MINERA IRL LIMITED
Management's Discussion and Analysis
For the Year ended 31 December 2011

*The following Management's Discussion and Analysis ("MD&A"), prepared as of 29 March 2012 and should be read together with the audited consolidated financial statements (the "Financial Statements") and related notes thereto of Minera IRL Limited (**"Minera IRL"**, the **"Group"** or the "**Company**") for the fiscal year end 31 December, 2011 and the comparative period ended 31 December 2010, 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.*

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 listed on Toronto Stock Exchange ("TSX"), in April 2010 under the symbol "IRL".

In Peru the Company operates the Corihuarmi Gold Mine, has completed a Pre-feasibility study on the Ollachea Project and is exploring a number of other gold prospects. In Argentina, the Company has completed a Feasibility study at the Don Nicolas Gold Project in Patagonia and is prospecting a large land package under exploration licences held by the Company.

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

Selected Annual Information

The following is a summary of the Company's financial results for the three most recently completed financial years:

Financial Data	2011	2010	2009
Revenue ($'000)	53,002	41,082	31,856
Total income/(loss) after tax ($'000)	9,591	2,847	2,971
Earnings/(loss) per share			
Basic (cents)	8.2	2.5	4.3
Diluted (cents)	8.0	2.4	4.3
Total assets ($'000)	136,110	124,516	82,446
Total liabilities ($'000)	24,131	22,173	18,570

Revenue in 2010 was significantly higher than 2009, due largely to a higher realised gold price. The total income for 2010 was slightly lower than 2009, with the higher revenue offset by the write-off of two exploration projects, higher Corihuarmi site operating costs and higher income tax. Total assets increased significantly with the increase in cash from the equity financing in November 2010. Within in the total assets, intangible assets increased due to the capitalisation of exploration and development expenditure mainly related to the Ollachea and Don Nicolas Projects. Total liabilities increased in 2010 primarily due to the refinancing and additional drawdown of a new Macquarie Bank finance facility.

Revenue in 2011 was significantly higher than 2010, due also to a higher realised gold price plus slightly higher gold sales. This contributed to a higher total income for 2011, offsetting the higher costs at Corihuarmi. The profit for the year gave a rise to an increase in total assets for 2011 compared with 2010. The majority of the expenditure on exploration and development, which again mainly related to the Ollachea and Don Nicolas Projects, was capitalised.

Operational, Project Development and Exploration Review

Corihuarmi Gold Mine

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

Below is a summary of the key operating statistics for Corihuarmi for the financial year ended 31 December 2011 compared with the year ended 31 December 2010:

Operating Parameter	2011	2010
Waste (tonnes)	320,475	43,981
Ore mined & stacked on heaps (tonnes)	2,000,733	1,455,500
Ore grade, mined and stacked (g/t)	0.68	0.87
Gold produced (ounces)	33,255	32,533
Gold sold (ounces)	33,718	33,240
Realised Gold Price ($ per ounce)	1,570	1,232
Site operating cash costs ($ per ounce) [1]	410	383

Gold production for 2011 increased by 2.2% to 33,255 ounces, against the 32,533 ounces produced in the same prior year period.

Although the grade was significantly lower, this was more than compensated for by the higher tonnes mined and crushed for 2011, resulting in slightly higher production. At the beginning of 2011, Minera IRL began undertaking the mining operations previously carried out by a contractor. This has allowed significant operating cost savings on a unit per tonne of ore basis. Mining continued predominantly from the Susan outcrop, but also included the mining of broken scree material below the outcrops. The site operating costs per ounce were higher for 2011 compared to 2010, due mainly to the increase in ore mined and treated, and an increase in waste mined. The price received from spot gold sales increased 27.5% giving Corihuarmi a substantially increased margin.

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 company, Minera Kuri Kulla SA, was registered to own the leases and manage the Ollachea Project.

Diamond drilling with two rigs commenced in October 2008 and by end-December 2011, 73,934 meters have been completed in 193 holes.

A significant gold discovery was announced in early 2009 and a Scoping Study for the Minapampa Zone, based upon 49 diamond drill holes, was completed by Coffey Mining in November 2009. With the receipt of positive results from this Scoping Study the Company undertook a Pre-feasibility Study.

On 14 June, 2011, the Company released an updated NI 43-101 compliant resources estimate for the Ollachea Project. The resources estimate was carried out over the Minapampa and Minapampa East Zones and was an update on the November 2010 resources estimate. The subsequent in-fill drilling at Minapampa East contributed to the contained ounces in the Indicated category increasing by nearly 20% to 1.4 million ounces. In the process both tonnage and grade increased. This increase was also assisted by an increase in the dry in-situ bulk density from 2.80 tonnes per cubic meter to 2.83 tonnes per cubic meter.

Indicated Mineral Resource applying a 2.0g/t gold cut-off

Zone	Metric tonnes (Millions)	Grade – g/t gold	Contained ounces (Millions)
Minapampa	9.3	4.0	1.2
Minapampa East	1.4	3.9	0.2
Total	**10.7**	**4.0**	**1.4**

Inferred Mineral Resource applying a 2.0g/t gold cut-off

Zone	Metric tonnes (Millions)	Grade – g/t gold	Contained ounces (Millions)
Minapampa	2.4	3.0	0.2
Minapampa East	0.9	3.0	0.1
Total	**3.3**	**3.0**	**0.3**

Included within the above resource envelope, the higher grade core Indicated Resource, using a 3.5g/t gold cut-off, has increased to 4.8 million tonnes grading 5.5g/t gold containing 0.8 million ounces.

This Canadian National Instrument NI43-101 compliant resource estimate was carried out by consultancy Coffey Mining over the Minapampa Zone and the contiguous strike extension known as Minapampa East. The estimate was based upon 88 diamond drill holes for 31,980 meters at Minapampa and 32 diamond drill holes for 14,424 meters at Minapampa East, for a combined 120 drill holes totalling 46,404 meters. The resource estimates apply a 2g/t gold bottom cut and top cutting as appropriate for each of the seven discrete gold-mineralized horizons, or "lenses" that have been defined to date.

Several of the most easterly holes drilled at Minapampa East, beyond which steep terrain precludes further drilling from surface, returned strong gold intersections including DDH11-148 with 7 meters grading 20.7g/t gold and DDH11-152 with 3 meters grading 27.2g/t gold. This bodes well for future exploration of the eastern extension of the deposit from the planned underground exploration drive, which the Company committed to in August 2011 (see below for more details).

On 18 July 2011, the Company released the results of the Pre-feasibility Study ("PFS"). The PFS was managed by AMEC Peru SA, which is part of the international engineering firm AMEC plc, in conjunction with Coffey Mining who has contributed the resource estimation and underground mining aspects.

The PFS was based on a Canadian National Instrument 43-101 compliant Indicated Resource of 10.7 million tonnes grading 4.0g/t gold containing 1.4 million ounces. From this mine design and production scheduling has resulted in a Probable Mineral Reserve of 9.5 million tonnes grading 3.65g/t gold containing 1.1 million ounces. An underground mining and treatment rate of 1.1 million tonnes per annum has been established giving a mine life of nine years. The orebody will be accessed through a 1.2 kilometre slightly inclined tunnel from an adjacent valley. Mining of the steeply dipping lenses will utilize the sub-level open stoping method with cemented paste fill. The ore is metallurgically responsive to standard treatment techniques with a projected gold extraction of over 90%. Processing will be by way of conventional crush, grind and carbon-in-leach (CIL) technology.

Key performance and economic indicators are shown in the table below.

Parameter	**Units**	**Key performance indicator**	
Mine life	Years	9	
Tonnes	Mt	9.5	
Grade	g/t Au	3.65	
Contained ounces	Moz	1.11	
Metallurgical extraction	%	91.3	
Ounces produced	Moz	1.01	
Pre-production capital cost	$M	170	
Life-of-Mine cash operating cost	$/t	46.6	
Life-of-Mine cash operating cost	$/oz	436	
		Base Case Gold Price	**Upside Gold Price**
Gold price assumption	$/oz	1,100	1,500
Pre-tax			
Project cash flow	$M	419	808
NPV at 5% real	$M	271	561
NPV at 7% real	$M	226	486
NPV at 10% real	$M	170	393
IRR (real)	%	28.1	46.5
Payback	Years	3.1	1.9
Post-tax			
Project cash flow	$M	280	531
NPV at 5% real	$M	167	354
NPV at 7% real	$M	133	301
NPV at 10% real	$M	91	235
IRR (real)	%	20.5	34.1
Payback	Years	3.8	2.5

Note:
1. $ represents US dollars
2. Costs are in 2Q 2011 $.
3. NPV as at commence of construction.
4. Pre-tax is before Workers' Participation of 8% and Income Tax of 30% and Post-tax is after Workers' Participation Profit and Income Tax.
5. Payback starts from commencement of production.

The Canadian National Instrument 43-101 for the Ollachea Project Pre-feasibility Study was filed on 2 September 2011. Based upon these positive results, the Company embarked upon a Feasibility Study. This is expected to be completed during the second half of 2012. Part of the feasibility study includes limited final resource in-fill drilling with two diamond rigs which is expected to be complete early in the second quarter 2012. An upgraded resource estimate is expected to be completed by resource consultants Coffey Mining Pty Ltd during second quarter

2012. Subsequent to the year end, the Company announced on 17 February 2012 results from recent in-fill resource drilling which continue to confirm excellent gold intersections and reinforce continuity of the Minapampa mineralized horizons including 20 meters grading 10.2 g/t gold in DDH12-190 and 31 meters grading 5.58 g/t gold in DDH12-194.

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

On 29 August 2011, the Company announced that it had committed to the construction of a 1.2 kilometer exploration tunnel which will access the ore body defined in the Ollachea Pre-feasibility study. The slightly inclined exploration drive will be from a portal site located in a deeper valley across the ridge from the outcropping mineralization at the Minapampa Zone. The Minapampa orebody will be accessed approximately 350 meters down-dip from the surface outcrop. The exploration drive was permitted by the Peruvian authorities in mid-2011.

Drill exploration targets from underground are compelling. The gold bearing structures outcrop for approximately one kilometer to the east of the Minapampa Zones where 1.4 million ounces of gold (10.7 million tonnes at 4.0g/t Au) in the Indicated Resource category has been drill defined from surface. The most easterly drilling from surface recorded strong gold intersections and supports geological continuity of the open-ended Minapampa mineralization towards the east. Extremely steep terrain precludes further drilling from surface towards the east. The tunnel track has been designed parallel to this eastern strike extension to provide suitable locations for underground diamond drilling from cuddies, or chambers, at regular intervals as the drive advances.

Following a comprehensive tendering process, a contract was signed in August 2011 with well known and experienced underground contractor, JJC, to execute the underground project. Consultants TWP Sudamerica S. A. have been engaged to assist Minera IRL to manage the project. A general assembly of the Ollachea community has also overwhelmingly endorsed the project. The drive is scheduled to be completed over a 15 month time frame with a budget of US$14.9 million which includes a contingency of 10%. Subsequent to the year end, the Company announced on 17 February 2012 that excavation of the exploration tunnel has commenced following the establishment of access to the portal site.

In terms of exploration, Ollachea remains highly prospective. The Minapampa Zone remains open along strike in both directions and down dip and a new discovery, known as Concurayoc, was announced during the second quarter 2010. This zone is approximately 400 metres west of the Minapampa Zone. On 7 September 2011, the Company announced the maiden Inferred Mineral Resource at the Concurayoc Zone based on infill drilling completed during the second quarter 2011.

Inferred Mineral Resource applying a 2.0g/t gold cut-off

Zone	Metric tonnes (Millions)	Grade – g/t gold	Contained ounces (Millions)
Concurayoc	10.4	2.8	0.9

This resulted in the total Indicated Mineral Resource thus far defined at Ollachea increasing to 10.7 million tonnes grading 4.0g/t gold containing 1.4 million ounces plus an Inferred Mineral Resource of 13.7 million tonnes grading 2.8g/t containing 1.2 million ounces of gold.

This Canadian National Instrument NI43-101 compliant mineral resource estimate was carried out by consultancy Coffey Mining Pty Ltd. The new estimate at the Concurayoc Zone, which covers a strike length of 700 meters, was based upon 45 diamond drill holes on approximately an 80 meter grid for 16,943 meters. The mineral resource estimate, reported at a 2g/t gold bottom cut-off, includes top cutting as appropriate for each of the six broad gold-mineralized horizons, or "lenses", that have been quantified in the estimate. The total mineral resource at Ollachea is based upon 165 diamond drill holes for 63,347 meters.

The dip and spatial orientation of the mineralized zones at Concurayoc are broadly similar to the mineralized zones hosted within the Minapampa zones. Within the six horizons identified at Concurayoc, mineral resource modelling has additionally identified seven discrete higher grade lenses. Examples of higher grade intersections include drill hole DDH10-130 which intersected 33 meters grading 4.57g/t gold including 12 meters grading 8.66g/t gold, DDH10-135 with 7 meters at 4.03g/t gold plus 4 meters at 8.68g/t gold, DDH11-168 with 9 meters grading 3.38g/t gold plus 4 meters at 22.0g/t gold and DDH11-171 with 7 meters at 17.6g/t gold. The effective true width of mineralized intersections is expected to range between 67% to 98% of the width reported, with the majority of the drill holes reporting around 92% true width. The true width is dependent upon the variation of the angle of incidence between the trace of the Concurayoc exploration drill-hole(s) and the dip of the targeted mineralized horizon(s). The Ollachea Pre-feasibility Study is predicated upon the Indicated Mineral Resource at Minapampa and Minapampa East which is only 400 meters from Concurayoc. As a result, the Company believes that the Concurayoc mineral resource has the potential to substantially enhance the life of mine of the Ollachea mine development.

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.

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 2,700km² 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.

At the time of the Minera IRL's takeover of Hidefield Gold Plc, the Don Nicolas Project was based upon a NI43-101 compliant Indicated resource of 1.078 million tonnes grading 5.8g/t gold containing 201,000 ounces plus an Inferred resource of 1.075 million tonnes grading 4.6g/t gold containing 158,400 ounces. A Scoping Study completed in 2008 provided the basis for Minera IRL to embark on a full feasibility study. A substantial component of this study has included in-fill and extension drilling both to increase the confidence levels of the Measured and Indicated Resource and to also attempt to increase the number of ounces. On 29 August 2011, an updated resource estimate for the Don Nicolas Project was announced. This resource estimate supersedes the resource inventory inherited with the Hidefield transaction. That estimate was based upon a 1g/t gold lower cut-off grade so the new Minera IRL estimate is not directly comparable. However, a relatively small portion of the 89% increase in gold in the overall Measured and Indicated category is related to reducing the gold lower cut-off grade to 0.3g/t.

There are two vein field districts that make up the Don Nicolas Project, La Paloma and Martinetas. The reported resource is made up of nine vein systems (refer to the table below). At La Paloma, resources have been defined at the Sulfuro, Arco Iris, Ramal Sulfuro and Rocio Veins. Martinetas consists of five vein swarms contained in the Coyote, Cerro Oro, Armadillo, Lucia and Calafate deposits. The resource estimation methodology that was applied to each system was appropriate for the particular mineralized deposit. For Sulfuro, Arco Iris, Ramal Sulfuro, Rocio, Armadillo and Calafate the Ordinary Kriging (OK) technique was used and, using this method, no mine dilution was included in the resource estimate for these deposits. For Coyote, Cerro Oro and Lucia, the Multiple Indicator Kriging (MIK) method was considered more appropriate and this method includes dilution for an assumed mining scenario and Selective Mining Unit (SMU).

			Measured + Indicated Resource					Inferred Resource				
District	**Deposit**	**Lower Au Cutoff (g/t)**	**Tonnes (kT)**	**Au (g/t)**	**Au (kOz)**	**Ag (g/t)**	**Ag (kOz)**	**Tonnes (kT)**	**Au (g/t)**	**Au (kOz)**	**Ag (g/t)**	**Ag (kOz)**
La Paloma	Sulfuro[1]	0.3	1,192.3	4.5	171.9	16.1	617.3	535.0	1.2	20.6	5.4	92.5
		1.6	498.4	9.2	147.2	28.1	450.2	47.3	7.0	10.7	18.7	28.4
	Ramal Sulfuro[3]	0.3						134.8	2.3	8.3		
		1.6						58.5	3.0	5.1		
	Rocio[3]	0.3						89.2	4.1	11.9		
		1.6						89.2	4.1	11.9		
	Arco Iris[1]	0.3	36.8	1.7	2.1	2.2	2.6	262.4	2.4	19.4	2.1	17.5
		1.6	18.0	2.4	1.4	2.8	1.6	164.0	3.0	15.7	2.5	13.2
Martinetas	Cerro Oro[2]	0.3	2,528.5	1.1	85.6	3.9	316.5	995.8	1.0	32.9	4.1	130.7
		1.6	378.3	3.3	39.9	6.1	73.8	144.4	3.4	15.9	7.0	32.7
	Lucia[2]	0.3	94.1	1.3	4.1	0.8	2.3	225.5	1.1	7.9	2.1	15.3
		1.6	18.3	3.9	2.3	0.7	0.4	38.1	3.4	4.1	4.4	5.4
	Coyote[2]	0.3	1,603.4	1.9	99.7	3.5	179.5	612.6	1.6	30.5	3.1	60.9
		1.6	440.8	5.1	72.4	5.8	82.5	132.6	4.7	20.2	5.6	23.8
	Calafate[1]	0.3	4.0	3.2	0.4	10.8	1.4	3.4	5.8	0.6	11.7	1.3
		1.6	4.0	3.2	0.4	10.8	1.4	3.4	5.8	0.6	11.7	1.3
	Armadillo[1]	0.3	179.0	3.1	17.6	4.7	27.0	209.7	1.9	12.6	4.2	28.4
		1.6	102.7	4.9	16.1	6.2	20.5	66.0	5.0	10.6	6.9	14.6
TOTAL	***All Resource***	***0.3***	***5,638.1***	***2.1***	***381.4***	***6.3***	***1,146.5***	***3,068.5***	***1.5***	***144.8***	***3.5***	***346.6***
	High Grade	***1.6***	***1,460.5***	***6.0***	***279.8***	***13.4***	***630.3***	***743.5***	***4.0***	***94.9***	***5.0***	***119.4***

1 – Ordinary Kriged Estimate

2 – Multiple Indicator Kriged Estimate -with a Change of Support to an SMU block (5mE x 2mN x 2.5mRL)

3 - Rocio and Ramal were not estimated by Coffey Mining. This Inferred Resource (gold only) is as previously reported by Hidefield in 2009 as estimated by Runge. Ramal was estimated by Runge but not included in the Hidefield estimate.

Note: Arco Iris and Calafate estimates were based within a notional 1 g/t Au mineralised envelope - Therefore resources between 0.3g/t Au and 1.0g/t Au have not been estimated or included

On 14 February 2012, Minera IRL announced the results of the Don Nicolas Feasibility Study. International engineering firm Tetra Tech has managed the Feasibility Study, with the resource estimate compiled by Coffey Mining Pty Ltd. The high grade Measured and Indicated Resource formed the basis for the Feasibility Study. Mine design and production scheduling on this resource resulted in Proven and Probable Mineral Reserves of 1.2 million tonnes grading 5.1g/t gold and 10g/t silver containing 197,000 ounces gold and 401,100 ounces silver (contained within the reported Measured and Indicated Resource). An all open pit mining scenario was adopted for the Feasibility Study, with ore production from the two vein fields, Martinetas and La Paloma (location of the Sulfuro Vein). The conventional crush, grind and carbon-in-leach (CIL) treatment plant at Martinetas is planned to have a rate of 350,000 tonnes per annum providing initial expected mine life of 3.6 years. An average annual steady-state gold and silver production of 52,400 ounces and 56,000 ounces respectively at a cash operating cost of US$528 per ounce after silver credits is expected. From the reserves outlined to date, peak production is scheduled to occur in Year 2 of operation at 63,800 ounces of gold and 92,200 ounces of silver. The Project's logistics are excellent, with close proximity to a major highway, and an adequate supply of ground water has been defined.

Key performance and economic indicators are shown in following table.

Parameter	**Units**	**Key Performance Indicator**			
Mine life	Years	3.6			
Tonnes	Mt	1.2			
Grade - gold	g/t	5.1			
Grade - silver	g/t	10			
Gold Metallurgical extraction	%	92.1%			
Silver Metallurgical extraction	%	47.4%			
Gold produced	koz	181.0			
Silver produced	koz	190.2			
Pre-production capital cost	$M	55.5			
Sustaining capital cost	$M	7.3			
Life-of-Mine site cash operating cost	$/t	82.5			
Life-of-Mine total cash operating cost (after silver credit) excluding royalties	$/oz	528			
Gold price	$/oz	**Base Case $1,250**		**Upside $1,500**	
		Pre Tax	**Post Tax**	**Pre Tax**	**Post Tax**
Project cash flow	$M	58.7	36.1	101.6	62.2
NPV at 5% real	$M	44.7	25.1	82.2	48.0
NPV at 7% real	$M	39.9	21.6	75.6	43.7
NPV at 8% real	$M	37.6	19.8	72.4	41.4
IRR (real)	%	34.6%	22.8%	56.3%	38.1%
Payback period	Years	1.8	2.0	1.5	1.7

Note:
1. $ represents US dollars
2. Costs are in 4Q 2011$
3. Silver price of $25/oz assumed
4. NPV as at commencement of construction
5. Initial Capital Cost excludes IGV (general sales tax), which is recovered once in production
6. Pre- tax is before other taxes (5% export duty and 0.6% debit & 0.6% credit tax) and Corporate Income Tax of 35%
7. Post-tax includes tax deduction for prior expenditure and a deduction for allowable prior tax losses

The Environmental Impact Assessment (EIA) is well advanced and environmental consultant Ausenco Vector is working toward completing this. The ensuing permitting process is expected to be completed during the second half of 2012 and development is expected to take approximately 12 months with target production in fourth quarter 2013.

The Company believes that there is significant opportunity for enhancement of the Don Nicolas Project in the future including the following:

- The low grade resource in the Indicated category totals 4.2 million tonnes grading 0.8g/t gold and 4g/t silver for a total of 102,000 ounces of gold and 516,000 ounces of silver. Studies are underway to test the application of heap leaching to treat this resource and due for completion during the second half 2012. During the mining operation outlined in the Feasibility Study, 2.1 million tonnes of low grade material, included in the above resource, grading 0.7g/t gold and 3g/t silver containing 49,000 ounce of gold and 215,000 ounces of silver will be stockpiled. This can be readily reclaimed if heap leaching proves practical;
- Potential exists for a future underground mine at La Paloma where resource already exists in the open ended high grade shoot which extends below the Sulfuro open pit;
- The 7,000 meter RC in-fill and extension drilling program completed during 2011 at Martinetas was highly successful. A further 12,000 meter RC program commenced in March 2012 at Martinetas. The Company believes that this program will add significantly to the resource base which, if achieved, will extend the mine life;
- Potential to outline high grade gold and silver resources which may be defined from exploration prospects within trucking distance and treated at the Martinetas plant. Examples of planned follow-up exploration include reported intersections of 0.7m grading 136g/t gold and 157g/t silver and 4.2m grading 1.63g/t gold and 663g/t silver that have already been reported in separate systems at the Escondido discovery, approximately 35 kilometres from Martinetas; and
- Further work underway to investigate the potential to further reduce operating cost such as the possible provision of low cost grid power.

Exploration Projects

Patagonia Regional Exploration

In addition to the Don Nicolas Project, the Company is advancing a number of exploration projects in Argentina's Patagonia region, including Escondido, Michelle and Chispas. Since Minera IRL's takeover of Hidefield Gold Plc in late 2009, the Company has carried out extensive airborne and ground geophysical surveys. During the second quarter 2011, a second heli-borne magnetic and radiometric geophysical survey totalling 5,374 line kilometres was completed over four project sites. This is in addition to the 4,400 line kilometres completed in 2010. The database generated by these programs is of exceptional quality and resolution and is of marked assistance to the geologists in identifying targets and fine tuning drill site locations.

The Escondido Project is contiguous to the Las Calandrias discovery first announced by Mariana Resources Limited in late 2009. Extension of the Las Calandrias mineralization into the Escondido property was confirmed by mapping and surface sampling conducted by Minera IRL, which identified a breccia 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 identified structural and conductivity anomalies in several areas. The first phase of scout drilling was undertaken during the third quarter of 2010. Of the 11 holes drilled, 10 intersected gold mineralization demonstrating that a significant portion of the deposit lies within the 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

In December 2010, the widely spaced second-pass scout drilling program was carried out. On the 3 March 2011, results of the drill program were announced, which confirmed that mineralization extends over almost 700 meters of strike from the northern tenement boundary and remains open-ended toward both the east and south-east. Selected intercepts from the second pass Escondido scout drilling are tabulated below.

Hole Number	Intercept			Assay – g/t		Gold Equivalent – g/t*
	From	To	Meters	Au	Ag	
E-D10-020	51.00	84.50	33.50	0.89	2.83	0.91
including	56.15	66.35	10.20	1.83	4.45	1.90
E-D10-022	10.00	62.45	52.45	0.64	9.51	0.80
including	26.00	29.45	3.45	3.53	26.37	3.97
E-D10-024	15.00	32.00	17.00	1.13	8.23	1.27
E-D10-027	20.60	65.00	44.40	0.52	1.79	0.55
E-D10-033	86.25	90.70	4.45	0.82	59.02	1.80

*Gold equivalent grade is calculated by dividing the silver value by 60 and adding this to the gold value.

An extended IP Gradient Array geophysical survey carried out in late 2010 showed a wide resistivity anomaly over the remaining 900 meters of untested ground between the current drilling and the eastern boundary of the Escondido tenement block. A substantial, chargeability anomaly coincident with the resistivity was identified. This led to a Phase 3 drilling in which 59 additional drill holes, for a total of 7,104 meters, was completed during the second quarter.

In July 2011, results from un-reported Phase 2 and the first 20 holes of Phase 3 Escondido drilling were reported. These results continued to confirm the low grade, bulk tonnage potential to the North West but also, for the first time at this project, reported high grade intersections. Selected intercepts are tabulated below.

Zone	Type	Hole Number	Intercept			Assay – g/t		Gold Equivalent g/t*
			From	To	Meters	Au	Ag	
NW	Vein	E-D10-026	89.30	90.00	0.70	136	157	139
NW	Bulk	E-D11-052 including	24.80 38.35	41.00 40.30	16.20 1.95	2.05 10.0	7.4 14.4	2.20 10.3
NW	Bulk	E-D11-053	38.95	58.60	19.65	2.43	10.4	2.64
		including	38.95	41.50	2.55	9.55	51.6	10.6
NW	Bulk	E-D11-055 Including	42.80 48.80	67.00 54.10	24.20 5.30	1.16 2.48	6.1 8.1	1.28 2.64
NW	Bulk	E-D11-057	28.40	72.00	43.60	0.84	6.8	0.98
SE	Vein	E-D11-036	68.70	78.90	10.20	0.17	76.1	1.69
SE	Vein	E-D11-037 Including	54.00 56.00	58.20 56.55	4.20 0.55	1.63 4.16	663 1,250	14.9 29.2
SE	Vein	E-D11-039 Including	37.60 40.00	41.00 41.00	3.40 1.00	0.71 1.19	193 509	4.57 11.4
SE	Bulk	E-D11-058	130.00	146.00	16.00	0.28	63.7	1.55

*Gold equivalent grade is calculated by dividing the silver value by 50 and adding this to the gold value.

At Pan de Azucar, part of the Chispas vein field, scout drilling was completed in the fourth quarter of 2010. The assay results were announced on 22 February 2011 from the first pass diamond drilling program at Pan de Azucar, one of many prospects within Minera IRL's 2,700 square kilometres of exploration licences in the Deseado Massif in Patagonia. Twenty seven holes were drilled for a total of 3,976 meters. This program probed a 950 meter strike length with staggered holes which targeted the vein structure between 30 and 160 meters below surface. This drilling at the Pan de Azucar prospect is the first step in a much larger program to explore more than 12km of other outcropping epithermal veins within the Chispas Vein Field.

Selected intercepts for the Pan de Azucar drilling are shown in the table below.

Hole PDA-D10	Intercept			Assay – g/t		Host
	From	To	Meters	Au	Ag	
001	68.4	69.5	1.1	5.10	650	Fault structure
005	48.0	51.25	3.25	5.81	5.55	Vein
including	49.6	50.3	0.7	15.5	21.4	Vein
009	45.95	50.95	1.0	2.61	12.1	Vein
011	88.47	89.08	0.61	3.00	80.2	Vein
017	47.80	49.14	1.34	2.89	7.31	Splay
019	78.02	80.00	1.98	3.51	8.28	Vein
and	114.3	129.96	15.66	3.37	11.2	Fracture zone
021	96.0	101.0	5.0	3.48	7.98	Vein
022	134.42	135.33	0.91	5.68	12.1	Vein
025	131.45	131.85	0.4	21.5	2.6	Splay
and	135.0	137.0	2.0	2.67	37.1	Vein

This drilling indicated that the Pan de Azucar vein is relatively deeply eroded. However, other veins, with a surface expression of some 11 kilometres within the Chispas project areas, appear to be largely un-eroded. Of particular interest is the Veta Sur vein which outcrops over a strike length of some 4km. The outcrop of this vein appears to be high in the system and, if this is correct, the vein can be expected to be largely intact. A 3,240 meter, 16 hole diamond drilling program was carried out in late 2011 to test other veins in the area. No significant intersections were recorded.

Exploration has identified approximately 22km of cumulative vein strike length at its 143km^2 Michelle Project, located immediately adjacent to AngloGold Ashanti Limited's majority owned and operated multimillion-ounce Cerro Vanguardia Gold-Silver Mine in Santa Cruz Province, Argentina. Many of the veins, which can be traced at surface from Cerro Vanguardia into Minera IRL's property, are Au-Ag bearing with classic low sulphidation epithermal textures that indicate significant depth potential. Of the 51 surface rock samples taken from the Michelle and Jackpot veins, 33 returned values above 1 g/t gold, of which 16 were above 5 g/t gold. Eleven samples analyzed also assayed above 30g/t silver including one sample of 1,460g/t Ag. A 4,698 meter, 27 hole diamond drilling program was carried out in late 2011. Results were of sufficient encouragement to justify a further diamond drilling program scheduled for the second quarter of 2012.

Bethania Prospect
The Bethania Project comprises three exploration licenses held for some years by Minera IRL plus an additional 942 hectare lease under option from Minera Monterrico Peru SAC to acquire 100% ownership for a total holding of 3,294 hectare. 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 5 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.

Based upon the encouraging results from the 2010 Bethania exploration program, the Company believes that the drilling demonstrates significant presence of gold and copper in this large system warranting a next phase of exploration in 2011.

The 2011 Bethania Project drilling program has been carried out in two stages. The first stage of exploration drilling included 7 diamond drill holes for a total of 2,099 meters (April to June 2011). The second stage of drilling, completed during October 2011, included 6 drill holes totalling 723 meters. Confirmation drilling in the mineralized zone drilled in 2010 was positive but drilling at other targets failed to intersect significant mineralization. Other targets have yet to be drill tested.

Although this gold-copper system is yet to be fully understood, some results thus far received indicate that potentially economic gold/copper porphyry style mineralization might be present in this large mineralized system.

For example, drill hole DDH11-BET01 obtained an intersection of 72 meters at 0.72g/t Au and 0.14% Cu. This hole was designed to twin hole RC drill hole RC10-BET10 which intersected 72 meters at 0.66g/t Au and 0.13% Cu. This indicated:

- There was a 9% increase in gold grade between the twinned diamond and RC twin drill hole in this instance.
- The mineralization of interest in DDH11-BET01 continues down vertically for 100 meters from surface i.e.: 100 meters at 0.64 g/t Au and 0.13% Cu.
- It has been recognized that gold and copper content is associated with the intensity of quartz-magnetite-sulphide stockwork veinlets within magnetite-feldspar-biotite-silica potassic alteration zones.

The tenor and consistency of grade distribution that has been intersected from surface justifies continued exploration interest in this mineralized gold porphyry system, which has been interpreted to form a minor part of a far larger hydrothermally altered lithocap which is known to extend for more than 15 kilometers along the Central Andean trend.

Huaquirca Joint venture

Minera IRL entered into a Letter Agreement in June, 2010 with Alturas Minerals Corp ("Alturas") providing the opportunity for the latter to earn up to an 80% interest in the 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 designated the "Huaquirca Joint Venture"

On 13 January 2011, Alturas and Minera IRL entered into an amendment of the Letter Agreement regarding Huaquirca JV. The amendment modifies an earlier letter agreement announced on 2 June 2010 and grants Alturas an extension within which to execute drilling at Huaquirca.

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.

Alturas has the option to gain an 80% interest in the Huaquirca Joint Venture by starting drilling on the JV property no later than June 30, 2011 and must complete at least 15,000 meters of drilling on the Chapi-Chapi Property and completing a scoping study on any potential discovery before December 31, 2012. Once Alturas has fulfilled its obligations and has earned an 80% interest in the JV, both parties would contribute pro-rata according to their percentage interests, subject to usual dilution. If Minera IRL were to dilute its interest below 20% it could convert that part of its interest to a 2% NSR. If Minera IRL were to further dilute its interest to below 10%, it would be entitled to an additional 1% NSR. The NSR is subject to a total buyout for US$ 5m at Alturas's option. 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.

Alturas announced on 5 July 2011, it had initiated a first phase of drilling on the 30 June 2011, and that it had signed a new 2-year agreement with the Huaquirca community that gives Alturas access to community land for its planned exploration program and has obtained the permit to conduct its first phase drilling program from the Peruvian mining authority.

On 15 December 2011, Alturas announced encouraging assay results from the first four widely-spaced diamond drill holes completed as part of the first phase 5,000 meter drill program.

Highlights include copper-gold mineralized sections of skarn reporting:

- 22.60 meters (35.50m to 58.10m) grading 0.35% copper, 0.25g/t gold, 1.30 g/t silver and 0.01% molybdenum, and
- 14.70 meters (80.60m to 95.30m) grading 0.52% copper, 0.27 g/t gold, 1.81 g/t silver and 0.01% molybdenum, both in drillhole CHA-11-03.

Sections with gold-silver mineralized in altered and brecciated sandstones included:

- 28.00 meters (181.00m to 209.00m) grading 0.27 g/t gold and 0.35 g/t silver in drillhole CHA-11-02,
- 30.00 meters (13.20m to 43.20m) grading 0.37 g/t gold and 0.67 g/t silver, and
- 26.70 meters (121.20m to 147.90m) grading 0.39 g/t gold and 1.45 g/t silver, including 10.30 meters grading 0.66 g/t gold and 2.75 g/t silver, both in drillhole CHA-11-02A

Frontera Joint Venture

The Frontera project is 35/65 joint venture with Teck Cominco which is managed by the latter. The property consists of a 1,200 hectare package of tenements located in region I of northern Chile, on the north-western border with Peru and close to the eastern border with Bolivia.

No exploration activity was conducted on this property during 2011.

Quilavira Project

The Company signed an option agreement in February 2010 to acquire the Quilavira Gold Project from Newcrest. The 5,100 hectare 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.

No exploration activity was conducted on this property during 2011. 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)

	Q1 Mar. '10	Q2 Jun. '10	Q3 Sep. '10	Q4 Dec. '10	Q1 Mar. '11	Q2 Jun. '11	Q3 Sep. '11	Q4 Dec. '11
Total Revenue	8,356	9,963	11,176	11,587	10,969	13,161	16,436	12,476
Profit after tax	242	1,571	(1,719)	2,155	1,254	2,735	3,585	2,185
Total income/(loss) after tax	242	1,571	(1,719)	2,753	1,113	2,593	3,530	2,355
Net earnings/(loss) per share								
Basis (US cents)	0.3	1.8	(2.0)	2.3	1.0	2.3	3.0	1.8
Diluted (US cents)	0.3	1.8	(2.0)	2.2	1.0	2.2	2.9	1.8

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.

Overview of Fourth Quarter Financial Results

Data	Three months to 31 December	
	2011	2010
Corihuarmi		
Waste (tonnes)	100,546	8,245
Ore mined & stacked on heaps (tonnes)	470,738	333,497
Ore grade, mined and stacked (g/t)	0.45	0.77
Gold produced (ounces)	6,809	8,615
Gold sold (ounces)	7,408	8,393
Realised Gold Price ($ per ounce)	1,682	1,367
Site operating cash costs ($ per ounce) [1]	522	366
Financial		
Revenue ($'000)	12,476	11,587
Gross Profit ($'000)	4,981	5,126
EBITDA ($'000) [2]	4,758	5,870
Profit/(loss) before tax ($'000)	2,846	3,811
Profit/(loss) after tax ($'000)	2,185	2,155
Total Income/(loss) after tax ($'000)	2,355	2,753
Earnings/(loss) per share		
Basic (cents)	1.8	2.4
Diluted (cents)	1.8	2.3

For the fourth quarter of 2011, revenue increased by 7.7%, or $0.9 million over the fourth quarter of 2010. This increase was attributed to a higher realised gold price, which offset the decrease in gold sold.

The company reported a profit after tax of $2.2 million for the fourth quarter of 2011, compared with a profit of $2.2 million in the same prior year period.

Liquidity and Capital Resources

As at 31 December 2011, the Company had cash and cash equivalents of $11.1 million, compared with $34.6 million as at 31 December 2010. The Company's cash and cash equivalents are invested in highly liquid, low risk, interest-bearing investments with maturities of 180 days or less from the original date of investment.

As at 31 December 2011, 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 *	-	-	-	-	-	-	-
Asset Retirement Obligation	2,844	1,584	1,015	71	71	71	142

Note:

* Excludes Ollachea "2nd Additional Payment", which is contingent on a positive Ollachea Feasibility Study and other factors.

+ This cost relates to the Corihuarmi rehabilitation costs and with the approval of a new EIA in January 2012 this expenditure will be delayed compared with this current schedule.

Subsequent to 31 December 2011, the Company completed an equity offering on 5 March 2012. The Company issued 29,260,000 ordinary shares at a price of CAD1.13 per share for gross proceeds of approximately C$33.1 million.

The consolidated 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 generate sufficient cash from operations or 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 and Argentina 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 180 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, specifically gold. 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 year ended 31 December 2011, the Company had entered into the following transaction with a related party:

The Company incurred US$4,967 (GBP3,047) (2010: US$9,553 (GBP6,102)) of registrar services fees 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 GBP3,500 to be paid by the Company. The common director resigned from Computershare Investor Services (Jersey) Limited effective from 1 July 2011. The fees stated were incurred only for the period that there was a related party transaction.

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 follows the accounting policies described in the audited consolidated financial statements for the year ended 31 December 2011 that was filed on SEDAR on [30] March 2012.

Critical Accounting Estimates

The preparation of consolidated financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or impaired, where appropriate. The Company's accounting policy is to capitalize exploration costs, which is consistent with IFRS, and the policy is consistent with other resource companies which are similar to Minera IRL. An alternative policy would be to expense these costs until a feasible mineral resource has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down is charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

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 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 148,842,884 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 17,533,431 options issued and outstanding, of which 8,955,000 options were issued for the benefit of directors, employees and consultants of the Group under the Company's Share Option Plans and the balance was issued in connection with a finance facility. 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	3,060,000
18 March 2008	18 March 2009 [1]	18 March 2013	£0.62	790,000
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	125,000
2 July 2010	2 July 2010	2 July 2015	£0.7250	50,000
17 November 2010	17 November 2010	17 November 2015	£1.08	2,630,000
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				**17,533,431**

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 Company's financial statements are prepared. As required under Multilateral Instrument 52-109, management advises that there have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period, being the three months ended 31 December 2011, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional Information

Additional information regarding Minera IRL, including Minera IRL's Annual Information Form for the year ended 31 December 2011 is available on the Company's website at www.minera-irl.com.au or on SEDAR at www.sedar.com.

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 neuvo 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. "Site 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.

2. The term EBITDA (Earnings Before Interest, Income Taxes, Depreciation and amortization) is used, which are financial measures used by many investors to compare companies on the basis of operating results, asset value and the ability to incur and service debt. EBITDA is used because Minera IRL's net income alone does not give an accurate picture of its' cash-generating potential. Management believes that EBITDA is an important measure in evaluating performance and in determining whether to invest in Minera IRL. However, EBITDA is not a recognized earnings measure under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. It is not intended to represent cash flow or results of operations in accordance with GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss determined in accordance with GAAP as an indicator of Minera IRL's performance or to cash flows from operating, investing and financing activities of liquidity and cash flows.