



## Minera IRL Announces Second Quarter Financial Results

London, 16 August 2010: Minera IRL Limited (“Minera IRL” or the “Company”), (TSX:IRL) (AIM:MIRL) (BVL:MIRL) the Latin American focused gold mining, development and exploration company, is pleased to announce its unaudited interim results for the 3-month period ended June 30, 2010 and its interim results for the six months ended June 30, 2010. All amounts are reported in US dollars.

Highlights for the quarter ended June 30, 2010 included:

- Gold production above budget at 8,098 ounces (15,169 ounces for 6 months to June 30, 2010)
- Sales revenue of US\$10.0 million (US\$18.3 million for 6 months to June 30, 2010)
- Average sales price US\$1,201 per ounce in the second quarter
- Corihuarmi cash operating cost of US\$365 per ounce (US\$396 for the 6 months to June 30, 2010)
- EBITDA of US\$3.9 million (Q2 2009 US\$1.7 million)
- Profit before tax of US\$3.0 million (Q2 2009 US\$557,000)
- Profit after tax of US\$1.6 million (Q2 2009 US\$234,000)
- Cash balance of US\$6.6 million at June 30, 2010 (June 30, 2009: US\$ 5.1 million)
- Rapid advancement on Ollachea Project Pre-Feasibility Study
- Don Nicolas Feasibility Study progressing well
- Extensive airborne geophysical survey carried out over Patagonia exploration projects
- Acquisition of new exploration project, Killincho, in southern Peru
- \$20 million debt facility put in place with Macquarie Bank

Summary table:

	Quarter to 30 June 2010	Quarter to 30 June 2009	Six months to 30 June 2010	Six months to 30 June 2009
Gold production	8,098 ounces	7,753 ounces	15,169 ounces	14,903 ounces
Sales revenue	US\$10.0 million	US\$ 6.6 million	US\$ 18.3 million	US\$ 13.3 million
Average sales price	US\$ 1,201 per ounce	US\$ 929 per ounce	US\$ 1,157 per ounce	US\$ 917 per ounce
Corihuarmi cash operating cost	US\$ 365 per ounce	US\$ 393 per ounce	US\$ 396 per ounces	US\$ 388 per ounce
EBITDA	US\$ 3.9 million	US\$ 1.7 million	US\$ 6.2 million	US\$ 4.1 million
Profit before tax	US\$ 3.0 million	US\$ 557,000	US\$ 3.6 million	US\$ 1.2 million
Profit after tax	US\$ 1.6 million	US\$ 234,000	US\$ 1.8 million	US\$ 527,000

*“Financial performance for the three months to June 30, 2010 was above expectations. Driven by above budget gold production at our Corihuarmi Gold Mine and a continuing strong gold price.” stated Courtney Chamberlain Minera IRL Limited Executive Chairman. “The Pre-Feasibility Study at the Minapampa Zone, Ollachea Project in Peru and Feasibility Study on the Don Nicolas Project in Argentina are progressing well with two drill rigs carrying out in-fill drilling on each project. On the exploration front, we have completed a large airborne geophysical survey in Patagonia to better define and prioritize exploration targets including the new zone in Escondido. In Peru, early stage exploration commenced on the new Killincho Project.”*

This announcement is available from the Company’s web site, [www.minera-irl.com](http://www.minera-irl.com).

**For more information please contact:**

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*Minera IRL Limited is the AIM traded and TSX and BVL listed holding company of precious metals mining and exploration companies focused in Latin America. Minera IRL is led by an experienced senior management team with extensive industry experience, particularly in operating in South America. The Group operates the Corihuarmi Gold Mine and the emerging Ollachea Gold Project in Peru as well as the Don Nicolas Project in Argentina.*

*This press release was reviewed by Donald McIver, VP Exploration of the Company, MSc Exploration and Economic Geology, a Fellow of the Australian Institute of Mining and Metallurgy (AUSIMM), who is the designated Qualified Person for the purposes of National Instrument 43-101 and has approved the technical information in this press release.*

*The Toronto Stock Exchange neither approves nor disapproves the information contained in this News Release.*

*Some of the statements contained in this release are forward-looking statements, such as estimates and statements that describe the Company’s future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties.*

*While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggestions herein. Except as required by applicable law or regulation, Minera IRL Limited does not intend to update any forward-looking statements to conform these statements to actual results.*

## CHAIRMAN'S STATEMENT

A high level of activity continued within the Minera IRL Group during the June quarter of 2010. Excellent results were achieved from our Corihuarmi Gold Mine, good progress has been made on the Pre-Feasibility Study on the Ollachea Project and the Feasibility Study on the Don Nicolas Project and there have been encouraging results from exploration in Peru and Argentina.

The financial performance for the three months to 30 June 2010 was above expectations and an improvement on both the comparative second quarter of 2009 and the first quarter of 2010. Gold sales were a solid US\$10.0 million on the back of a continuing strong gold price, with spot sales averaging US\$1,201 per ounce. Gross profit was US\$5.3 million and EBITDA US\$3.9 million. Profit before tax was US\$3.0 million and profit after tax was US\$1.6 million. Each of these financial figures is significantly better than both the corresponding period in 2009 and the first quarter of 2010. The cash balance at the end of the quarter was US\$6.6 million.

Our Corihuarmi Gold Mine continues to perform very well with gold production of 8,098 ounces, approximately 10% above budget, bringing production for the first six months to 15,169 ounces. Mining activities were largely concentrated on the Susan outcrop. Cash operating costs averaged US\$365 per ounce for the quarter thus reducing the average cash operating costs for the first six months to US\$396 per ounce.

At the Ollachea Project in southern Peru, the Pre-Feasibility Study has made excellent progress and remains on schedule for completion during the first half of 2011. Infill drilling in the core Minapampa Zone with 2 rigs continued throughout the period with 32 of the 40 holes completed to date. This drilling is required to raise the resource confidence level to Measured and Indicated categories compliant with NI43-101 standards. Progress was also made on other aspects of the Pre-Feasibility Study including planning for an exploration tunnel into the deposit, metallurgical test-work, geotechnical evaluations and information gathering for the environmental baseline report. Drilling will revert to the new Concurayoc discovery, approximately 500 meters west of the Minapampa Zone, when the infill program is completed.

In Patagonia, good progress has been made on the Don Nicolas Feasibility Study, due for completion in 2011. Two drill rigs completed the infill and stepout drilling in late July on the Sulfuro Vein, one of the two principal deposits at Don Nicolas. This is to be followed by infill drilling on the Martinetas deposit. Other aspects of the Study, such as more metallurgical testing, geotechnical studies and a hydrology program are in progress.

Exploration continued at a number of projects. In the large tenement package in the Deseado Massif in Patagonia, a 4,500 line kilometer helicopter-borne magnetic and radiometric survey has been undertaken to fine tune existing exploration targets and locate new ones. Highly encouraging rock chip analysis and geophysical anomalies have identified drill targets on the 700 meter long outcropping breccia zone at Escondido, contiguous to Mariana Resources Las Calandrias discovery. Scout drilling commenced at the end of July. Good progress was also made in better understanding the undrilled 1.3 kilometer vein at Pan de Azucar with further confirmatory elevated

gold outcrop samples obtained. In addition, a 300 meter long, gold anomalous, breccia envelope has been identified around the southern portion of the vein.

Results of a 12 hole, 4,856 meter reverse circulation drilling program were announced in July 2010 for the Bethania porphyry gold project, which is situated approximately 10 kilometers from Corihuarmi. Extensive intersections of low grade gold, copper and molybdenum mineralization were identified in six of the holes which provide substantial encouragement to continue exploring this large alteration zone. A new exploration project in southern Peru, known as Killincho, was acquired, and exploration commenced within a known gold producing area.

The planned drilling was completed at the La Falda Project in Chile and targeted geophysical IP anomalies and auriferous banded quartz veins considered to be associated with a gold porphyry system. Encouraging gold mineralization was encountered deeper in a number of holes which may link to a substantial, largely untested magnetic anomaly. However, further testing is beyond the current funding capacity of Minera IRL. As a result, the agreement with Catalina Resources was extended to 30 September 2010 to allow time to seek another party for the next phase of exploration.

Following the successful listing of Minera IRL on the Canadian TSX in April 2010, the Company sought to issue a tranche of equity to generate liquidity in the Canadian markets and to bolster working capital. However, deteriorating market conditions resulted in the suspension of this process in favour of a US\$20 million debt facility provided by Macquarie Bank. These funds are to be used to advance rapidly the Ollachea and Don Nicolas projects toward development.

In closing, I would like to extend my appreciation to our outstanding team and to our loyal shareholders. Together, I believe we continue to build toward a bright and prosperous future.

Courtney Chamberlain  
Executive Chairman  
Minera IRL Limited

12 August 2010

# Minera IRL Limited

## Consolidated Statement of Comprehensive Income

	3 months ended 30 June 2010 (unaudited) US\$'000	3 months ended 30 June 2009 (unaudited) US\$'000	6 months ended 30 June 2010 (unaudited) US\$'000	6 months ended 30 June 2009 (unaudited) US\$'000	Year ended 31 December 2009 (audited) US\$'000
Revenue	9,963	6,610	18,319	13,318	31,856
Cost of sales	(4,636)	(4,722)	(10,392)	(9,070)	(18,804)
<b>Gross profit</b>	5,327	1,888	7,927	4,248	13,052
Administration expenses	(1,965)	(996)	(3,818)	(2,247)	(6,637)
Exploration costs	(214)	(253)	(367)	(415)	(1,739)
Excess of fair value of assets acquired over consideration	-	-	-	-	1,134
<b>Operating profit</b>	3,148	639	3,742	1,586	5,810
Finance income	1	3	38	19	36
Finance expenses	(105)	(85)	(170)	(415)	(402)
<b>Net finance expense</b>	(104)	(82)	(132)	(396)	(366)
<b>Profit before tax</b>	3,044	557	3,610	1,190	5,444
Income tax	(1,473)	(323)	(1,797)	(663)	(2,473)
<b>Profit for the period attributable to the equity shareholders of the parent</b>	1,571	234	1,813	527	2,971
<b>Earnings per ordinary share (US cents)</b>					
Basic	1.8	0.4	2.1	0.9	4.3
Diluted	1.8	0.4	2.1	0.9	4.3

# Minera IRL Limited

## Consolidated Balance Sheet

	As at 30 June 2010 (unaudited) US\$'000	As at 30 June 2009 (unaudited) US\$'000	As at 31 December 2009 (audited) US\$'000
<b>Assets</b>			
Property, plant and equipment	23,996	24,720	25,390
Intangible assets	43,400	14,710	34,197
Available for sale investments	921	-	1,567
Deferred tax asset	504	-	426
Other receivables	3,648	-	2,808
<b>Total non-current assets</b>	<b>72,469</b>	<b>39,430</b>	<b>64,388</b>
Inventory	2,501	936	1,526
Other receivables and prepayments	4,075	4,965	1,714
Cash and cash equivalents	6,574	5,141	14,218
	13,150	11,042	17,458
Non-current assets held for sale	600	-	600
<b>Total current assets</b>	<b>13,750</b>	<b>11,042</b>	<b>18,058</b>
<b>Total assets</b>	<b>86,219</b>	<b>50,472</b>	<b>82,446</b>
<b>Equity</b>			
Share capital	66,856	41,459	65,784
Foreign currency reserve	129	129	129
Share option reserve	1,736	1,259	1,363
Accumulated losses	(1,587)	(5,844)	(3,400)
<b>Total equity attributable to the equity shareholders of the parent</b>	<b>67,134</b>	<b>37,003</b>	<b>63,876</b>
<b>Liabilities</b>			
Provisions	1,577	1,349	1,463
Other long term liabilities	1,921	3,212	1,843
<b>Total non-current liabilities</b>	<b>3,498</b>	<b>4,561</b>	<b>3,306</b>
Interest bearing loans	2,500	3,500	3,511
Current tax	1,936	664	951
Trade and other payables	11,151	4,744	10,802
<b>Total current liabilities</b>	<b>15,587</b>	<b>8,908</b>	<b>15,264</b>
<b>Total liabilities</b>	<b>19,085</b>	<b>13,469</b>	<b>18,570</b>
<b>Total equity and liabilities</b>	<b>86,219</b>	<b>50,472</b>	<b>82,446</b>

## Minera IRL Limited

### Consolidated Statement of Changes in Equity

	Share capital US\$'000	Foreign currency reserve US\$'000	Share Option reserve US\$'000	Profit and loss account US\$'000	Total US\$'000
<b>Balance 1 January 2009</b>	<b>41,459</b>	<b>129</b>	<b>1,173</b>	<b>(6,371)</b>	<b>36,390</b>
Profit for the period to 30 June 2009	-	-	-	527	527
Reserve for share option costs	-	-	86	-	86
<b>Balance 30 June 2009</b>	<b>41,459</b>	<b>129</b>	<b>1,259</b>	<b>(5,844)</b>	<b>37,003</b>
<b>Balance 1 July 2009</b>	<b>41,459</b>	<b>129</b>	<b>1,259</b>	<b>(5,844)</b>	<b>37,003</b>
Profit for the period to 31 December 2009	-	-	-	2,444	2,444
New share capital subscribed	25,166	-	-	-	25,166
Cost of raising share capital	(841)	-	-	-	(841)
Reserve for share option costs	-	-	104	-	104
<b>Balance 31 December 2009</b>	<b>65,784</b>	<b>129</b>	<b>1,363</b>	<b>(3,400)</b>	<b>63,876</b>
<b>Balance 1 January 2010</b>	<b>65,784</b>	<b>129</b>	<b>1,363</b>	<b>(3,400)</b>	<b>63,876</b>
Profit for the period to 30 June 2010	-	-	-	1,813	1,813
Issue of share capital	1,072	-	-	-	1,072
Reserve for share option costs	-	-	373	-	373
<b>Balance 30 June 2010</b>	<b>66,856</b>	<b>129</b>	<b>1,736</b>	<b>(1,587)</b>	<b>67,134</b>

**Minera IRL Limited**  
**Consolidated Cash Flow Statement**

	3months ended 30 June 2010 (unaudited) US\$'000	3months ended 30 June 2009 (unaudited) US\$'000	6months ended 30 June 2010 (unaudited) US\$'000	6 months ended 30 June 2009 (unaudited) US\$'000	Year ended 31 December 2009 (audited) US\$'000
<b>Cash flows from operating activities</b>					
Operating profit	3,148	639	3,742	1,586	5,810
Depreciation	735	1,081	2,421	2,504	5,509
Impairment of exploration assets	-	69	-	112	-
Share option costs	260	43	373	86	190
Provision for mine closure costs	57	57	114	114	228
(Gain)/loss on disposal of assets	(113)	-	175	-	28
Excess of fair value of assets acquired over consideration	-	-	-	-	(1,134)
Foreign exchange losses relating to non-operating items	-	-	305	-	250
Increase in inventory	(1,426)	(328)	(975)	(163)	(753)
(Increase)/decrease in other receivables and prepayments	(3,542)	(2,522)	(3,279)	3,205	5,097
Increase/(Decrease) in trade and other payables	1,593	112	426	(1,037)	709
Corporation tax paid	-	-	(811)	(2,200)	(4,473)
<b>Net cash flow from operations</b>	<b>712</b>	<b>(849)</b>	<b>2,491</b>	<b>4,207</b>	<b>11,461</b>
Interest received	1	3	38	19	36
Interest paid	(105)	(85)	(170)	(284)	(140)
<b>Net cash flow from operating activities</b>	<b>608</b>	<b>(931)</b>	<b>2,359</b>	<b>3,942</b>	<b>11,357</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries net of cash received	-	-	-	-	(1,843)
Sale of investments	363	-	471	-	-
Acquisition of property, plant and equipment	(294)	(206)	(1,027)	(975)	(3,581)
Acquisition of intangible assets (exploration expenditure)	(5,014)	(2,006)	(9,203)	(4,318)	(12,416)
<b>Net cash outflow from investing activities</b>	<b>(4,945)</b>	<b>(2,212)</b>	<b>(9,759)</b>	<b>(5,293)</b>	<b>(17,840)</b>
<b>Cash flows from financing activities</b>					
Proceeds from the issue of ordinary share capital	-	-	72	-	15,300
Cost of raising share capital	-	-	-	-	(841)
Repayment of loans	-	-	(11)	(2,500)	(2,500)
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>(2,500)</b>	<b>11,959</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,337)</b>	<b>(3,143)</b>	<b>(7,339)</b>	<b>(3,851)</b>	<b>5,476</b>
Cash and cash equivalents at beginning of the period	10,911	8,284	14,218	8,992	8,992
Exchange rate movements	-	-	(305)	-	(250)
<b>Cash and cash equivalents at end of the period</b>	<b>6,574</b>	<b>5,141</b>	<b>6,574</b>	<b>5,141</b>	<b>14,218</b>



# **Minera IRL Limited**

## **Notes to the Interim Report**

The financial information contained in this Interim Report 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. The financial information contained in this Interim Report has neither been audited nor reviewed by the auditors.

The statutory accounts for the year ended 31 December 2009 will be filed with the Jersey Registrar of Companies. The auditors' report on these accounts was unqualified. The consolidated financial information contained in this Interim Report has been presented and prepared in accordance with interim reporting standards, in a form consistent with the annual accounts and in accordance with accounting policies and standards applicable to those annual accounts. However, these interim accounts do not include all the disclosures required for those annual accounts. Both the annual accounts and these interim accounts have been prepared in accordance with International Financial Reporting Standards. There have been no changes in the company's accounting policies since 31 December 2009.

This Interim Report has been approved for issue by the Board of Directors on 12 August 2010.

### **Earnings per share**

The earnings per share for the second quarter has been calculated using the profit attributable to ordinary shareholders of US\$1,571,000 (second quarter 2009: US\$234,000) and the weighted average number of ordinary shares in issue during the three months to 30 June of 85,760,642 (second quarter 2009: 61,883,422).

The earnings per share for the first half has been calculated using the profit attributable to ordinary shareholders of US\$1,813,000 (first half 2009: US\$527,000) and the weighted average number of ordinary shares in issue during the six months to 30 June 2010 of 85,697,147 (first half 2009: 61,883,422).

### **Issue of shares**

On 24 June 2010 the Company issued 1,111,111 ordinary shares at a price of US\$0.90 per share as a result of the conversion of a US\$1 million loan by Resource Capital Fund.

### **Transactions of an unusual nature**

There were no transactions of an unusual nature during the six months to 30 June 2010.

### **Seasonal Influences**

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

### **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. The contract will end on 30 September 2010.

### **Subsequent events**

On 7 July 2010 the Company entered into an agreement with Macquarie Bank Limited for a US\$20 million loan facility. In July 2010, US\$7.5 million of this facility was drawn with US\$2.5

million being used to repay the existing loan from Macquarie Bank. In consideration for this drawdown and under the terms of the agreement, the Company issued to Macquarie Bank an option over 6,944,444 shares of Minera IRL Limited. This option is exercisable at a price of US\$1.08 per share up to and including 28 June 2013. The previous options issued to Macquarie Bank over a total of 4,861,048 shares have been cancelled.

The Directors of Minera IRL are listed in the Group's Annual report for the year ended 31 December 2009.

By order of the Board

C Chamberlain  
Executive Chairman