



MINERA IRL LIMITED

Interim Financial Accounts

For the First Quarter ended 31 March 2012

HIGHLIGHTS

Financial

- Revenue up 1.3% to \$11.1 million (Q1 2011: \$10.9 million)
- EBITDA down 8.5% to \$4.4 million (Q1 2011: \$4.7 million)
- Profit after tax \$1.7 million, up 35% from \$1.3 million in Q1 2011
- Gold sales down 17% to 6,515 ounces (Q1 2011: 7,883 ounces). Average realised gold price up 22% to \$1,699 per ounce (Q1: \$1,389 per ounce)
- Strong cash balance of \$30.3 million at end of quarter (Q1 2011: \$30.7 million)

Operational

- Gold production from the Corihuarmi Gold Mine ahead of management expectations at 6,747 ounces compared with 7,952 ounces in the same period in 2011 ("Q1 2011"). Corihuarmi site cash operating costs US\$502 per ounce, (Q1 2011: \$401 per ounce)
- Completion of a positive feasibility study on the Don Nicolas Project in Patagonia. Based on a gold price of US\$1,250/oz, the study indicates a NPV (7% real) of US\$40 million (pre-tax) and US\$22 million (post tax); an IRR (real) of 34.6% (pretax) and 22.8% (post tax) and a payback period of 2.0 years (post tax). Permitting about to commence
- Excavation of the exploration tunnel at the Ollachea Project commenced following the establishment of access to the portal site. Feasibility study on track for second half 2012 completion

Other

- Completed a successful equity raising for gross proceeds of approximately CAD33.1 million by issuing 29,260,000 ordinary shares at CAD1.13 per share (equivalent to GBP72p based on exchange rate at pricing)

Note: \$ = United States dollars

CHAIRMAN'S STATEMENT

The financial results for the March 2012 quarter exceeded management's expectations on the back of a solid performance from our Corihuarmi Gold Mine in Peru. The feasibility study on the Don Nicolas Project in Patagonia was completed and indicated that a viable mining operation can be developed. Good progress was made on the feasibility study at the Company's flagship project, Ollachea, in southern Peru. An equity raising of CAD33.1 million was completed and along with revenue from Corihuarmi, will provide funds for this year's programs.

Gold sales were a solid US\$11.1 million on the back of a strong gold price, with spot sales averaging US\$1,699 per ounce. Gross profit was US\$5.4 million and EBITDA US\$4.3 million. Profit before tax was US\$3.1 million giving a profit after tax of US\$1.7 million. The cash balance at the end of the quarter was US\$30.3 million.

Our Corihuarmi Gold Mine continues to perform very well with gold production of 6,747 ounces, approximately 26% above the Company's budget. However, this was 15% below production in the first quarter of 2011, which is related to the expected falling grade which averaged 0.61g/t gold compared to 0.85g/t gold in the corresponding period of 2011. Mining continued to largely focus on the Susan outcrop and the broken scree material. Site cash operating costs averaged US\$502 per ounce for the quarter.

We are very pleased with the results of the Feasibility Study from our Don Nicolas Project in Argentina. This was predicated upon open pit 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 401,000 ounces silver. From this, gold production of 181,000 ounces and silver production of 190,000 ounces has been scheduled over the 3.6 year mine life. Up-front capital cost has been estimated at \$55.5 million plus a sustaining capital of \$7.3 million over the current estimated life of the project.

The project economics are compelling with a cash operation cost, after silver credit, of \$528/ounce gold. Using a base case gold price of \$1,250/ounce, the post tax net present value (NPV) using a 7% discount is \$21.6 million with an internal rate of return (IRR) of 22.8%. With a higher gold price of \$1,500 per ounce, the NPV increases to \$41.4 million and the IRR to 38.1%. Whilst the mine life is relatively short, the payback period is only 2 years, and potentially less with a assumed higher gold price, and there exists much upside potential to extend the mine life. A new in-fill and extension drilling program commenced at the Martinetas area aimed at increasing the open-pit resource.

Following the successful feasibility study, the Environmental Impact Assessment has been completed and permitting was about to commence at the time of writing. Consideration of engineering companies is underway and financing options are being investigated. The Company's objective remains on track to bring Don Nicolas into production before the end of 2013.

The feasibility study on the Ollachea Project progressed throughout the quarter. Final in-fill drilling on the Minapampa Zone has been completed, advanced metallurgical and geotechnical testing continued, mining and process design advanced and archaeological clearance of the required sites progressed. The feasibility study remains on track for completion in the second half of 2012. The portal on the 1.2 kilometre exploration tunnel was established and the drive commenced.

The 2012 exploration field season commenced with mapping, surface sampling and geophysics in Patagonia. Exploration drilling is scheduled to commence during the second quarter at the high quality Michelle Prospect close to AngloGold Ashanti Limited's majority owned Cerro Vanguardia Mine.

We are well aware of the concern of the international investment community about recent political developments in Argentina and the resulting negative impact upon mining share prices including Minera IRL. However, we are confident that private mining assets are secure and that investment can proceed unimpeded. We are certainly receiving outstanding support for our activities in Patagonia from the officials in Santa Cruz Province.

In Peru, we are pleased with the management of the country by the government of President Ollanta Humala who was elected in 2011. The mining industry in Peru remains extremely vibrant with many capital development projects in progress.

Supported by resolute operational progress, a solid balance sheet and a strong resource base the management of Minera IRL continue to press ahead with the building of a mid-tier Latin American gold mining company.

In closing, I would like to extend my appreciation to our team for their outstanding efforts. I also thank our loyal shareholders for their ongoing patience and support as we build the Company.

Courtney Chamberlain
Executive Chairman
Minera IRL Limited

9 May 2012

Minera IRL Limited

Consolidated Statement of Comprehensive Income

	3 months ended 31 March 2012 (unaudited) US\$'000	3 months ended 31 March 2011 (unaudited) US\$'000	Year ended 31 December 2011 (audited) US\$'000
Revenue	11,073	10,929	53,002
Cost of sales	(5,710)	(6,459)	(27,955)
Gross profit	5,363	4,470	25,047
Other Income			200
Administration expenses	(2,090)	(2,071)	(8,211)
Exploration costs	(95)	(222)	(1,014)
Gain on disposal of available for sale investments	-	386	403
Operating profit	3,178	2,563	16,425
Finance income	13	19	56
Finance expenses	(96)	(94)	(418)
Net finance expense	(83)	(75)	(362)
Profit before tax	3,095	2,488	16,063
Income tax	(1,399)	(1,234)	(6,304)
Profit for the period attributable to the equity shareholders of the parent	1,696	1,253	9,759
Retranslation of foreign operations	107	-	102
Gain (loss) on valuation of available for sale investments	(111)	119	18
Recycled on disposal of available for sale investments	-	(260)	(288)
Total Comprehensive Income	1,692	1,113	9,591
Earnings per ordinary share (US cents)			
Basic	1.3	1.0	8.2
Diluted	1.3	1.0	8.0

Minera IRL Limited

Consolidated Balance Sheet

	As at 31 March 2012 (unaudited) US\$'000	As at 31 March 2011 (unaudited) US\$'000	As at 31 December 2011 (audited) US\$'000
Assets			
Property, plant and equipment	19,239	23,303	19,989
Intangible assets	97,627	57,726	88,474
Available for sale investments	427	717	547
Deferred tax asset	574	-	574
Other receivables	7,505	5518	7,253
Total non-current assets	125,372	87,264	116,837
Inventory	2,667	2,263	2,809
Other receivables and prepayments	6,698	3,824	5,330
Cash and cash equivalents	30,285	30,734	11,134
	39,650	36,821	19,273
Non-current assets held for sale	-	-	-
Total current assets	39,650	36,821	19,273
Total assets	165,022	124,085	136,110
Equity			
Share capital	131,977	100,751	100,752
Foreign currency reserve	338	129	231
Share option reserve	1,917	1,918	1,917
Revaluation reserve	217	457	328
Accumulated profits (losses)	10,447	245	8,751
Total equity attributable to the equity shareholders of the parent	144,896	103,500	111,979
Liabilities			
Interest bearing loans	-	10,000	-
Provisions	2,464	2,391	2,443
Other long term liabilities	-	-	-
Total non-current liabilities	2,464	12,391	2,443
Interest bearing loans	10,000	-	10,000
Current tax	1,883	1,250	2,290
Trade and other payables	5,779	6,944	9,398
Total current liabilities	17,662	8,194	21,688
Total liabilities	20,126	20,585	24,131
Total equity and liabilities	165,022	124,085	136,110

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Consolidated Statement of Changes in Equity

	Share capital US\$'000	Foreign currency reserve US\$'000	Share Option reserve US\$'000	Reval- uation reserve US\$'000	Profit and loss account US\$'000	Total US\$'000
Balance 1 January 2011	100,707	129	1,938	598	(1,029)	102,343
Profit for the period to 31 March 2011	-	-	-	-	1,254	1,254
Gain on available for sale investments	-	-	-	119	-	119
Realised gain on available for sale investments	-	-	-	(260)	-	(260)
Total Comprehensive income				(141)	1,254	1,113
New share capital subscribed	44	-	-	-	-	44
Exercise of share options	-	-	(20)	-	20	-
Balance 31 March 2011	100,751	129	1,918	457	245	103,500
Balance 1 April 2011	100,751	129	1,918	457	245	103,500
Profit for the period to 31 Dec.2011	-	-	-	-	8,505	8,505
Retranslation of foreign operations	-	102	-	-	-	102
Loss on available for sale financial assets	-	-	-	(101)	-	(101)
Recycled on disposal of available for sale investments	-	-	-	(28)	-	(28)
Total Comprehensive Income	-	-	-	(129)	8,505	8,478
New share capital subscribed	1	-	-	-	-	1
Exercise of share options	-	-	(1)	-	1	-
Balance 31 December 2011	100,752	231	1,917	328	8,751	111,979
Balance 1 January 2012	100,752	231	1,917	328	8,751	111,979
Profit for the period to 31 March 2012	-	-	-	-	1,696	1,696
Loss on available for sale financial assets	-	-	-	(111)	-	(111)
Retranslation of foreign operations	-	107	-	-	-	107
Total comprehensive income	-	107	-	(111)	1,696	1,692
New share capital subscribed	33,363	-	-	-	-	33,363
Cost of raising share capital	(2,138)	-	-	-	-	(2,138)
Balance 31 March 2012	131,977	338	1,917	217	10,447	144,896

Minera IRL Limited

Consolidated Cash Flow Statement

	3 months ended 31 March 2012 (unaudited) US\$'000	3 months ended 31 March 2011 (unaudited) US\$'000	Year ended 31 December 2011 (audited) US\$'000
Cash flows from operating activities			
Operating profit	3,179	2,563	16,425
Depreciation	1,155	2,145	8,349
Impairment of exploration assets	-	-	-
Share option costs	-	-	-
Provision for mine closure cost	21	752	652
Profit on disposal of available for sale investments		(386)	(403)
Loss on disposal of assets	-	-	89
Available for sale investments impairment	10	-	80
Foreign exchange losses relating to non-operating items		(313)	-
Decrease/(increase) in inventory	142	245	(301)
(Increase)/decrease in other receivables and prepayments	(1,621)	(1,262)	(4,999)
(Decrease)/increase in trade and other payables	(3,618)	(1,853)	(752)
Corporation tax paid	(1,808)	(1,644)	(5,751)
Net cash flow from operations	(2,540)	247	14,983
Interest received	13	19	56
Interest paid	(96)	(94)	(418)
Net cash flow from operating activities	(2,623)	172	14,531
Cash flows from investing activities			
Sale of available for sale investments	-	642	672
Acquisition of property, plant and equipment	(404)	(1,005)	(3,984)
Acquisition of available for sale investments		-	(152)
Acquisition of intangible assets (exploration expenditure)	(9,154)	(4,080)	(34,728)
Net cash outflow from investing activities	(9,558)	(4,443)	(38,192)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital	33,363	44	45
Cost of raising share capital	(2,138)	-	-
Receipt of loans	-	-	-
Repayment of loans	-	-	-
Net cash inflow from financing activities	31,225	44	45
Net (decrease)/increase in cash and cash equivalents	19,044	(4,227)	(23,616)
Cash and cash equivalents at beginning of the period	11,134	34,648	34,648
Exchange rate movements	107	313	102
Cash and cash equivalents at end of the period	30,285	30,734	11,134

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 2011 have been 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 2011.

This Interim Report has been approved for issue by the Board of Directors on 9 May 2012.

Going Concern

Having taken into account the balance of cash at 31 March 2012 and the fact that the Corihuarmi mine has a positive cash flow, the Directors of the Company consider that it will have sufficient funds to continue as a going concern for the foreseeable future.

Earnings per share

The earnings per share for the first quarter has been calculated using the profit attributable to ordinary shareholders of US\$1,696,000 (first quarter 2011: US\$1,253,000) and the weighted average number of ordinary shares in issue during the three months to 31 March 2012 of 128,448,240 (first quarter 2011: 119,571,273).

Issue of shares

On 5 March 2012 the Company issued 29,260,000 ordinary shares at a price of CAD1.13 per share (equivalent to GBP72p based on exchange rate at pricing) as a private placement of shares.

Transactions of an unusual nature

There were no transactions of an unusual nature during the three months to 31 March 2012.

Seasonal Influences

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

Related parties

During the first quarter ended 31 March 2012 the Company had no related party transactions.

Subsequent events

In April 2012, 3,060,000 options were exercised at a price of GBP45p per share.

The Directors of Minera IRL are listed in the Group's Annual report for the year ended 31 December 2011.

By order of the board

C Chamberlain
Executive Chairman