Minera IRL Reports Second Quarter 2014 Results

Lima, 13 August 2014: Minera IRL Limited ("Minera IRL" or the "Company"), (TSX:IRL) (AIM:MIRL) (BVL:MIRL), the Latin America gold mining company, is announcing that it has reported financial and operating results for the quarter ended 30 June 2014.

The Company is also providing a notice that senior management will host an analyst and investor conference call on Thursday, 14 August 2014, at 9am PET (Lima), 10am EST (Toronto) and 3pm BST (London). All amounts are in United States dollars ("$"), unless stated otherwise.

HIGHLIGHTS

Financial

- Gold sales of 5,887 ounces for revenue of $7.6 million
- Gross profit of $1.5 million
- Loss from continuing operations of $0.9 million
- Including a non-cash charge of $30.7 million on sale of the Don Nicolás joint venture, reported an after tax loss of $33.0 million
- Existing $30 million debt facility with Macquarie Bank extended for one year
- Issued 26 million options to Macquarie Bank (subject to TSX and regulatory approval)
- The Company continues discussions with various parties to obtain funding for Ollachea

Operational Performance

- **Corihuarmi, Peru**
  - Gold production from the Corihuarmi Gold Mine of 5,863 ounces
  - Site cash operating costs of $744 per ounce produced
  - Total cash costs of $914 per ounce sold
  - Site cash operating costs guidance reduced to $820 per ounce (from $885 per ounce)
  - Total cash costs guidance reduced to $975 per ounce (from $1,050 per ounce)
  - Production guidance for 2014 of 21,000 ounces is re-iterated
  - Production outlook for 2015 increased to 20,000 ounces (from 15,000)
  - Corihuarmi drill program suggest that the mine life of Corihuarmi can be extended into the second half of 2016 (from late 2015)

- **Ollachea, Peru**
  - Received the Construction Permit, the final major government approval required to commence construction
  - Received a $100 million Committed Letter of Offer from Macquarie Bank
  - Completed an optimization of the 2012 Ollachea Definitive Feasibility Study that reduced the estimated initial capital cost to $164.7 million from $177.5 million, including a 12% contingency

- **Don Nicolás, Argentina**
  - Subsequent to quarter end, announced the sale of the Company's remaining interest in Minera IRL Patagonia, including the Don Nicolás Project, for $11.5 million, of which $9.8 million has been received

A summary of the key operating and financial measures for the three and six-month periods ended 30 June 2014 and 2013 is provided in Table 1 near the end of this press release.

Commenting on the quarterly results, Courtney Chamberlain, Minera IRL Limited's Executive Chairman, stated:

"At our flagship Ollachea Project, we have received the Construction Permit and, after extensive technical due diligence, received a Committed Letter of Offer for a $100 million Project Loan Facility from Macquarie Bank. Following the consolidation of the existing $30 million Macquarie Finance Facility, this would provide $70 million of new funds toward the construction of the Ollachea Gold Mine. This offer of the Project Loan Facility has not been accepted by the Company at this stage as there are other ongoing discussions relating to securing the remaining capital requirements. Once the financing is in place we plan to commence development shortly thereafter.

We also completed an optimization program of the 2012 Definitive Feasibility Study based upon a revised geological model, confirmatory resource update and an optimized mine design and production schedule. This proved highly successful in deferring certain capital costs to later in the mine life thus reducing the initial capital required, whilst increasing gold production in the early years, resulting in an improvement to the overall project economics.

Our Corihuarmi Gold Mine continues to exceed expectations and remains on track to meet our full year production guidance of 21,000 ounces. Operating costs continue to be significantly lower than budgeted, which has resulted in positive revisions to our guidance. Subsequent to the end of the quarter, near surface, oxide gold mineralization, at similar grades to that currently being mined and treated by heap leaching, has been drilled in new zones at the Laura and Cayhua prospects. We believe that these new zones of mineralization have the potential to extend the life of Corihuarmi into the second half of 2016 and have increased our production outlook from 15,000 ounces to 20,000 ounces for 2015.

Subsequent to the end of the quarter, we announced the sale of our remaining interest in Minera IRL Patagonia, which includes the Don Nicolás Project, to our joint venture partner, CIMINAS, for $11.5 million. Considering that it would have taken several years to receive any returns from Don Nicolás, we believe that the funds generated from this transaction and our efforts are best directed towards bringing our flagship Ollachea Project into production.

We thank our employees for their hard work, and our investors for their faith and patience. We are anticipating an exciting year for shareholders as we continue to advance Ollachea towards production and seek out new ore bodies to extend the life of the Corihuarmi Mine."

This press release should be read in conjunction with the Company's full Report & Accounts, including Management's Discussion and Analysis ("MD&A") for the quarter ended 30 June 2014, which are available from the Company's website (www.minera-irl.com) and SEDAR (www.sedar.com).

Outlook

Gold production of 11,697 ounces in the first half of 2014 was 8% ahead of budget and is attributed to higher than budgeted tonnage and metallurgical recovery at the Corihuarmi Gold Mine. The Company is re-iterating its full year production guidance from Corihuarmi of 21,000 ounces for 2014.

As a result of lower than budgeted operating costs at the Corihuarmi Gold Mine, the Company is forecasting site operating cash costs of $820 per ounce of gold produced (down from $885 per ounce of gold produced). Based on a budgeted gold price of $1,300 per ounce, the Company is forecasting total cash costs of $975 per ounce sold in 2014 (down from $1,050 per ounce of gold sold).

At Corihuarmi, the Company recently commenced a drill program on the Laura, Ely and Cayhua Ridge prospects. Based upon the encouraging drill results achieved to date, particularly from the Laura prospect, the Company is confident that the mine life of Corihuarmi will be extended into the second half of 2016 (from late 2015). As a result, the Company is increasing its production outlook for 2015 to 20,000 ounces (from 15,000 ounces).

The 2014 Corihuarmi capital budget is $1.9 million, including $1.5 million for a heap leach pad expansion that will commence in the third quarter of 2014. This expansion is to accommodate all of the material that is scheduled to be mined and stacked until late-2015.

On 30 June 2014, the Company announced that the Ollachea Gold Project in Peru had received its Construction Permit, which was the final significant permit required to build the mine. With the Construction Permit now granted, only project financing remains outstanding prior to the commencement of construction.

As per the Company's 4 June 2014 press release, an optimization of the 2012 Ollachea Definitive Feasibility Study reported that the estimated initial capital cost has been reduced to $164.7 million, including a 12% contingency. The Company will also need to fund an additional $12 million of IGV (General Sales Tax) for a total pre-production capital of approximately $177 million. The IGV will be refunded shortly following commencement of production. Table 3 near the end of the press release provides key financial indicators of the Ollachea optimization using a range of gold prices.

The Company also announced on 30 June 2014, that following extensive technical due diligence and in accordance with a debt financing mandate, the Company had received a Committed Letter of Offer from Macquarie Bank for a senior Project Loan Facility for $100 million. Following the consolidation of the existing $30 million Macquarie Finance Facility, this would provide $70 million of new funds towards the construction of the Ollachea Gold Mine.

A condition precedent of drawing on the Project Loan Facility is that all the costs associated with the development of the Ollachea Gold Project be fully funded. Accordingly, the Company continues to advance discussions with various parties to obtain the necessary funding.

Until such time as there is more certainty with respect to the sources of the remaining funding required, the Company did not feel it was in a position to execute the Committed Letter of Offer. Accordingly, the Company is now targeting the completion of financing negotiations by the end of the third quarter of 2014 and has extended its debt financing mandate with Macquarie Bank.

With respect to the existing $30 million Macquarie Finance Facility, the Company has entered into an agreement to extend the term of the loan by one year to 30 June 2015. In addition to the existing terms, which will remain unchanged, there was an upfront fee of $1.5 million and the Company issued, subject to TSX and regulatory approval, 26,000,000 options with an exercise price of $0.176. The existing 18,786,525 options currently held by Macquarie Bank were cancelled upon the issuance of the new options.

Under the assumption that the requisite project financing is obtained during the third quarter of 2014, commissioning at the Ollachea Mine is expected to commence during the first quarter of 2016 (from the fourth quarter of 2015) with production forecast for the second quarter of 2016 (from the first quarter of 2016).

With the extension of the Macquarie Finance Facility, the proceeds from the recently completed sale of its remaining interest in the Don Nicolás joint venture, and based on a budgeted gold price of $1,300 per ounce, the Company estimates that it has sufficient cash on hand and expected cash flow from operations to meet it requirements to the second quarter of 2015.

In the first half of 2014, the Company spent $4.2 million towards permitting, exploration, community and government relations, administration, and maintaining the Ollachea Tunnel, most of which were capitalized. During the second half of 2014, the Company expects to spend an additional $3.9 million at Ollachea, most of which will be capitalized and $1.5 million on the heap leach pad expansion at Corihuarmi.

The Company continues to undertake initiatives to reduce expenditures to conserve cash. The priority use of funds continues to be arranging project financing to build the Ollachea Gold Mine, extending the life of the Corihuarmi Gold Mine as well as maintaining community programs and other commitments.

Analyst and Investor Conference Call

Minera IRL's senior management will host a conference call with investors at 9am PET (Lima), 10am EST (Toronto) and 3pm BST (London) on Thursday, 14 August 2014.

To participate in the conference call, please dial:

Toll Free North America:	+1 (877) 223-4471
Toll Free United Kingdom:	+44 0 (800) 051-7107
Toll Free Peru:	+51 0 (800) 53-840
Toll Free Chile:	+56 (123) 0020-9709
Other International Locations:	+1 (647) 788-4922

A live webcast may be accessed at http://www.gowebcasting.com/5846

The webcast will be archived on the Mineral IRL website (www.minera-irl.com) and a playback of the conference call may be accessed until 29 August 2014 by dialing:

Toll Free North America:	+1 (800) 585-8367
Other International Locations:	+1 (416) 621-4642

The passcode to access the playback of the conference call is 86904927#.

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Minera IRL Limited is an AIM, TSX and BVL listed precious metals mining and exploration company with operations in Latin America. Minera IRL is led by a management team with extensive operating experience in South America. In Peru, the Company operates the Corihuarmi Gold Mine and is advancing its flagship Ollachea Gold Project towards production. For more information, please visit www.minera-irl.com.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.

Cautionary Statement on Forward-Looking Information
Certain information in this news release, 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 news release 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. For additional information, please consult the Company's most recently filed MD&A and Annual Information Form.

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) is responsible for the technical disclosure in this news release.

Non-GAAP and Non-IFRS Measures
"Site operating cash costs" and "total cash costs" are non-GAAP or non-IFRS measures that do not have a standardized meaning prescribed by GAAP or IFRS and may not be comparable to other similarly titled measures of other gold mining companies.

"Site operating cash costs" include costs such as mining, processing and administration, but are exclusive of royalties, workers' profit participation cost, 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 "site cash operating cost per ounce". This measure is reconciled to the Company's full Accounts & Reports in Table 2 below.

"Total cash costs" includes "site operating cash costs" and reflects the cash operating costs allocated from in-process and doré inventory associated with ounce of gold in the period, plus applicable royalties, workers' profit participation cost, and other non-site costs (transport and refining of metals, and community and environmental). These costs are then divided by the ounces sold to arrive at "total cash costs per ounce sold". This measure is reconciled to the Company's full Accounts & Reports in Table 2 below.

Both of these measures may vary from one period to another due to operating efficiencies, waste-to-ore ratios, grade of ore processed and gold recovery rates in the period. "Total cash costs" is also influenced by the realized gold price in the period.

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 that 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 IFRS, and is not necessarily indicative of operating costs presented under IFRS.

Table 1: Summary of Key Operational and Financial Measures

Data	Three Month Period Ended 30 June		Six Month Period Ended 30 June	
	2014	2013	2014	2013
Corihuarmi				
Waste (tonnes)	42,223	93,929	177,435	145,171
Ore mined & stacked on heaps (tonnes)	682,710	597,774	1,336,905	1,166,313
Ore grade, mined and stacked (g/t)	0.31	0.43	0.31	0.44
Gold produced (ounces)	5,863	6,633	11,697	12,481
Gold sold (ounces)	5,887	6,949	11,772	12,609
Realized gold price ($ per ounce)	1,286	1,447	1,288	1,529
Site operating cash costs ($ per ounce produced) [1]	744	653	741	687
Total cash costs ($ per ounce sold) [1]	914	869	873	910
Financial				
Revenue ($'000)	7,590	10,073	15,182	19,314
Gross profit ($'000)	1,525	2,624	3,603	5,120
Loss from continuing operations ($'000)	(903)	(152)	(1,797)	(980)
Loss after-tax ($'000)	(33,040)	(250)	(34,526)	(1,356)
Comprehensive loss ($'000)	(33,040)	(250)	(34,526)	(1,376)
Loss per share–Basic and diluted (cents)				
Continuing operations	(0.4)	(0.1)	(0.9)	(0.8)
Discontinued operation	(14.0)	-	(14.7)	-

1 – Refer to the Cautionary Non-GAAP and Non-IFRS Statements at the end of this release

Table 2: Reconciliation of Non-IFRS Measures

	Three Month Period Ended 30 June		Six Month Period Ended 30 June	
	2014	**2013**	**2014**	**2013**
Cost of sales	$6,065	$7,449	$11,579	$14,194
Less:				
Depreciation	684	1,413	1,305	2,720
Total cash costs	$5,381	$6,036	$10,274	$11,474
Ounces of gold sold	*5,887*	*6,949*	*11,772*	*12,609*
Total cash costs per ounce sold	**$914/oz.**	**$869/oz.**	**$873/oz.**	**$910/oz.**
Total cash costs	$5,381	$6,036	$10,274	$11,474
Less:				
Workers' profit participation	31	173	41	342
Royalties and Special Mining Tax	346	479	608	921
Community and environmental costs	730	666	1,160	1,295
Other costs – Provisions, transport & refinery, inventory adjustment	(89)	386	(200)	338
Adjusted site cash operating costs	$4,363	$4,332	$8,665	$8,578
Ounces of gold produced	*5,863*	*6,633*	*11,697*	*12,481*
Site cash operating costs per ounce	**$744/oz.**	**$653/oz.**	**$741/oz.**	**$687/oz.**

Table 3: Ollachea Optimization Study - Key Financial Indicators

	$1,100	$1,200	$1,300	$1,400	$1,500
Discount 0% ($M)	231	289	344	399	453
Discount 5% ($M)	135	177	218	259	299
Discount 7% ($M)	107	144	181	217	253
Discount 10% ($M)	72	104	135	166	197
IRR (post-tax)	20.3%	24.4%	28.2%	31.9%	35.4%
Payback (years)	4.0	3.4	3.1	2.7	2.4

Notes:

1. NPVs as at commencement of construction.
2. NPVs are based on mid-period discounting.
3. Payback starts from the commencement of production.
4. The results are on 100% Project basis and exclude the agreement with the community for a 5% participation in Minera Kuri Kullu SA ("MKK") on commencement of production and the $14.2 million remainder of the Second Additional Payment payable by MKK due to Rio Tinto in June 2016.
5. Excludes the 1% gross smelter royalty granted to Macquarie Bank.
6. Tax losses and capitalized expenditures available to offset taxes payable include balances as of 31 December 2013 in the Optimization Study.