which is being carried out at the AMMTEC laboratory in Perth, Western Australia. Testwork continues to confirm that the Ollachea mineralization responds well to conventional gold recovery methods. Geotechnical studies, derived from oriented drill core, are being used to fine tune underground mining studies. A detailed study has been completed to commence a 1.3 kilometre long production size exploration tunnel into the deposit. This study forms the basis for permitting the tunnel during the fourth quarter of 2010.

Environmental baseline studies continue to provide important information for a future Environmental Impact Assessment.

Many community development and assistance programs are in progress including health, educational and sustainable programs. Minera IRL is already a substantial employer in the local Ollachea community and a strong contributor to the local economy.

In terms of exploration, Ollachea remains highly prospective. The Minapampa Zone remains open along strike in both directions and down dip. A new discovery, known as Concurayoc, was announced during the second quarter. This zone is approximately 500 metres west of the Minapampa Zone. With the completion of the in-fill drilling at Minapampa, drilling has recommenced at Concurayoc with the objective of generating sufficient drill definition for an inferred resource to be estimated during the first quarter of 2011.

Don Nicolas Project - Development

In late 2009 Minera IRL completed the take-over of Hidefield Gold Plc via an all share transaction. This transaction enabled Minera IRL to acquire the Don Nicolas Project and an extensive exploration tenement package totalling some 2,700 square kilometres in the Patagonia region of Argentina. The new business unit is located within a large geological complex known as the Deseado Massif. This geological formation hosts existing gold and silver mines and a number of recently discovered low sulphidation, epithermal gold deposits.

The Don Nicolas Project is based upon an NI43-101 compliant Indicated resource of 201,000 ounces plus an Inferred resource of 158,400 ounces of gold. Most of the resource is located in two principal deposits, the Sulfuro Vein and Martinetas. A Scoping Study completed in 2008 provided the basis for Minera IRL embarking on a full feasibility study. A substantial component of this study includes in-fill and extension drilling to both increase the confidence levels to Measured and Indicated and also to attempt to increase the number of ounces. This drilling program was completed on the Sulfuro Vein during the quarter with 96 holes for approximately 13,000 meters of drilling. The focus was shifted to in-fill drilling on the deeply oxidized Martinetas deposit which occurs as swarm of narrow, but high grade, veins; this was almost completed by the end of the quarter. An updated resource estimate is scheduled for early 2011. Other studies include metallurgical testing, infrastructure studies, environmental studies and capital and operating cost projections. The Argentina based engineering company, Ingenieria PENTA Sur SA was engaged to manage the feasibility study which is due for completion in 2011. The objective is to construct and commission a new gold mine by the end of 2012.

Exploration Projects

Patagonia Regional Exploration

In addition to the Don Nicolas Project, the Company advanced a number of exploration projects in Argentina's Patagonia region, including Escondido and Pan de Acuzar. A 4,400 line kilometre heli-borne magnetic and radiometric geophysical survey was commissioned over four project sites. This program was completed early in the third quarter.

The Escondido Project is contiguous to the Las Calandrias discovery announced by Mariana Resources Limited in late 2009. Extension of the Las Calandrias mineralization into the

Escondido property has been confirmed by mapping and surface sampling conducted by Minera IRL, which has identified a breccias zone in excess of 100 meters wide with anomalous gold and silver values over a strike length of some 700 meters. This was followed up by geophysical studies which have identified structural and conductivity anomalies in several areas. Scout drilling was undertaken during the third quarter. Of the 11 holes drilled, 10 intersected gold mineralization demonstrating that a significant portion of the deposit lies within Minera IRL Patagonia license.

On 15 September 2010, the results of the scout drilling were announced. Best intersections are:

- E-D10-02 **25.38 meters averaging 1.45 g/t gold and 9.62 g/t silver**, including 13.75 meters grading 2.39 g/t gold and 14.56 g/t silver
- E-D10-03 **100.0 meters averaging 1.19 g/t gold and 7.77 g/t silver**, including 48.00 meters grading 1.71 g/t gold and 9.18 g/t silver
- E-D10-07 **120.40 meters averaging 0.65 g/t gold and 5.70 g/t silver**, including 14.70 meters grading 1.30 g/t gold and 11.86 g/t silver and 8.40 meters grading 2.45 g/t gold and 8.31 g/t silver

Significantly more exploration is required to quantify the significance of this discovery.

At Pan de Azucar, further mapping and sampling has confirmed an outcropping epithermal vein with elevated gold and silver values over a strike length of some 1,300 meters. In addition, a gold anomalous breccias envelope has been mapped over a 300 meter portion of the vein. Scout drilling is planned for the fourth quarter of 2010.

Bethania Prospect

The Bethania Project comprises three Exploration Licenses held for some years by Minera IRL plus an additional 942Ha lease under option from Minera Monterrico Peru SAC to acquire 100% ownership for a total holding of 3,294Ha. Limited prior exploration had been carried out by Newcrest in 1998. Bethania is located only 10km from the MIRL Corihuarmi Gold Mine in the high Andes of central Peru. The target is a large porphyry gold or gold/copper deposit. An extensive alteration zone, measuring approximately 3.5km by 1.2km, is associated with an Induced Polarization chargeability/resistivity anomaly indicating the presence of extensive disseminated sulphide mineralization.

On 5th July 2010, the Company announced an update on the phase 1 exploration program. The program consisted of a 12 hole, 4,856 metre reverse circulation (RC) drilling program. The drilling program encountered substantial intersections of low grade gold, copper and molybdenum in a porphyry setting. Six drill holes intersected broad zones of gold copper molybdenum mineralization, characteristic of the targeted porphyry system. The best drill hole results, from RC10-BET10 intersected 276m from surface averaging 0.38g/t gold, 0.09% copper and 30ppm molybdenum including, also from surface, 72m at 0.66g/t gold, 0.13% copper and 40ppm molybdenum. Hole RC10-BET07 averaged 0.32g/t gold, 0.09% copper and 32ppm molybdenum over the entire 426m of the hole and included a better zone of 124m at 0.39g/t gold, 0.10% copper and 22ppm molybdenum from 260m down hole. Drill hole RC10-BET09 recorded two intersections, 90m from surface at 0.46g/t gold, 0.15% copper and 54ppm molybdenum plus 64m from 216m down hole grading 0.41g/t gold, 0.11% copper and 25ppm

molybdenum. Drill hole RC10-BET11 averaged 0.29g/t gold, 0.10% copper and 30ppm molybdenum for 424m from surface.

The Company believes the drilling demonstrates significant presence of gold and copper in this large system warranting a next phase of exploration. The Company is currently evaluating all information and intends to conduct a second phase of exploration drilling commencing in the first half 2011 upon the abatement of the wet season.

Huaquirca Joint venture

Minera IRL entered into an agreement in June, 2010 with Alturas Minerals providing the opportunity for the latter to earn up to an 80% interest in Company's 6,903 hectare Chapi-Chapi project, located in the department of Apurimac in southern Peru. The Chapi-Chapi property block is immediately adjacent to Alturas's 5,276 hectare Utupara property, both which lie within the Huaquirca copper-gold district. Together the two projects now comprise a larger joint venture area denominated "Huaquirca Joint Venture"

The Chapi-Chapi property hosts a large copper-gold-molybdenum skarn system (the +3 km long "Chapi Chapi Corridor") within Cretaceous limestone and cut by dioritic and monzonitic stock-work. In addition, the property hosts a large "gold-in-soils" geochemical anomaly located within fractured Cretaceous sandstones. The limestone in the Huaquirca District is part of the same unit that hosts large skarn deposits in the Apurimac-Cusco porphyry-skarn belt, such as the Tintaya and Las Bambas copper-gold skarn projects of Xstrata. The quartzite unit also hosts a significant copper oxide resource at the nearby Antilla project of Panoro Minerals, situated some 15 kilometres to the west.

The terms of the earn-in require Alturas to start drilling on the joint venture property no later than November 30, 2010 in order to complete at least 15,000 additional meters of drilling on the Chapi-Chapi Property by September 30, 2012 and to complete a scoping study on any potential discovery before September 30, 2012.

If Minera IRL does not contribute pro-rata and its percentage interest in the Huaquirca Joint Venture should be diluted below the initial 20%, IRL shall have the right to convert its joint venture interest to a 2% NSR on the JV Property. If Minera IRL's percentage interest in the Huaquirca Joint Venture dilutes below 10%, Minera IRL shall have the right to receive an additional 1% NSR on the JV Property (for a total NSR of 3%). The NSR shall be subject to a total buyout for \$5 million at the option of Alturas.

Alturas will be operator of the exploration program on the JV Property and will be responsible for all community and environmental issues during the drilling and Scoping Study phases.

Killincho prospect

The Killincho Project was relinquished to the vendors during the quarter. Whilst the Minera IRL exploration team identified a number of gold areas, the potential was deemed insufficient to justify a development in this relatively remote area of southern Peru. Exploration expenditure on this project was written off in this quarter.

La Falda Prospect

After evaluating the results of 14 diamond holes for a total of 5,174 meters drilled in late 2009 and early 2010, the Company determined that the deposit was not likely to generate a viable project. As a result, the Agreement with Catalina Resources Plc was terminated at the end of September and the exploration expenditure was written off in the quarter.

Frontera Joint Venture

The Frontera project is 40/60 joint venture with Teck Cominco which is managed by the latter. The property consists of a 1,200Ha package of tenements located in region I of northern Chile, on the western border with Peru and close to the border with Bolivia.

The Pucamarca high sulphidation Au deposit (~1.2 million oz Au resource), owned by Peruvian miner Minsur, is located in Peru only a few metres west of the Frontera property boundary. There is some evidence to show that the Pucamarca deposit and Frontera prospect might be part of one large alteration complex.

Limited work conducted by joint venture partner Teck-Cominco in 2006 confirms this complex extends over an area of some 8 x 6 km, similar to that observed around many large HS deposits in Peru and Chile. At the regional scale, the property is located at a major structural intersection. Principal structures include the north-west trending Inca Puquio fault system (said to control mineralization at several large Cu porphyries in southern Peru), and the north-north-west trending West Fisher fault system (known to control mineralization over hundreds of kilometres in northern and central Chile).

Known gold mineralization is mostly restricted to high-sulphidation vuggy silica alteration and locally to silica-alunite zones. Drilling conducted by then joint venture partner Hochschild (MHC) in 2005, indicates that the gold mineralization on the Frontera property is mainly found within hydrothermal breccias characterized by abundant iron oxide cement and to a lesser degree to oxides disseminated in silica and silica alunite alteration.

Another style of mineralization which consists in small zones of copper enrichment characterized by chalcocite coating pyrite, is recognized on the Frontera property. This mineralization has additionally been recognized in MHC 2005 drill hole intersections. The best sampled drilling interval assayed 0.25% Cu over 18 m. Very strong Mo, up to 565ppm is reported from a surface area extending eastwards from Frontera's Cerro Vuggy (Vuggy Mountain). Combined with the presence of Chalcocite mineralization, this suggests a possible blind Cu porphyry target could underlie the advanced argillic alteration observed at surface. In 2006 Teck Cominco drilled 3 holes in this area to test this hypothesis but only intersected argillic to propylitic alteration below advanced argillic alteration. An area extending close to 2 km to the east of the main Mo anomaly remains untested.

Quilavira Project

The Company signed an option agreement in February 2010 to acquire the Quilavira Gold Project from Newcrest. The 5,100Ha tenement package is in the Tacna district of Southern Peru. The transaction was conducted through a surrogate local Peruvian company authorized to work within the Strategic Frontier Zone facing Chile. The Peruvian company acquired the

property from Newcrest on behalf of the Company. Once permission is granted to the Company to work in the Frontier Zone, the properties will be transferred at nominal cost.

The main exploration target at Quilavira is an alteration zone of dimension 1200m x 300m. Sampling by Newcrest identified a zone 200m x 200m of anomalous gold mineralization (+ 1g/t Au rock chip samples) within the western part of the alteration zone.

Exploration activities are planned following the negotiation and signing of a surface rights agreement with the local community.

Summary of Quarterly Results

(tabular data in thousands of US dollars, except per share amounts)

	Q4 Dec. '08	Q1 Mar. '09	Q2 Jun. '09	Q3 Sep. '09	Q4 Dec. '09	Q1 Mar. '10	Q2 Jun. '10	Q3 Sep. '10
Total Revenue	10,072	6,708	6,610	7,844	10,694	8,356	9,963	11,176
Net profit/(loss) after tax	1,571	293	234	1,007	1,437	242	1,571	(1,719)
Net earnings/(loss) per share								
Basis (US cents)	2.5	0.5	0.4	1.3	1.9	0.3	1.8	(2.0)
Diluted (US cents)	2.5	0.5	0.4	1.2	1.9	0.3	1.8	(2.0)

The business of the Company is not generally subject to seasonal influences. The variation in revenues and net profit are due to a number of factors, among which are the market price of gold, the grade of the ore extracted from the mine and therefore the cost of production, the impairment of exploration assets, and the incidence of corporation tax in Peru.

Liquidity and Capital Resources

As at September 30, the Company had cash and cash equivalents of \$5.4 million compared with \$6.6 million as at June 30, 2010. The Company's cash and cash equivalents are invested in highly liquid, low risk, interest-bearing investments with maturities of 90 days or less from the original date of investment.

As at September 30, 2010, the Company had the following contractual obligations outstanding:

\$'000	Total	Less than 1 year	Year 2	Year 3	Year 4	Year 5	After Year 5
Long Term Debt Repayments	10,000	-	-	10,000	-	-	-
Property Purchase Payments	3,500	1,500	2,000	-	-	-	-
Asset Retirement Obligation	1,634	-	-	-	1,634	-	-

In July 2010, the Company negotiated a \$20 million debt facility with Macquarie Bank Limited, with \$10 million committed and \$10 million uncommitted. During the quarter, the Company drew down \$10.0 million of the debt facility, of which \$2.5 million was used to repay the

existing outstanding debt facility with Macquarie Bank Limited. The debt facility is repayable on 31 December 2012.

In November, the Company completed a successful equity raising for gross proceeds of approximately C\$37.5 million or net proceeds of approximately C\$35 million, by issuing 32,641,600 ordinary shares at C\$1.15 per share

The financial statements have been prepared on a going concern basis. The Company's future plans and expectations are based on the assumption that the Company will be able to continue in operation for the foreseeable future and will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities, loans and accounts payable and accrued liabilities. The carrying value of the financial instruments approximate fair value, because of the short-term maturity of those instruments.

Liquidity risk

Liquidity risk is managed by maintaining sufficient cash balances to meet current working capital requirements and access to lines of credit with certain banking institutions. The Company is in the production and development stage and for the latter depends on obtaining regular funding in order to continue its programs. There is no guarantee that additional funding will be obtained. The Company's cash is invested in business accounts with high-credit quality financial institutions in Jersey and are available on demand.

Credit risk

The Company's credit risk is primarily attributable to its liquid financial assets and would arise from the non-performance by counterparties of contractual financial obligations. The Company limits its exposure to credit risk on liquid assets by maintaining its cash with high-credit quality financial institutions for which management believes the risk of loss to be minimal. Management believes that the credit risk concentration with respect to receivables is minimal.

Currency risk

The Company operates in, Jersey, Peru, Argentina, and Chile and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. The operating results and the financial position of the Company are reported in United States dollars. Fluctuations of local currencies in relation to the US dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and

liabilities. The Company has not entered into any agreements or purchased any instruments to hedge any currency exposures.

Interest rate risk

The Company invests its cash in instruments with maturities of 90 days or less from the original date of investment, thereby reducing its exposure to interest rate fluctuations. Debt obligations are exposed to interest rate variations. Debt interest rate periods normally have maturities of 90 days or less. Other interest rate risks arising from the Company's operations are not considered material.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to mine, develop and explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken. The Company has not entered into any agreements or purchased any instruments to hedge possible commodity risk. The Company is also exposed to the risk that the cost of mining, development or construction activities for its planned activities might increase and cause some elements to be uneconomic

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the period the Company has received registrar services from Computershare Investor Services (Jersey) Limited, a company related through a common director. The contract for these services provides for a minimum annual charge of GBP3,000 to be paid by the Company.

In addition the Company has received consultancy services from Hamilton Capital Partners Limited for whom a director acts as a consultant adviser. The contract for these services provides for an annual charge of GBP24,000. This contract ended on 30 September 2010.

Significant Accounting Policies and Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience, current market conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses.

The Company continues to follow the accounting policies described in the audited consolidated financial statements for the year ended December 31, 2009 that was filed on SEDAR on April 28, 2010.

There have been no material changes to the critical accounting estimates discussed in the audited consolidated financial statements for the year ended December 31, 2009 that was filed on SEDAR on April 28, 2010.

Changes in Accounting Policies including Initial Adoption

The Company has not and does not expect to adopt any new accounting policies subsequent to the end of the most recently completed financial year. The Company also did not initially adopt any new accounting policies during the most recently completed financial year.

Outstanding Share Data

The Company has an authorised share capital of an unlimited number of no par Ordinary Shares, of which 119,477,884 are issued as at the date of this report. Each share entitles the holder to one vote. All shares of the Company rank equally as to dividends, voting powers and participation in assets upon a dissolution or winding up of the Company.

As at date of this report, the Company also had 15,158,431 options issued and outstanding, of which 6,580,000 options were issued for the benefit of directors, employees and consultants of the Group under the Company's Share Option Plans. Each option entitles the holder to acquire one Ordinary Share at exercise prices detailed below.

Date of grant	Exercisable from	Exercisable to	Exercise prices	No. Options outstanding
Share Option Plans Issued Options				
12 April 2007	12 April 2008 ¹	12 April 2012	£0.45	3,140,000
18 March 2008	18 March 2009 ¹	18 March 2013	£0.62	815,000
17 November 2009	17 November 2009	17 November 2014	£0.9125	2,300,000
25 January 2010	25 January 2010	25 January 2015	£0.8875	275,000
2 July 2010	2 July 2010	2 July 2015	£0.7250	50,000
Other Issued Options				
7 July 2010	7 July 2010	28 June 2013	US\$1.08	6,944,444
30 September 2010	30 September 2010	28 June 2013	US\$1.53	1,633,987
Total				15,158,431

1. 50% of the options were exercisable after one year of grant and the remaining 50% after two years.

Risks

The Company operates in the resource industry, which is highly speculative, and has certain inherent operating, development and exploration risks which could have a negative effect on the Company's operations.

Significant risk factors for the Company include operating, land title, environmental regulations and compliance, litigation, surface rights, health & safety, the ability to obtain additional financing, metal prices, Mineral Reserves and Resources estimates, insurance coverage, infrastructure, key management and staff, legal climate considerations, changes in government policy, geopolitical climate government, currency, economic, local community, geological,

competition, and general business risk. For details of risk factors, please to the Company's Annual Information Form filed on SEDAR at www.sedar.com.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the accounting principles under which the Corporation's financial statements are prepared. As required under Multilateral Instrument 52-109, management advises that there have been no changes in the Corporation's internal control over financial reporting that occurred during the most recent interim period, being the three months ended September 30, 2010, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Management Changes

During the third quarter ended September 30, 2010, there were no management changes.

Cautionary Statement on Forward-Looking Information

Certain information in this MD&A, including information about the Company's financial or operating performance and other statements expressing management's expectations or estimates of future events, performance and exploration and development programs or plans constitute "forward-looking statements". Forward-looking statements often, but not always, are identified by words such as "seek", "believe", "expect", "do not expect", "will", "will not", "intend", "estimate", "anticipate", "plan", "schedule" and similar expressions of a conditional or future oriented nature identify forward-looking statements. Forward-looking statements are, necessarily, based upon a number of estimates and assumptions. While considered, by management, to be reasonable in the context in which they are made forward-looking statements are inherently subject to political, legal, regulatory, business and economic risks and competitive uncertainties and contingencies. The Company cautions readers that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Minera IRL's actual financial results, future performance and results of exploration and development programs and plans to be materially different than those expected or estimated future results, performance or achievements and that forward-looking statements are not guarantees of future performance, results or achievements. Forward-looking statements are made as of the date of this MD&A and Minera IRL assumes no obligation, except as may be required by law, to update or revise them to reflect new events or circumstances. Risks, uncertainties and contingencies and other factors that might cause actual performance to differ from forward-looking statements include, but are not limited to, changes in the price of precious metals and commodities, changes in the relative exchange rates of the US dollar against the Peruvian nuevo sol and the Argentinean peso, interest rates, legislative, political, social or economic developments both within the countries in which the Company operates and in general, contests over title to property, the speculative nature of mineral exploration and development, operating or technical difficulties in connection with the Company's development or exploration programs, increasing costs as a result of inflation or scarcity of human resources and input materials or equipment. Known and unknown risks inherent in the mining business include potential uncertainties related to the title of mineral claims, the accuracy of mineral reserve and resource estimates, metallurgical recoveries, capital and operating costs and the future demand for minerals. Please see **Risks**, elsewhere herein.

Qualified Person

Pursuant to National Instrument 43-101, Courtney Chamberlain, Executive Chairman of the Company, BSc and MSc Metallurgical Engineering, a Fellow of the Australian Institute of Mining and Metallurgy (AUSIMM); and Donald McIver, VP Exploration of the Company, MSc Exploration and Economic Geology, a Fellow of the Australian Institute of Mining and Metallurgy (AUSIMM), are the Qualified Person ("QP") responsible for the technical disclosure in this MD&A.

End Note

1. "Cash operating cost" figures are calculated in accordance with standards developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is the accepted standard of reporting cash costs of production in North America. Adoption of the standard is voluntary and the cost measures presented in this short form prospectus may not be comparable to other similarly titled measures of other companies. Cash operating costs include mine site operating costs such as mining, processing and administration, but are exclusive of royalties, depreciation, amortization, reclamation, capital, development, exploration and other non site costs (transport and refining of metals, and community and environmental). These costs are then divided by ounces produced to arrive at the cash operating cost per ounce. Management believes this information is useful to investors because this measure is considered to be a key indicator of a company's ability to generate operating earnings and cash flow from its mining operations. This data is furnished to provide additional information and is a non-GAAP and non-IFRS measure which does not have any standardized meaning prescribed by GAAP or IFRS. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with Canadian GAAP or IFRS, and is not necessarily indicative of operating costs presented under Canadian GAAP or IFRS.