



## Minera IRL Reports Positive Ollachea Project Optimization Results

**Lima, 4 June 2014:** Minera IRL Limited (“Minera IRL” or the “Company”), (TSX:IRL) (AIM:MIRL) (BVL:MIRL), the Latin America gold mining company, is pleased to announce the results of post-Definitive Feasibility Study (“DFS”) mine optimization studies that have been completed by external consultants in anticipation of the development of the Company’s flagship Ollachea Gold Project in Peru.

### HIGHLIGHTS

- **Total gold production increased to 930,000 ounces (from 921,000 ounces)**
- **Average annual production of 100,000 ounces over the first two years (up from 70,500 ounces)**
- **Average annual production unchanged at 100,000 ounces per year over an initial nine year mine life**
- **Initial capital cost of \$164.7 million (down from \$177.5 million)**
- **Average total cash cost of \$587 per ounce (slight adjustment from \$583 per ounce)**
- **An after-tax NPV, at a 7% discount rate and gold price of \$1,300 per ounce, of \$181 million (up 17% from \$155 million)**
- **IRR of 28.2% (up from 22.1%)**
- **Pay-back period decreased to 3.1 years (from 3.7 years)**
- **Production now expected to commence in Q2 2016 (from Q1 2016)**

Commenting on the updated projections, Courtney Chamberlain, Minera IRL Limited’s Executive Chairman, stated: *“The impact of the better defined geological model at Ollachea has exceeded our expectations. The resulting optimized underground mine design and production schedule carried out by international consultancy, Mining Plus, has allowed us to bring forward considerable gold production. This, along with \$9.5 million of deferred capital, has enhanced the project’s financial projections as listed in the above Highlights. The Company is confident it will soon receive the Construction Permit and continues its focus on the debt restructuring and project financing.”*

### ***Ollachea Mine Production Summary***

The Life-of-Mine (“LOM”) results of the updated Ollachea mine plan prepared by Mining Plus Pty Ltd (“Mining Plus”) do not differ materially from the results presented in the 2012 Ollachea DFS prepared by AMEC dated 29 November 2012. However, there were several areas that have benefited from this optimization process.

The updated LOM production schedule has resulted in an optimized ramp-up of initial production with average annual gold production increasing to 100,000 ounces over the first two years of production (from 70,500 ounces in the Ollachea DFS). The average annual production is approximately 100,000 ounces per year over the nine years of mine life, almost identical to the Ollachea DFS, which is summarized in Table 2 at the end of this release.



### *Cost Estimates*

The updated mine plan provided opportunities to reduce or defer certain pre-production development capital items. As a result, initial capital expenditure has been reduced by \$12.8 million to \$164.7 million (from \$177.5 million in the 2012 Ollachea DFS).

Deferral of some underground development work has pushed out \$9.5 million of pre-production capital expenditure into LOM sustaining capital. The net effect is that total LOM capital has reduced slightly to \$220.0 million from the \$223.3 million estimated in the DFS.

Project costs are still based upon Q3 2012 capital cost estimates. However, the Company believes that potential cost reductions for equipment and services driven by the depressed mining development industry is likely to offset potential cost increases. Additionally, discussions with equipment suppliers have confirmed certain opportunities to lease finance a substantial portion of the mining equipment.

There has been little effect upon the LOM cash operating cost projections.

Capital and operating cost comparisons are summarized in Tables 3 and 4 near the end of this press release.

### *Financial Analysis*

Following the mine plan update process, the financial model for Ollachea has been updated to reflect these changes and to account for other changes to the mine's economics. Table 1 illustrates the effects of the optimization process upon key economic indicators compared to the DFS. A base case gold price of \$1,300 per ounce was used in both cases.

*Table 1 - Updated financial analysis, Ollachea Project*

Parameter	Units	Financial Results			
		2014 Update		2012 DFS	
		Pre-tax	Post-tax	Pre-tax	Post-tax
Project cash flow	\$M	492	344	489	325
NPV at 5% real	\$M	326	218	316	194
NPV at 7% real	\$M	277	181	264	155
NPV at 10% real	\$M	217	135	199	108
IRR (real)	%	37.1	28.2	29.2	22.1
Payback	years	2.4	3.1	3.2	3.7
Notes:					
<ol style="list-style-type: none"> <li>1. NPVs as at commencement of construction</li> <li>2. NPVs are based on mid-period discounting</li> <li>3. Before tax is before Special Mining Tax, Workers' Participation Profit of 8% and Income Taxes of 30%</li> <li>4. Payback starts from the commencement of production</li> <li>5. The financial 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.</li> <li>6. Excludes the 1% gross smelter royalty granted to Macquarie Bank.</li> <li>7. Tax losses and capitalized expenditures available to offset taxes payable include balances as of 31 December 2013 in the 2014 Update (31 December 2012 estimates in the 2012 DFS).</li> </ol>					

The update was undertaken in constant US dollars, 100% Project ownership and 100% equity finance basis.

A comparison of the updated financial results to the Ollachea DFS utilizing a range of gold prices is presented in Table 5 near the end of this press release.

### ***Updated Mineral Resource and Reserve Estimate***

The updated LOM mine plan is based upon a refined geological interpretation and an updated mineral resource estimate for the Minapampa Zone of the Ollachea deposit. There has been no additional resource drilling at Minapampa since the 2012 DFS. The refined geological model and accompanying enhanced structural model allows for a more robust definition to the limits of the economically mineralized horizons. The updated mineral resource estimate, carried out by consultants GHD Group Pty Ltd ("GHD") is based upon a significantly smaller panel size, more constrained search ellipsoids and a 2.0 grams of gold per tonne ("g/t Au") cut-off (consistent with the DFS) as shown in Table 6 near the end of this release.

The mineral reserve estimate in the 2014 calculation also benefited from the refined geological model and optimization for the Minapampa Zone. The lower cut-off grade was increased marginally to 2.1g/t Au (from 2.0g/t Au in the DFS). The overall result is an increase in contained gold to 1,001,000 ounces (from 983,000 ounces), which is expanded upon in Table 7 near the end of this press release.



There remains considerable upside at Ollachea which, with more work, could lead to an expanded mineral reserve and increased mine life. As previously reported, the nearby Concurayoc Zone, to the west of Minapampa, contains an inferred resource of 0.9 million ounces (10.4 million tonnes grading 2.8g/t Au) and, additionally, positive results were obtained from the 2013 underground exploration drilling along the eastern strike extent of Minapampa. Finally, the Ollachea mineralized zone remains open ended and undrilled along strike and at depth.

### ***Project Schedule and Moving Forward***

In discussing the results of the optimization, Courtney Chamberlain stated: *"The optimization process has exceeded our expectations, and demonstrates the opportunity for a rapid recommencement of mine development once the Construction Permit and financing is in place. The Company also continues to prepare the project for development by evaluating engineering candidates to execute the EPCM contract."*

In discussing the current schedule, Mr. Chamberlain stated: *"Based on the optimization just completed, and assuming that financing is in place and project development can commence in the third quarter of 2014, the latest schedule indicates that construction should be completed within 21 months, or the first quarter of 2016 (from late 2015), with a ramp up to full production in the second quarter of 2016 (from the first quarter of 2016)."*

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**Minera IRL Limited is a AIM, TSX and BVL listed precious metals mining, development 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 the advanced Ollachea Gold Project. The Company also has a 51% interest in the Don Nicolás joint venture in Argentina with CIMINAS. For more information, please visit [www.minera-irl.com](http://www.minera-irl.com).**

### *Qualified Persons*

The preparation of the technical information contained herein was supervised by Courtney Chamberlain, Executive Chairman, BSc and MSc Metallurgical Engineering, a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM), who is recognized as a Qualified Person for the purposes of National Instrument 43-101, and who has reviewed and approved the technical information in this press release.

The preparation of geological and resource information contained herein was supervised by Donald McIver, VP Exploration of the Company, MSc Exploration and Economic Geology, a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM), as well as the Society of Economic Geologists (FSEG), who is recognized as a Qualified Person for the purposes of National Instrument 43-101, and who has reviewed and approved the resource information in this press release.

The preparation of the Indicated Mineral Resources contained herein was estimated by Doug Corley, Member of the Australasian Institute of Geoscientists (MAIG), and Registered Professional Geoscientist (RP Geo), of GHD Group Pty Ltd, who is recognized as a Qualified Person for the purposes of National Instrument 43-101, and who has reviewed and approved the resource information in this press release.

The preparation of the Probable Mineral Reserve contained herein was supervised by Neil Schunke, Member of the Australasian Institute of Mining and Metallurgy (AusIMM), of Mining Plus Canada Pty Ltd, who is recognized as a Qualified Person for the purposes of National Instrument 43-101, and who has reviewed and approved the technical information in this press release.

### *Non-IFRS Measures*

"Site operating cash costs" and "total cash costs" are 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 operating cash costs per ounce".

"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".

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 2 - Ollachea Annual Gold Production Summary Comparison*

<b>Year</b>	<b>2014 Update Au (k oz)</b>	<b>2012 DFS Au (k oz)</b>	<b>Change Au (k oz)</b>
Year 1 (2016)	97	63	34
Year 2 (2017)	106	78	28
Year 3 (2018)	101	112	(11)
Year 4 (2019)	102	119	(17)
Year 5 (2020)	106	118	(12)
Year 6 (2021)	105	126	(21)
Year 7 (2022)	101	117	(16)
Year 8 (2023)	105	94	11
Year 9 (2024)	79	76	3
Year 10 (2025)	28	18	10
<b>Total</b>	<b>930</b>	<b>921</b>	<b>9</b>

*Table 3 - Ollachea Project Capital Cost Comparisons*

Item	2014 Update \$M	2012 DFS \$M	Change \$M
<b>Project Capital</b>			
Mining	43.7	55.4	(11.7)
Site Development	3.9	3.9	-
Process Plant	58.4	58.4	-
Ancillary Buildings	3.9	3.9	-
Tailings System	5.7	5.7	-
Indirect and Owners Cost	31.4	31.4	-
Contingency	17.7	18.8	(1.1)
<b>Total Project Capital</b>	<b>164.7</b>	<b>177.5</b>	<b>(12.8)</b>
Sustaining Capital	51.1	41.6	9.5
Closure Costs (net) - End of LOM	4.2	4.2	-
<b>Total LOM Capital Cost</b>	<b>220.0</b>	<b>223.3</b>	<b>(3.3)</b>
Note:			
1. Costs are in 3Q 2012 \$.			

*Table 4 - Ollachea LOM average unit cash operating costs*

Item	2014 Update		2012 DFS	
	\$/t ore	\$/oz	\$/t ore	\$/oz
Mining	23.5	243	23.4	237
Processing	21.5	222	21.5	218
G&A	4.3	44	4.3	44
<b>Site Operating Cash Costs</b>	<b>49.3</b>	<b>509</b>	<b>49.2</b>	<b>499</b>
Transport & Refinery		4		4
Workers' profit participation		33		36
Special Mining Tax		13		15
Royalties		28		29
<b>Total Cash Costs</b>		<b>587</b>		<b>583</b>
Note:				
1. Costs are in 3Q 2012 \$.				
2. Operating cash costs exclude costs for freight and refining doré, and royalties.				

*Table 5 - Key financial indicators using a range of gold prices*

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

*Table 6 - Minapampa Resource Estimates Comparison*

Version	Indicated Mineral Resource			Inferred Mineral Resource		
	Tonnes x m	Au, gm/t	Au, oz x m	Tonnes x m	Au, gm/t	Au, oz x m
2014	10.1	4.0	1.3	1.7	4.0	0.2
2012	10.6	4.0	1.4	3.3	3.3	0.3

*Table 7 - Ollachea Mineral Reserve Estimates Comparisons*

Version	Bottom cut g/t Au	Probable Mineral Reserves		
		Tonnes x m	Au, gm/t	Au, oz x 000
2014	2.1	9.2	3.4	1,001
2012	2.0	8.7	3.5	983