

## **FORM 51-102F3**

### **MATERIAL CHANGE REPORT**

#### **Item 1 – Name and Address of Company:**

Minera IRL Limited  
Av Santa Cruz 830, Of. 401  
Miraflores, Lima 18

#### **Item 2 - Date of Material Change:**

31 March 2014

#### **Item 3 – News Release:**

The news release disseminated over Marketwire on 31 March 2014, is attached hereto as Schedule “A”. This material change is also discussed in the Company’s Management’s Discussion and Analysis (“MD&A”) report for the year-ended 31 December 2013, which was filed on SEDAR on 31 March 2014.

#### **Item 4 – Summary of Material Change:**

During the third quarter of 2013, the Minera IRL Limited (“Minera IRL” or the “Company”) disclosed that its Debt Facility with Macquarie Bank had been amended to reflect an increase in the amount available by \$10,000,000, in two separate \$5,000,000 tranches (“Tranche 3” and “Tranche 4”), thereby increasing the total amount available under the Facility to \$30,000,000. The Facility interest rate is LIBOR plus a 5.0% margin; however, as a condition of drawing down on each additional \$5,000,000 tranche, a 0.5% gross revenue royalty on gold production from the Company’s Ollachea gold project for the life of mine will be granted to Macquarie Bank.

Once granted, the Company would have the right to buyback and cancel each tranche of the Macquarie Royalty by paying a buyback fee (the “Buyback Fee”). The Buyback Fee would be calculated as the amount required to generate an internal rate of return (“IRR”) to Macquarie Bank of 25% for each tranche, but shall not be less than \$2,500,000 for each 0.5% gross revenue royalty.

On 7 November 2013, Tranche 3, totalling \$5,000,000, was drawn by the Company and the corresponding 0.5% gross revenue royalty was registered against the Ollachea property in favour of Macquarie Bank.

On 31 March 2014, Tranche 4, totalling \$5,000,000 was drawn by the Company and the corresponding 0.5% gross revenue royalty was registered against the Ollachea property in favour of Macquarie Bank. The Facility is now fully drawn and due 30 June 2014.

**Item 5 – Full Description of Material Change:**

**5.1 Full Description of Material Change**

The material changes are fully described in the press releases attached hereto.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102:**

Not applicable.

**Item 7 - Omitted Information:**

Not applicable.

**Item 8 – Executive Officer:**

Brad Boland, Chief Financial Officer  
Telephone: +1 (416) 907-7363  
Fax: +511-712-0099

**Item 9 – Date of Report:**

31 March 2014

**Schedule “A”**



## **Minera IRL Reports Year-End 2013 Financial Results**

**Lima, 31 March 2014:** Minera IRL Limited (“Minera IRL” or the “Company”), (TSX:IRL) (AIM:MIRL) (BVL:MIRL), the Latin America gold mining company, has reported its financial results for the year ended 31 December 2013. The Company has also provided an update on its outlook for 2014 and a reminder that senior management will host an investor conference call Tuesday, 1 April 2014, at 9 am PET (Lima), 10 am EDT (Toronto) and 3 pm BST (London). All amounts are in United States dollars (“\$”), unless stated otherwise.

### **2013 Highlights:**

#### **Financial**

- Gold sales of 25,220 ounces for revenues of \$35.7 million
- Gross profit of \$7.4 million
- Adjusted loss after tax of \$7.6 million, before a one-time \$13.7 million non-cash impairment to the Corihuarmi Gold Mine and a one-time \$12.5 million non-cash loss on the deconsolidation of the Don Nicolás Project following the CIMINAS joint venture transaction
- After one-time items, recognized a loss after tax of \$33.8 million (19.5 cents per share)
- Completed a C\$15.5 million equity financing in the first quarter
- Entered into a definitive agreement with CIMINAS to provide up to \$80 million in combined debt and equity related financings as consideration for a 45% stake in Minera IRL Patagonia to develop the Don Nicolás Gold Project
- Negotiated a \$10 million increase to \$30 million on the debt facility with Macquarie Bank
- Cash balance of \$3.4 million and undrawn debt facilities of \$5 million as at 31 December 2013
- Subsequent to year-end, the final \$5 million tranche available from the debt facility was drawn and a 0.5% gross revenue royalty was issued to Macquarie Bank

#### **Operational Performance**

- **Corihuarmi, Peru**
  - Produced 25,223 ounces at a site cash operating cost of \$677 per ounce of gold produced (total cash costs of \$904 per ounce of gold sold)
- **Ollachea, Peru**
  - The Peruvian Ministry of Mines and Energy approved the ESIA allowing for permitting and project financing discussions to advance
  - A 1.2km exploration tunnel was completed that facilitated diamond drilling of the eastern strike extension of the Minapampa Zone
  - Three drill holes were completed that intersected potential ore grade mineralization over a strike length of approximately 320m to the east of the Minapampa Zone

- **Don Nicolás, Argentina**

- Subsequent to the end of 2013, construction on the Don Nicolás Project commenced
- Production expected in the first quarter of 2015

Commenting on the annual results, Courtney Chamberlain, Minera IRL Limited's Executive Chairman, said, *"Despite the achievement of a number of key milestones for Minera IRL shareholders, 2013 was a difficult year. The gold mining industry as a whole suffered, particularly companies like Minera IRL, who needed to obtain construction financing for new mines. However, we were able to raise \$80 million to fully fund the construction of our Don Nicolas joint venture to production. I am pleased to report that construction has commenced and that production is expected in the first quarter of 2015.*

*At Ollachea, we obtained government approval of the ESIA and financing negotiations are advancing, which we expect to complete during the second quarter of 2014. The priority use of funds continues to be targeted towards arranging project financing and obtaining the Construction Permit for the Ollachea Gold Project.*

*The Corihuarmi Gold Mine generated good cash flow last year; however, our expected profits were impacted by a significantly lower gold price in 2013 relative to 2012. Earnings for the year were also affected by one-time charges associated with the deconsolidation of Minera IRL Patagonia following the CIMINAS transaction and a write down at Corihuarmi required by last year's gold price environment.*

*Throughout last year, management focused on every opportunity to conserve cash. Unfortunately, discretionary expenditures, such as exploration, suffered the most. Notwithstanding, we made significant advances in generative exploration with the discovery of three new vein fields in Patagonia and demonstrated a meaningful eastward extension at Ollachea from underground drilling. Across the spectrum, we made the hard decisions on staff reductions.*

*We thank our employees for their hard work, and our investors for their faith and patience. We are anticipating an exciting year for shareholders as we continue to advance our next generation of gold mines towards production."*

A summary of the key financial measures for the three- and twelve-month periods ended 31 December 2013 and 2012 is provided in the Table 1 below.

This press release should be read in conjunction with the Company's full [Report & Accounts](#), including the [Management's Discussion and Analysis](#) ("MD&A") for the year ended 31 December 2013, which are available from the Company's website ([www.minera-irl.com](http://www.minera-irl.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

**Table 1: Summary of Key Financial and Operational Measures**

Data	3-Month Period Ended		12-Month Period Ended	
	2013	2012	2013	2012
<b>Corihuarmi</b>				
Waste (tonnes)	76,034	110,483	286,588	513,486
Ore mined & stacked on heaps (tonnes)	633,495	483,374	2,375,630	2,064,382
Ore grade, mined and stacked (g/t)	0.39	0.41	0.45	0.50
Gold produced (ounces)	6,446	6,225	25,223	27,321
Gold sold (ounces)	6,184	6,538	25,220	27,462
Realized gold price (\$ per ounce)	1,266	1,720	1,412	1,673
Site operating cash costs (\$ per ounce) <sup>1</sup>	684	678	677	581
Total cash costs (\$ per ounce) <sup>1</sup>	951	965	904	810
<b>Financial</b>				
Revenue (\$'000)	7,862	11,255	35,706	45,988
Gross profit (\$'000)	612	3,651	7,402	18,856
(Loss) profit before tax (\$'000)	(18,729)	611	(31,551)	8,490
(Loss) profit after-tax (\$'000)	(18,590)	(188)	(33,834)	3,333
Comprehensive (loss) income (\$'000)	(18,590)	207	(34,085)	3,025
(Loss) earnings per share				
Basic (cents)	(10.2)	(0.1)	(19.5)	2.3
Diluted (cents)	(10.2)	(0.1)	(19.5)	2.3

1 - Refer to the Cautionary Non-GAAP and Non-IFRS Statements at the end of this release

## Outlook

In 2014, gold production at Corihuarmi is forecasted at 21,000 ounces, an upward revision from the Company's prior outlook of 20,000 ounces. In 2015, the Company has scheduled gold production of 15,000 ounces from Corihuarmi. The lower gold production planned for 2014 and 2015, relative to 2013, is primarily attributable to the lower budgeted grade for material that is scheduled to be stacked on the heap in 2014 due to depletion of the Susan and Diane pits and the transition to the Cayhua Pit, which has recently been added to the Corihuarmi mine plan. In 2014, the Company expects site operating cash costs of \$885 per ounce of gold produced.

The 2014 Corihuarmi capital budget is \$1.9 million, including \$1.5 million for a heap leach pad expansion that is to commence in the second quarter of 2014. This expansion is to accommodate all of the material that is scheduled to be mined and stacked until late-2015 (from mid-2015) when mining operations are expected to cease. The extension of the scheduled mine life from mid-2015 to late-2015 is the result of the addition of 1.6 million tonnes of material from the Cayhua Pit along with an increase of approximately 500,000 tonnes of additional Scree Slope material.

During 2013, the tonnes mined and stacked to heaps increased significantly and is expected to

increase further in 2014. Accordingly, the increase in the mining rate has shortened the expected mine life. Originally, it was expected that the addition of Cayhua would extend the mine life to mid-2016; however, with the increased mining rate, mining is expected to cease in late-2015.

There are also other areas of interest that will be subject to exploration activities in 2014 that may result in further extensions to the life of the Corihuarmi Gold Mine. In pursuit of this objective, the Company will be initiating a 26-hole, 1,600-metre exploratory drill program on the Ely and Cayhua Ridge prospect at Corihuarmi. The drill program is to be completed during the second quarter of 2014 at an expected cost between \$250,000 and \$300,000, which the Company expects to capitalize.

At the Don Nicolás joint venture in Santa Cruz Province, Argentina, a development team has been assembled and the detailed engineering and procurement process has commenced. Site mobilization has occurred and construction of the infrastructure, mining and processing facilities began in the first quarter of 2014. The funding required to construct the Don Nicolás Gold Mine is being provided by the joint venture partners, Compañía Inversora en Minas ("CIMINAS"), as announced on 19 August 2013, who agreed to provide up to \$80 million in financing for the construction of Don Nicolás as consideration for their earn-in to the project. Accordingly, Minera IRL does not expect to have any significant direct costs associated with the joint venture in 2014.

Commissioning of the Don Nicolás mine and processing plant is expected in late 2014 (from the fourth quarter of 2014) and first production is expected in the first quarter of 2015 (from late 2014). Minera IRL's share of 2015's gold production from Don Nicolás is expected to be approximately 25,000 ounces.

There is also a feasibility study underway for a heap leach plant to operate in parallel to the milling operation to treat a significant resource of lower grade mineralization that is in addition to the existing reserve base. This represents a significant opportunity to potentially increase annual gold production, extend the mine life and enhance the project's overall economics. This report is expected to be completed during 2014 (from late 2013).

At the Company's flagship Ollachea Gold Project in Peru, the Company continues to focus its efforts on obtaining the Construction Permit to build the mine. The Construction Permit is the final significant permit that the Company requires to build the mine. The Company continues to work closely with the government and expects to receive the Construction Permit in the second quarter of 2014 (from the first quarter of 2014).

As a result of the updated timeline to receive the Construction Permit for the Ollachea Gold Mine and subject to obtaining sufficient financing, the Company has extended the schedule for the start of mine construction to the second half of 2014 (from the first quarter of 2014). Accordingly, commissioning at the Ollachea Gold Mine is now forecasted to commence near the end of the fourth quarter of 2015 (from mid-2015).

In parallel with permitting activities, the Company continues to advance financing negotiations for the Ollachea Project and expects to conclude negotiations during the second quarter of 2014

(from the first quarter of 2014). These negotiations continue to include, amongst other considerations, the consolidation of the Company's existing Macquarie Bank Finance Facility into a larger senior Project Loan Facility for Ollachea. Based upon discussions with Macquarie Bank, the Project Loan Facility is expected to be up to \$120 million. After the consolidation of the existing \$30 million Macquarie Bank Finance Facility, this would equate to up to \$90 million of new funds for the construction of the mine.

In the Ollachea definitive feasibility study, the capital cost to construct the mine was estimated at \$178 million. Accordingly, the Company will require additional financing beyond what is expected from the Project Loan Facility to fully fund the construction of the Ollachea Gold Mine. A condition precedent to the Company drawing down on any funds provided under a Project Loan Facility will be that all of the sources of funds necessary to complete the construction of the mine will have been secured. The Company is in active discussions with third parties for the additional financing required to fund the construction of the Ollachea Gold Mine.

As a result of the updated permitting and financing timelines into the second quarter of 2014, the Company has reduced expenditures at the project during the first half of 2014. Accordingly, the development budget for Ollachea for the first half of 2014 is \$3.6 million and is limited to spending associated with permitting, community and government relations, administration, and maintaining the Ollachea Tunnel on care-and-maintenance status. The Company expects to capitalize the majority of these development costs during 2014.

In addition to the capital expenditures listed above, the Company has budgeted \$0.6 million for exploration at Ollachea for the first half of 2014. The Company expects that these exploration expenditures will be capitalized.

Based on a budgeted gold price of \$1,300 per ounce the Company estimates that it has sufficient cash on hand and expected cash flow from operations to meet its requirements to the end of the third quarter of 2014. As a result, the Company will need to secure additional financing prior to the end of the third quarter of 2014, unless there is a significant increase in spot gold prices.

Further, should the Company be unable to consolidate its existing \$30 million Macquarie Bank Finance Facility into a larger Project Loan Facility, it will need to repay, refinance or extend the terms of the Macquarie Bank Finance Facility. The Company currently does not have the financial capability to repay this loan, but is in negotiations with Macquarie Bank to extend the terms of the Macquarie Bank Finance Facility should the Project Loan Facility negotiations not be completed during the second quarter of 2014.

The Company continues to undertake initiatives to reduce expenditures to conserve cash while it seeks additional external financing. The priority use of funds continues to be targeted towards arranging project financing and obtaining the Construction Permit for the Ollachea Gold Project.





## **Reminder of Investor Conference Call**

Minera IRL's senior management will host a conference call with investors at 9:00 am Lima time (PET), 10:00 am Toronto time (EDT) and 3:00 pm London time (BST) on Tuesday, 1 April 2014.

To participate in the conference call, please dial:

Toll Free International: (800) 2787-2090

Toll Free North America: (866) 223-7781

Other International Locations: +1 (416) 340-2216

A live webcast may be accessed at <http://www.gowebcasting.com/5352>

The webcast will be archived on the Mineral IRL website ([www.minera-irl.com](http://www.minera-irl.com)) and a playback of the conference call may be accessed until April 15, 2014 by dialing:

Toll Free International: (800) 3366-3052

Toll Free North America: (800) 408-3053

Other International Locations: +1 (905) 694-9451

The passcode is 9312238.

## **For more information please contact:**

### **Minera IRL**

+1 (416) 907 7363

Jeremy Link, Business Development

### **Canaccord Genuity Limited (Nominated Adviser & Broker, London)**

+ 44 (0)20 7523 8000

Neil Elliot

Emma Gabriel

### **finnCap (Co-broker, London)**

+ 44 (0)20 7600 1658

Geoff Nash (Corporate Finance)

Matthew Robinson (Corporate Finance)

Elizabeth Johnson (Corporate Broking)

### **Buchanan (Financial PR, London)**

+44 (0)20 7466 5000

Bobby Morse

Gordon Poole

Louise Mason

**Minera IRL Limited is a AIM, TSX and BVL listed precious metals mining and exploration company with operations in Latin America. Minera IRL is led by a management team with extensive operating experience in South America. In Peru, the Company operates the Corihuarmi Gold Mine and the advanced Ollachea Gold Project. The Company also has a**

**51% interest in the Don Nicolás joint venture in Argentina with CIMINAS. For more information, please visit [www.minera-irl.com](http://www.minera-irl.com).**

*The stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.*

***Cautionary Statement on Forward-Looking Information***

Certain information in this news release, 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 news release 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 nuevo 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. For additional information, please consult the Company's most recently filed MD&A and Annual Information Form.

***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) is responsible for the technical disclosure in this news

release.

***Non-GAAP and Non-IFRS Measures***

“Site operating cash costs” and “total cash costs” are non-GAAP or non-IFRS measures that do not have a standardized meaning prescribed by GAAP or IFRS and may not be comparable to other similarly titled measures of other gold mining companies.

“Site operating cash costs” include costs such as mining, processing and administration, but are exclusive of royalties, workers’ profit participation cost, depreciation, amortization, reclamation, capital, development, exploration and other non-site costs (transport and refining of metals, and community and environmental). These costs are then divided by ounces produced to arrive at “site cash operating cost per ounce”. This measure is reconciled to the Company’s full Accounts & Reports in Table 2 below.

“Total cash costs” includes “site operating cash costs” and reflects the cash operating costs allocated from in-process and doré inventory associated with ounce of gold in the period, plus applicable royalties, workers’ profit participation cost, and other non-site costs (transport and refining of metals, and community and environmental). These costs are then divided by the ounces sold to arrive at “total cash costs per ounce sold”. This measure is reconciled to the Company’s full Accounts & Reports in Table 2 below.

Both of these measures may vary from one period to another due to operating efficiencies, waste-to-ore ratios, grade of ore processed and gold recovery rates in the period. “Total cash costs” is also influenced by the realized gold price in the period.

Management believes this information is useful to investors because this measure is considered to be a key indicator of a company’s ability to generate operating earnings and cash flow from its mining operations. This data is furnished to provide additional information and is a non-GAAP and non-IFRS measure that does not have any standardized meaning prescribed by GAAP or IFRS. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS, and is not necessarily indicative of operating costs presented under IFRS.

**Table 2: Reconciliation of Non-GAAP Measures**

	Three Month Period Ended 31 December		Year Ended 31 December	
	2013	2012	2013	2012
Cost of sales	\$7,250	\$7,604	\$28,304	\$27,132
Less:				
Depreciation	1,369	1,296	5,496	4,876
Total cash costs	\$5,881	\$6,308	\$22,808	\$22,256
<i>Ounces of gold sold</i>	<i>6,184</i>	<i>6,538</i>	<i>25,220</i>	<i>27,462</i>
<b>Total cash costs per ounce sold</b>	<b>\$951/oz.</b>	<b>\$965/oz.</b>	<b>\$904/oz.</b>	<b>\$810/oz.</b>
Total cash costs	\$5,881	\$6,308	\$22,808	\$22,256
Less:				
Workers' profit participation	(243)	277	102	1,075
Royalties and Special Mining Tax	313	720	1,573	2,224
Community and environmental costs	1,279	1,069	3,513	3,253
Other costs - Provisions, transport & refinery, inventory adjustment	120	16	534	(166)
Adjusted site cash operating costs	\$4,412	\$4,226	\$17,086	\$15,870
<i>Ounces of gold produced</i>	<i>6,446</i>	<i>6,226</i>	<i>25,223</i>	<i>27,321</i>
<b>Site cash operating costs per ounce</b>	<b>\$684/oz.</b>	<b>\$678/oz.</b>	<b>\$677/oz.</b>	<b>581/oz.</b>