



MINERA IRL LIMITED
Interim Financial Accounts
For the Third Quarter ended 30 September 2012

HIGHLIGHTS

Financial

- Gold sales 7,520 ounces (Q3 2011: 9,718 ounces). Average realised gold price \$1,667 per ounce (Q3 2011: \$1,683 per ounce)
- Revenue \$12.5 million (Q3 2011: \$16.4 million)
- Gross Profit \$5.8 million (Q3 2011: \$9.1 million)
- EBITDA \$4.8 million (Q3 2011: \$8.6 million)
- Profit after tax \$1.7 million (Q3 2011: \$3.6 million)
- Cash balance of \$10.4 million at the end of the quarter (Q3 2011: \$21.0 million)
- Post Q3 2012 end, availability of second \$10 million tranche of Macquarie Bank Finance Facility and extension of Facility Repayment Date to 30 June 2014

Operational

- Gold production from the Corihuarmi Gold Mine was ahead of management expectations at 7,660 ounces (Q3 2011: 9,718 ounces). Production declined due to anticipated lower grade ore
- Corihuarmi site cash operating cost increased to \$552 per ounce (Q3 2011: \$356 per ounce) due to anticipated lower production
- Environmental Impact Assessment has been approved for the Don Nicolas Project in mining friendly Santa Cruz Province, Argentina and the development permit issued. Financing discussions are progressing
- The Definitive Feasibility Study on the Company's flagship Ollachea Project, Peru, is on track for completion during Q4, 2012
- Excellent progress has been made on the exploration drive at Ollachea, reaching 669 meters as of 31 October 2012. Exploration of the eastern strike of the deposit by diamond drilling is scheduled to commence in Q4 2012. Underground access to the orebody is expected in Q1, 2013

Note: \$ = United States dollars

CHAIRMAN'S STATEMENT

The financial performance for the three months to 30 September 2012 was gratifying with our Corihuarmi Gold Mine in Peru continuing to outperform expectations. The Definitive Feasibility Study ("DFS") at the Company's flagship project, Ollachea, in southern Peru, is nearing completion and excellent progress continues to be made on the exploration drive. After only five months from submittal, the Environmental Impact Assessment ("EIA") on the Don Nicolas Project was approved by the Santa Cruz provincial government, Argentina, and the development permit issued.

Sales revenue of \$12.5 million was based on an average gold spot sales price of \$1,667 per ounce. Sales revenue for the period was higher than Q2 2012. Gross profit was \$5.8 million and EBITDA was \$4.8 million. Profit before tax was \$3.5 million resulting in a profit after tax of \$1.7 million. The Company's cash balance at the end of the quarter totalled \$10.4 million. Subsequent to the end of the quarter, the second \$10 million tranche of the \$20 million Macquarie Bank finance facility was made available and the repayment date for the entire facility extended from the 31 December 2012 until 30 June 2014.

Gold production at Corihuarmi of 7,660 ounces was well above the Company's budget and the highest quarterly production in 2012. Nevertheless, this was 21% below production in the third quarter of 2011 which is related to the expected falling grade which averaged 0.47g/t gold compared to 0.66g/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 continued below expectations and averaged \$552 per ounce, well below the Company's budget.

All data gathering for the Ollachea definitive feasibility study (DFS) was finished, including metallurgical testing, geotechnical and hydrology studies. Archaeological clearance of the required sites has made excellent progress. Engineering, mine design, scheduling and cost estimation by project managers AMEC (Peru) S.A. and Coffey Mining Pty Ltd ("Coffey Mining") is nearing completion and the results are on track for release during Q4, 2012. The EIA is continuing in parallel with the DFS.

Excellent progress was made on the 1.2 kilometre exploration tunnel with the advance reaching 669 meters by 31 October. Ground conditions in the slate rock type which hosts the orebody have proven very satisfactory providing much practical mining and geotechnical experience which is already being applied to mine design and production schedules. Drill tenders are being evaluated to allow exploration of the eastern strike extent of the deposit by underground diamond drilling to commence in Q4, 2012. Completion of the drive remains on track for Q1, 2013.

The EIA on the Don Nicolas Project in Argentina has been approved by the Santa Cruz provincial authorities and the development permit granted. We have received outstanding support from the Santa Cruz government officials with the permitting process taking only five months from submittal in May 2012. We are now focused on engaging an engineering company and arranging finance to allow development to commence in 2013, with commissioning expected in late 2013 or early 2014. The project is a simple open pit operation mining high grade epithermal veins and using conventional carbon-in-leach treatment to produce an average of 52,400 ounces of gold and 56,000 ounces of silver per annum.

Also at Don Nicolas, all assay results from the 189 hole, 18,700 meter drill program on the Martinetas vein field have been submitted to consultants Coffey Mining who are carrying out an update on the resource estimate. This is scheduled for completion during Q4, 2012.

Minera IRL's share price has improved during the quarter and, at the time of writing, had recovered approximately 48% from the low experienced mid-year. It was particularly pleasing to see the positive reaction to the granting of the development permit at Don Nicolas which paves the way for development of this economically attractive project. This, along with the excellent progress at Ollachea, continues to add value to our portfolio and I am confident that this will receive strong market recognition as we continue with the development of our asset portfolio.

Once again, 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

2 November 2012

Minera IRL Limited

Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited - Expressed in thousands of United States Dollars, except per share amounts)

| | Notes | Three Months Ended | | Nine Months Ended | |
|--|-------|--------------------|----------------|-------------------|----------------|
| | | September 2012 | September 2011 | September 2012 | September 2011 |
| Revenue | | \$ 12,549 | \$ 16,436 | \$ 34,733 | \$ 40,526 |
| Less: Cost of sales | 12 | (6,766) | (7,341) | (19,528) | (20,460) |
| Gross profit | | 5,783 | 9,095 | 15,205 | 20,066 |
| Administration | 12 | (2,092) | (2,685) | (6,304) | (6,483) |
| Exploration and evaluation | | (65) | (128) | (243) | (531) |
| Gain (loss) on disposal of investments | | (5) | - | (1) | 401 |
| Share based payments | 10 | (20) | - | (585) | - |
| Operating Profit | | 3,601 | 6,282 | 8,072 | 13,453 |
| Finance income | | 39 | 12 | 98 | 48 |
| Finance expense | | (98) | (97) | (291) | (285) |
| Net finance expense | | (59) | (85) | (193) | (237) |
| Income before tax | | 3,542 | 6,197 | 7,879 | 13,216 |
| Income tax | | (1,832) | (2,612) | (4,358) | (5,643) |
| Net income for the period | | \$ 1,710 | \$ 3,585 | \$ 3,521 | \$ 7,573 |
| Retranslation of foreign operations | | 410 | - | (414) | - |
| Loss on revaluation of available-for-sale investments | | (2) | (55) | (255) | (61) |
| Recycled on disposal of available-for-sale investments | | (10) | - | (34) | (277) |
| Total comprehensive income (loss) | | \$ 2,108 | \$ 3,530 | \$ 2,818 | \$ 7,235 |
| Earnings per share (US cents) | | | | | |
| Basic | | 1.1 | 3.0 | 2.4 | 6.3 |
| Diluted | | 1.1 | 2.9 | 2.4 | 6.2 |
| Weighted average common shares outstanding | | | | | |
| Basic | | 151,902,884 | 119,582,584 | 144,010,694 | 119,579,056 |
| Diluted | | 151,902,884 | 121,848,851 | 144,020,545 | 122,323,813 |

The accompanying notes are an integral part of these consolidated interim financial statements

Minera IRL Limited

Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in thousands of United States Dollars, except per share amounts)

| | Notes | September 30, 2012 | December 31, 2011 |
|--------------------------------------|-------|-----------------------|----------------------|
| Assets | | | |
| Property, plant and equipment | 6 | \$ 18,175 | \$ 19,989 |
| Intangible assets | 5 | 125,392 | 88,474 |
| Available-for-sale investments | 4 | 205 | 547 |
| Deferred tax assets | | 574 | 574 |
| Other receivables | 7 | 9,361 | 7,253 |
| Total non-current assets | | 153,707 | 116,837 |
| Inventory | | 3,365 | 2,809 |
| Other receivables and prepayments | 7 | 5,020 | 5,330 |
| Cash and cash equivalents | | 10,448 | 11,134 |
| Total current assets | | 18,833 | 19,273 |
| Total assets | | \$ 172,540 | \$ 136,110 |
| Equity | | | |
| Share capital | 10 | \$ 134,163 | \$ 100,752 |
| Foreign currency reserve | | (183) | 231 |
| Share option reserve | | 1,705 | 1,917 |
| Revaluation reserve | | 39 | 328 |
| Retained earnings | | 13,069 | 8,751 |
| Total equity | | 148,793 | 111,979 |
| Liabilities | | | |
| Provisions | 8 | 2,580 | 2,443 |
| Total non-current liabilities | | 2,580 | 2,443 |
| Trade and other payables | | 9,768 | 9,398 |
| Interest bearing loans | 9 | 10,000 | 10,000 |
| Current tax | | 1,399 | 2,290 |
| Total current liabilities | | 21,167 | 21,688 |
| Total liabilities | | 23,747 | 24,131 |
| Total equity and liabilities | | \$ 172,540 | \$ 136,110 |

The accompanying notes are an integral part of these consolidated interim financial statements

Minera IRL Limited

Consolidated Interim Statements of Changes in Equity

(Unaudited - Expressed in thousands of United States Dollars, except per share amounts)

| | Notes | Share capital | | Reserves | | | Retained earnings | Total |
|---|-------|--------------------|-------------------|-----------------|---------------|------------------|-------------------|-------------------|
| | | Number of Shares | Amount | Share option | Revaluation | Foreign currency | | |
| Balance at January 1, 2011 | | 119,527,884 | \$ 100,707 | \$ 1,938 | \$ 598 | \$ 129 | \$ (1,029) | \$ 102,343 |
| Profit for the period | | - | - | - | - | - | 7,573 | 7,573 |
| Loss on available-for-sale investments | | - | - | - | (61) | - | - | (61) |
| Recycled on disposal of available -for-sale investments | | - | - | - | (277) | - | - | (277) |
| Total comprehensive income | | - | - | - | (338) | - | 7,573 | 7,235 |
| Share options exercised | | 55,000 | 45 | (21) | - | - | 21 | 45 |
| Balance at September 30, 2011 | | 119,582,884 | \$ 100,752 | \$ 1,917 | \$ 260 | \$ 129 | \$ 6,565 | \$ 109,623 |
| Profit for the period | | - | - | - | - | - | 2,186 | 2,186 |
| Retranslation of foreign operations | | - | - | - | - | 102 | - | 102 |
| Gain on available-for-sale investments | | - | - | - | 79 | - | - | 79 |
| Recycled on disposal of available -for-sale investments | | - | - | - | (11) | - | - | (11) |
| Total comprehensive income | | - | - | - | 68 | 102 | 2,186 | 2,356 |
| Balance at December 31, 2011 | | 119,582,884 | \$ 100,752 | \$ 1,917 | \$ 328 | \$ 231 | \$ 8,751 | \$ 111,979 |
| Profit for the period | | - | - | - | - | - | 3,521 | 3,521 |
| Loss on available-for-sale investments | | - | - | - | (255) | - | - | (255) |
| Recycled on disposal of available -for-sale investments | | - | - | - | (34) | - | - | (34) |
| Retranslation of foreign operations | | - | - | - | - | (414) | - | (414) |
| Total comprehensive income | | - | - | - | (289) | (414) | 3,521 | 2,818 |
| New share capital subscribed | 10 | 29,260,000 | 33,363 | - | - | - | - | 33,363 |
| Cost of issuing share capital | 10 | - | (2,153) | - | - | - | - | (2,153) |
| Issuance of share options | 10 | - | - | 585 | - | - | - | 585 |
| Share options exercised | 10 | 3,060,000 | 2,201 | (797) | - | - | 797 | 2,201 |
| Balance at September 30, 2012 | | 151,902,884 | \$ 134,163 | \$ 1,705 | \$ 39 | \$ (183) | \$ 13,069 | \$ 148,793 |

The accompanying notes are an integral part of these consolidated interim financial statements

Minera IRL Limited

Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in thousands of United States Dollars, except per share amounts)

| | Three Months Ended | | Nine Months Ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| OPERATING ACTIVITIES | | | | |
| Operating profit | \$ 3,602 | \$ 6,282 | \$ 8,072 | \$ 13,453 |
| Items not affecting cash: | | | | |
| Depreciation and accretion | 1,247 | 2,279 | 3,627 | 6,562 |
| Share option costs | 20 | - | 585 | - |
| Provision for mine closure costs | 65 | 57 | 137 | 867 |
| Gain on disposal of available-for-sale | 23 | - | 1 | (401) |
| Impairment of investment | (27) | - | (9) | - |
| Loss (gain) on disposal of assets | - | (17) | - | (17) |
| Foreign exchange losses (gains) relating to non-operating items | - | (51) | - | (520) |
| Changes in non-cash working capital items: | | | | |
| Increase (decrease) in inventory | (569) | (188) | (556) | 75 |
| Increase (decrease) in other receivables and prepayments | (1,255) | (822) | (1,798) | (5,550) |
| Increase (decrease) in trade other payables | 1,617 | (143) | 370 | (1,495) |
| Corporation tax paid | (1,177) | (160) | (5,249) | (1,852) |
| | 3,546 | 7,237 | 5,180 | 11,122 |
| Interest received | 72 | 11 | 98 | 48 |
| Interest paid | (98) | (97) | (291) | (285) |
| Net cash from operating activities | 3,520 | 7,151 | 4,987 | 10,885 |
| INVESTING ACTIVITIES | | | | |
| Disposal of available-for-sale investments | 22 | - | 61 | 664 |
| Acquisition of property, plant and equipment | (559) | (646) | (1,813) | (2,672) |
| Exploration expenditures incurred | (15,881) | (10,166) | (36,918) | (23,117) |
| Net cash used in investing activities | (16,418) | (10,812) | (38,670) | (25,125) |
| FINANCING ACTIVITIES | | | | |
| Proceeds from the issue of share capital | - | - | 33,363 | 45 |
| Share issuance costs | (7) | - | (2,153) | - |
| Proceeds from exercise of options | - | - | 2,201 | - |
| Net cash from financing activities | (7) | - | 33,411 | 45 |
| Change in cash and cash equivalents | (12,905) | (3,661) | (272) | (14,195) |
| Cash and cash equivalents - beginning | 22,943 | 24,583 | 11,134 | 34,648 |
| Exchange rate movements | 410 | 51 | (414) | 520 |
| Cash and cash equivalents - end | \$ 10,448 | \$ 20,973 | \$ 10,448 | \$ 20,973 |
| Cash and cash equivalents consists of: | | | | |
| Cash | \$ 10,448 | \$ 20,973 | \$ 10,448 | \$ 20,973 |
| Short-term investments | - | - | - | - |
| | \$ 10,448 | \$ 20,973 | \$ 10,448 | \$ 20,973 |

The accompanying notes are an integral part of these consolidated interim financial statements

Minera IRL Limited

Notes to Consolidated Interim Financial Statements

Nine Month Period Ended 30 September 2012 and 2011

(Unaudited – Expressed in thousands of United States Dollars, except per share amounts)

Note 1 – Significant Accounting Policies

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.

The consolidated interim financial statements of the Company for the period ended 30 September 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

This Interim Report has been approved for issue by the Board of Directors on 2 November 2012.

Note 2 – Going Concern

Having taken into account the balance of cash at 30 September 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.

Note 3 – Earnings per Share

The earnings per share for the third quarter has been calculated at US\$0.01 (2011: US\$0.03) using the net income for the period US\$1,710,000 (2011: US\$3,585,000) and the weighted average number of ordinary shares in issue during the three month period ended 30 September 2012 of 151,902,884 (2011: 118,582,584).

Note 4 – Available for Sale Investments

These securities have been valued at the market price quoted on the TSX Venture Exchange on 30 September 2012.

Note 5 – Intangibles

| | Ollachea | Don Nicolas | Other Peru | Other Argentina | Total |
|------------------------------------|-----------------|------------------------|-----------------------|----------------------------|----------------|
| Balance – 1 January 2011 | 32,809 | 15,214 | 4,832 | 891 | 53,746 |
| Additions | 18,447 | 7,743 | 1,839 | 6,699 | 34,728 |
| Disposals | - | - | - | - | - |
| Balance – 31 December 2011 | 51,256 | 22,957 | 6,671 | 7,590 | 88,474 |
| Additions | 25,336 | 8,213 | 815 | 2,554 | 36,898 |
| Disposals | - | - | - | - | - |
| Balance - 30 September 2012 | 76,592 | 31,170 | 7,486 | 10,144 | 125,392 |

Minera IRL Limited

Notes to Consolidated Interim Financial Statements

Nine Month Period Ended 30 September 2012 and 2011

(Unaudited – Expressed in thousands of United States Dollars, except per share amounts)

Note 6 – Property, Plant and Equipment

| | Mining Assets & Deferred Development Costs | Land & Buildings | Motor Vehicles | Computers & Other Equipment | Total |
|---------------------------------------|---|-------------------------------------|---------------------------|--|---------------|
| Cost | | | | | |
| Balance - 1 January 2011 | 35,443 | 1,308 | 2,786 | 2,475 | 42,012 |
| Additions | 2,112 | 777 | 296 | 799 | 3,984 |
| Disposals | - | - | (229) | (2) | (231) |
| Balance - 31 December 2011 | 37,555 | 2,085 | 2,853 | 3,272 | 45,765 |
| Additions | 1,034 | 378 | 105 | 340 | 1,857 |
| Disposals | (37) | - | (63) | - | (100) |
| Balance - 30 September 2012 | 38,522 | 2,463 | 2,895 | 3,612 | 47,522 |
| Accumulated Depreciation | | | | | |
| Balance - 1 January 2011 | 16,376 | 19 | 285 | 889 | 17,569 |
| Depreciation charge for the year | 7,248 | 13 | 466 | 622 | 8,349 |
| Disposals | - | - | (140) | (2) | (142) |
| Balance - 31 December 2011 | 23,624 | 32 | 611 | 1,509 | 25,776 |
| Depreciation charge for the period | 2,842 | 90 | 345 | 350 | 3,627 |
| Disposals | (20) | - | (36) | - | (56) |
| Balance - 30 September 2012 | 26,446 | 122 | 920 | 1,859 | 29,347 |
| Carrying amounts | | | | | |
| Balance - 1 January 2011 | 19,067 | 1,289 | 2,501 | 1,586 | 24,443 |
| Balance - 31 December 2011 | 13,931 | 2,053 | 2,242 | 1,763 | 19,989 |
| Balance - 30 September 2012 | 12,106 | 2,341 | 1,975 | 1,753 | 18,175 |

Note 7 – Other Receivables and Prepayments

| | 30 September 2012 | 31 December 2011 |
|---------------------------|--------------------------|-------------------------|
| Non-current assets | | |
| Other receivables | 9,361 | 7,253 |
| Current assets | | |
| Other receivables | 4,297 | 4,856 |
| Prepayments | 723 | 474 |
| | 5,020 | 5,330 |

Minera IRL Limited

Notes to Consolidated Interim Financial Statements

Nine Month Period Ended 30 September 2012 and 2011

(Unaudited – Expressed in thousands of United States Dollars, except per share amounts)

Note 7 – Other Receivables and Prepayments (continued)

Included in other receivables is an amount of US\$13,049,000 (2011: US\$10,452,000) relating to sales tax paid on the purchase of goods and services. This balance is expected to be fully recovered in due course against the revenue earned from exploitation of the respective projects. Included within this is a total of US\$9,361,000 (2011: US\$7,253,000) relating to purchases for the Ollachea and the Don Nicolas projects, which will not be recovered in the next accounting period and has therefore been included in non-current assets.

Note 8 – Provision

The Group has made a provision of US\$2,580,000 against the present value of the cost of restoring the Corihuarmi site and Ollachea exploration tunnel site to its original condition. This provision is an estimate of the cost of reversing the alterations to the environment which had been made up until 30 September 2012. The timing and cost of this rehabilitation is uncertain and dependent upon the duration of the mine life and the quantity of ore which will be extracted from the mine. At present time, it is estimated that the remaining mine life of Corihuarmi is approximately 3 years with the approval of the new Environmental Impact Assessment in January 2012.

| | Environmental Provisions |
|----------------------------------|---------------------------------|
| Balance 1 January 2011 | 1,639 |
| Additional provision | 152 |
| Accretion expense | 652 |
| Balance 31 December 2011 | 2,443 |
| Additional provision | 58 |
| Accretion expense | 79 |
| Balance 30 September 2012 | 2,580 |

Note 9 – Interest Bearing Loan

This bank loan bears interest at 3.5% over the London Interbank Offered Rate (“LIBOR”), is secured against the assets of the Group and is due and payable on 31 December 2012.

Note 10 – Share Capital

On 5 March 2012, the Company issued 29,260,000 ordinary shares at a price of CAD\$1.13 per share (equivalent to GBP£0.72 based on exchange rate at pricing) as a private placement of common shares to raise gross proceeds of CAD\$33,063,800. A total of \$2,153,456 in commissions and professional fees was paid in cash in connection with this placement.

In April 2012, the Company issued 3,060,000 ordinary shares at a price of £0.45 for the exercise of incentive stock options.

Minera IRL Limited

Notes to Consolidated Interim Financial Statements

Nine Month Period Ended 30 September 2012 and 2011

(Unaudited – Expressed in thousands of United States Dollars, except per share amounts)

Note 10 – Share Capital (continued)Share Options

The changes in options issued under the Share Option Plan are as follows:

| | 30 September 2012 | | 31 December 2011 | |
|---------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| | Number of Options | Weighted Average Exercise Price (£) | Number of Options | Weighted Average Exercise Price (£) |
| Options outstanding, beginning | 8,955,000 | 0.78 | 9,210,000 | 0.78 |
| Options granted | 3,835,000 | 0.78 | - | - |
| Options exercised | (3,060,000) | 0.45 | (55,000) | 0.53 |
| Options lapsed | - | - | (200,000) | 0.94 |
| Options outstanding, end | 9,730,000 | 0.88 | 8,955,000 | 0.78 |
| Options exercisable, end | 9,730,000 | 0.88 | 8,955,000 | 0.78 |

On 3 April 2012, the Company granted a total 3,485,000 incentive stock options at an exercise price of £0.81 for a period of 5 years. Additionally the Company granted 200,000 incentive stock options at £0.59 for a period of 5 years on 14 May 2012. Finally, the Company granted 150,000 incentive stock options at £0.53 for a period of 5 years on 04 September 2012. These options were fair valued with a Black Scholes option pricing model using the following assumptions:

| Date of Grant | 03 April 2012 | 14 May 2012 | 04 September 2012 |
|------------------------------|----------------------|--------------------|--------------------------|
| Share price on date of grant | £0.65 | £0.47 | £0.42 |
| Exercise price | £0.81 | £0.59 | £0.53 |
| Expected volatility | 30% | 30% | 36% |
| Expected option life | 3.5 yrs | 3.5 yrs | 3.5 yrs |
| Risk-free rate of return | 0.75% | 0.75% | 0.75% |
| Expected dividends | Nil | Nil | nil |
| Fair Value | £0.10 | £0.07 | £0.08 |

The fair value of these option grants resulted in a share based payment expense for the period totalling \$585,000.

Other Share Options

There were no changes in other share options during the period.

| | 30 September 2012 | | 31 December 2011 | |
|---------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| | Number of Options | Weighted Average Exercise Price (£) | Number of Options | Weighted Average Exercise Price (£) |
| Options outstanding, end | 8,578,431 | 1.17 | 8,578,431 | 1.17 |
| Options exercisable, end | 8,578,431 | 1.17 | 8,578,431 | 1.17 |

These options were issued as additional consideration to Macquarie Bank in connection with the interest bearing loan. (Refer to Note 9)

Minera IRL Limited

Notes to Consolidated Interim Financial Statements

Nine Month Period Ended 30 September 2012 and 2011

(Unaudited – Expressed in thousands of United States Dollars, except per share amounts)

Note 11 – Segmented Reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports on the performance of the managerial units of the Group to the chief operating decision maker, in this case the Executive Chairman and the Board of Directors. The Group identifies these units primarily according to the country of operations.

The Group has only two customers (2011: one). The following table sets out the income and asset allocation of the Group according to these reporting segments:

| | Peru | Argentina | Other | Total |
|--|-------------|------------------|--------------|--------------|
| For the Nine Months Ended 30 September 2012 | | | | |
| Revenue | 34,733 | - | - | 34,733 |
| Operating profit (loss) | 11,804 | (945) | (2,788) | 8,071 |
| For the Nine Months Ended 30 September 2011 | | | | |
| Revenue | 40,526 | - | - | 40,526 |
| Operating profit (loss) | 15,769 | (1,327) | (989) | 13,453 |
| As at 30 September 2012 | | | | |
| Non-current assets | 92,775 | 39,921 | 11,076 | 143,772 |
| Current | 18,321 | 7,353 | 3,094 | 28,768 |
| Total assets | 111,096 | 47,274 | 14,170 | 172,540 |
| As at 31 December 2011 | | | | |
| Non-current assets | 79,421 | 24,960 | 12,456 | 116,837 |
| Current | 9,305 | 5,885 | 4,083 | 19,273 |
| Total assets | 88,726 | 30,845 | 16,539 | 136,110 |

Note 12 – Expense by Nature

Administration was comprised of the following:

| | Three Months Ended September 30, 2012 | Three Months Ended September 30, 2011 | Nine Months Ended September 30, 2012 | Nine Months Ended September 30, 2011 |
|---|--|--|---|---|
| Depreciation and amortization | 14 | 35 | 93 | 103 |
| Director fees | 45 | 35 | 134 | 104 |
| Foreign exchange | 81 | 217 | 77 | 32 |
| Investor relations | 129 | 123 | 311 | 290 |
| Nomad and exchange fees | 169 | 87 | 345 | 181 |
| Office rent and administration | 120 | 287 | 598 | 661 |
| Professional and consulting fees | 504 | 607 | 1,334 | 1,241 |
| Salaries and wages | 806 | 691 | 2,630 | 1,964 |
| Telecommunication | 97 | 83 | 269 | 222 |
| Travel | 139 | 166 | 428 | 553 |
| Workers' profit participation provision | 16 | 411 | 106 | 876 |
| Other | (28) | 161 | (21) | 256 |
| Total | 2,092 | 2,903 | 6,304 | 6,483 |

Minera IRL Limited

Notes to Consolidated Interim Financial Statements

Nine Month Period Ended 30 September 2012 and 2011

(Unaudited – Expressed in thousands of United States Dollars, except per share amounts)

Note 12 – Expense by Nature (continued)

Cost of sales was comprised of the following:

| | Three Months Ended September 30, 2012 | Three Months Ended September 30, 2011 | Nine Months Ended September 30, 2012 | Nine Months Ended September 30, 2011 |
|---|--|--|---|---|
| Site operating costs | 3,866 | 3,459 | 11,273 | 10,169 |
| Community and environmental costs | 741 | 667 | 2,184 | 1,632 |
| Depreciation and amortization | 1,370 | 2,108 | 3,580 | 6,179 |
| Selling expenses | 64 | 74 | 189 | 200 |
| Royalties and taxes | 385 | 724 | 1,504 | 1,623 |
| Workers' profit participation provision | 340 | 308 | 798 | 657 |
| Total | 6,766 | 7,340 | 19,528 | 20,460 |

Note 13 – Transactions of an Unusual Nature

There were no transactions of an unusual nature during the nine month period ended 30 September 2012.

Note 14 – Seasonal Influences

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

Note 15 – Related Party Transactions

During the nine month period ended 30 September 2012 the Company had no related party transactions.

Note 16 – Subsequent Events

On 2 November 2012, the Macquarie Bank Finance Facility dated 7 July 2010 was amended to make available the \$10 million Tranche 2 Facility and extend the Facility Repayment Date from 31 December 2012 to 30 June 2014. The Amendment Agreement is subject to customary Condition Precedents including the amendment of existing options on issue to Macquarie Bank of 6,944,444 at \$1.08 per share and 1,633,987 at \$1.53 per share with expiry on 28 June 2013 to 6,944,444 at \$1.08 per share and 1,633,987 at \$1.08 per share plus the issue of additional options of 680,828 at \$1.08 all with expiry on 31 December 2014. The Facility interest rate is LIBOR plus 5.0% margin.

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