MINERA IRL LIMITED
Interim Accounts
For the Second Quarter ended 30 June 2011

HIGHLIGHTS

Financial

- **Gold production for second quarter ended 20 June 2011 ("2Q 2011") above budget at 8,775 ounces, up 8.4% from 8,098 ounces in the same period in 2010**
- **Corihuarmi site cash operating cost of US$392 per ounce, up 7.3% from $365 per ounce in the same period in 2010**
- **Gold sales of 8,688 ounces, up 5.3% from 8,253 ounces in the same period in 2010, and realised gold price of $1,513 per ounce, up 26.0% from $1,201 per ounce in the same period in 2010**
- **Sales revenue of $13.1 million for Q2 2011, up 32.1% from $10.0 million in the same period in 2010**
- **EBITDA of $6.7 million, up 73.7% from $3.9 million in the same period in 2010**
- **Profit before tax of $4.5 million, up 48.9% from $3.0 million in the same period in 2010**
- **Profit after tax $2.7 million, up 74.1% from $1.6 million in the same period in 2010**
- **Cash balance of US$24.6 million at 30 June 2011 (30 June 2010: US$ 6.6 million)**

Operational

- **Updated Ollachea Indicated Resource of 10.4 million tonnes at 4.0 g/t for 1.4 million ounces and Inferred Resource of 3.3 million tonnes at 3.0 g/t for 0.3 million ounces**
- **The Pre-feasibility Study at Ollachea completed and indicates a robust project that will produce over 1 million ounces over a 9 year mine life. Using a gold price assumption of US$1,100 per ounce, the project generates an after tax NPV (7%) of US$133 million, an IRR of 20.5% and a payback period of 3.8 years**
- **Don Nicolas Feasibility Study progressing well for completion in Q4 2011**
- **Positive results at the Escondido Project in Argentina, including high grade intersections**

CHAIRMAN'S STATEMENT

The June 2011 quarter provided very solid results for Minera IRL with significant progress achieved on all fronts. Our Corihuarmi Gold Mine continued to out-perform with sales benefiting from record gold prices. The pre-feasibility study on the Ollachea Project was completed and the results are highly encouraging. Good progress was made with the feasibility study on the Don Nicolas Project in Patagonia including the compiling of a new resource estimate. And finally, exploration, particularly in the Deseado Massif in Argentina, made excellent progress.

The financial performance for the three months to 30 June 2011 was above expectations. Gold sales were a solid US$13.2 million on the back of a surging gold price, with spot sales averaging US$1,513 per ounce. Gross profit was US$6.5 million and EBITDA US$4.7 million. Profit before tax was US$4.5 million giving a profit after tax of US$2.7 million. The cash balance at the end of the quarter was US$24.6 million.

Our Corihuarmi Gold Mine continues to perform very well with gold production of 8,775 ounces, approximately 21% above the Company's budget. The move to owner mining activities in January 2011, has been well bedded down and has resulted in a significant reduction in the operating cost per tonne. Mining continued to largely focus on the Susan outcrop. Site cash operating costs averaged US$392 per ounce for the quarter.

At the Ollachea Project in southern Peru, the Pre-feasibility Study was completed and the results announced in July. This was based on an updated resource including both the Minapampa and Minapampa East zones, announced during the second quarter, which increased the gold inventory in the Indicated category to 1.4 million ounces (10.7 million tonnes at 4.0 g/t). An additional 0.3 million ounces (3.3 million tonnes at 3.0 g/t) remain in the Inferred category.

We are most pleased with the results of the Pre-feasibility study which improved upon the results of the positive Scoping study published in late 2009. The Pre-feasibility envisages a fully integrated underground mine and conventional treatment plant with a capacity of 1.1 million tonnes per annum. The production schedule indicates an average annual gold output of 117,000 ounces for a total gold output of over 1 million ounces during the 9 year mine life. Capital cost is estimated at US$170 million with a life-of-mine cash operating cost of US$436 per ounce. Using an assumed gold price of US$1,100 per ounce, slightly less than the current 3 year running average, the net present value (NPV) after tax at a 7% discount rate, is US$133 million and the internal rate of return (IRR) is 20.5%. In my experience, an IRR above 20% for this type of project represents an economically robust operation.

With the solid results from the Pre-feasibility study, the Company is commencing a full Bankable Feasibility Study and this is expected to be completed by the third quarter of 2012. We have also obtained the permit to commence a 1.3 kilometer long exploration access drive from an adjoining valley and a decision to commence this is expected in the near future. This will allow for more detailed underground mining and geotechnical studies as well as exploration by underground drilling of approximately one kilometer of projected mineralized strike to the east of the Minapampa zones.

Some 16,500m of exploration drilling in 44 drill-holes at Concurayoc, located approximately 400 meters west of Minapampa, has now been completed and a maiden Inferred resource estimation is currently in progress.

In Patagonia, good progress has been made on the Don Nicolas Feasibility Study which is due for completion toward the end of 2011. All in-fill drilling has now been completed on the two deposits, Sulfuro and Martinetas, and an upgraded resource estimate is pending. Other aspects of the study, such as more metallurgical testing, geotechnical studies, hydrology program, process plant design and environmental data gathering are in progress.

On the exploration front, a high level of activity continued on the Company's extensive 2,700 square kilometer exploration license holding in the Deseado Massif in southern Argentina. There are many prospects within our license area, but we are giving particular attention to three priority projects. Results reported from the third round of drilling at Escondido, the new discovery made in 2010 with bulk tonnage potential, has now also demonstrated high grade intersections and these have yet to be followed up. Surface sampling at the Michelle Project have demonstrated highly anomalous gold values in veins along strike from AngloGold Ashanti's multi-million ounce Cerro Vanguardia Mine. Drilling on two particularly prospective veins is about to commence. Finally, much new work has been carried out on the Chispas vein field where the Company obtained encouraging results from first pass drilling at Pan de Azucar in 2010. Some 12 kilometers of veins have now been mapped at Chispas. The untested Veta Sur vein, which outcrops over some 4 kilometers and has been interpreted to form the upper parts of an extensive epithermal system, is scheduled for drilling later in the year.

In Peru, aside from the definition drilling of an inferred resource at Concurayoc, Ollachea, a second phase of drilling at the Bethania gold porphyry system has been completed and results are awaited. This project is located only 10 kilometers from Corihuarmi. In-fill drilling is also underway on some of the smaller deposits at Corihuarmi with the objective of extending the mine life into 2016.

In Peru, national elections on 6 June resulted in Ollanta Humala winning the Presidency. We are very encouraged by President Humala's stated commitment to continue with the economic model that has resulted in Peru achieving the strongest growth rate of any country in Latin America in recent years. Able administrators with sound track records have been appointed to key economic positions in the new government and this has provided the stimulus for a strong rebound on the Lima Stock Exchange.

I am particularly satisfied by the support and strong working relationship with the local communities that we deal with in Peru. Our Community Management Team continues to do an excellent job in forging true partnerships between the Company and communities and our programs and provision of employment are having a marked impact on local economies and standards of living. Of particular note, following our announcement of the Ollachea Pre-feasibility Study, the Ollachea community overwhelmingly endorsed their support of the project through to production. Meanwhile, the community at Atcas, the closest town to our Corihuarmi Gold Mine, has reconfirmed their support with the renewal of the Surface Rights Agreement for the remainder of the mine life.

Our share price stagnated during the quarter, as a result of both the general malaise in the markets and concern about the Peru political situation, but has rebounded significantly on recent Company announcements and growing confidence in the new government in Peru.

In closing, I would like to extend my appreciation to our outstanding team and to our loyal shareholders. Our Company continues to make good progress in the quest to become a mid-tier gold producer.

Courtney Chamberlain
Executive Chairman
Minera IRL Limited 12 August 2010

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Consolidated Statement of Comprehensive Income

	3 months ended 30 June 2011 (unaudited) US$'000	3 months ended 30 June 2010 (unaudited) US$'000	6 months ended 30 June 2011 (unaudited) US$'000	6 months ended 30 June 2010 (unaudited) US$'000	Year ended 31 December 2010 (audited) US$'000
Revenue	13,161	9,963	24,090	18,319	41,082
Cost of sales	(6,660)	(4,636)	(13,120)	(10,392)	(23,302)
Gross profit	6,501	5,327	10,970	7,927	17,780
Administration expenses	(1,727)	(1,965)	(3,798)	(3,818)	(7,755)
Exploration costs	(180)	(214)	(402)	(367)	(3,321)
Gain on disposal of available for sale investments	15	-	401	-	468
Operating profit	4,608	3,148	7,171	3,742	7,172
Finance income	17	1	37	38	95
Finance expenses	(94)	(105)	(188)	(170)	(731)
Net finance expense	(77)	(104)	(151)	(132)	(636)
Profit before tax	4,531	3,044	7,020	3,610	6,536
Income tax	(1,796)	(1,473)	(3,031)	(1,797)	(4,287)
Profit for the period attributable to the equity shareholders of the parent	2,735	1,571	3,989	1,813	2,249
(Loss)Gain on valuation of available for sale investments	(125)	-	(6)	-	598
Movement on Revaluation Reserve	(17)	-	(277)	-	
Total Comprehensive Income	**2,593**	**1,571**	**3,706**	**1,813**	**2,847**
Earnings per ordinary share(US cents)					
Basic	2.3	1.8	3.3	2.1	2.5
Diluted	2.2	1.8	3.3	2.1	2.4

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Consolidated Balance Sheet

	As at 30 June 2011 (unaudited) US$'000	As at 30 June 2010 (unaudited) US$'000	As at 31 December 2010 (audited) US$'000
Assets			
Property, plant and equipment	22,169	23,996	24,443
Intangible assets	66,697	43,400	53,746
Available for sale investments	468	921	1,014
Deferred tax asset	-	504	77
Other receivables	9154	3,648	4,735
Total non-current assets	98,488	72,469	84,015
Inventory	2,245	2,501	2,508
Other receivables and prepayments	3,654	4,075	3,345
Cash and cash equivalents	24,583	6,574	34,648
	30,482	13,150	40,501
Non-current assets held for sale	-	600	-
Total current assets	30,482	13,750	40,501
Total assets	128,970	86,219	124,516
Equity			
Share capital	100,751	66,856	100,707
Foreign currency reserve	129	129	129
Share option reserve	1,918	1,736	1,938
Revaluation reserve	315	-	598
Accumulated profits (losses)	2,980	(1,587)	(1,029)
Total equity attributable to the equity shareholders of the parent	106,093	67,134	102,343
Liabilities			
Interest bearing loans	10,000	-	10,000
Provisions	2,449	1,577	1,639
Other long term liabilities	-	1,921	-
Total non-current liabilities	12,449	3,498	11,639
Interest bearing loans	-	2,500	-
Current tax	2,981	1,936	1,737
Trade and other payables	7,447	11,151	8,797
Total current liabilities	10,428	15,587	10,534
Total liabilities	22,877	19,085	22,173
Total equity and liabilities	128,970	86,219	124,516

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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 2010	**65,784**	**129**	**1,363**	**-**	**(3,400)**	**63,876**
Profit for the period to 30 June 2010	-	-	-	-	1,813	1,813
Issue of share capital	1,072	-	-	-	-	1,072
Reserve for share option costs	-	-	373	-	-	373
Balance 30 June 2010	**66,856**	**129**	**1,736**	**-**	**(1,587)**	**67,134**
Balance 1 July 2010	**66,856**	**129**	**1,736**	**-**	**(1,587)**	**67,134**
Profit for the period to 31 December 2010	-	-	-	-	436	436
Gain on valuation of available for sale investments	-	-	-	598	-	598
Total comprehensive income	**-**	**-**	**-**	**598**	**436**	**1,034**
New share capital subscribed	36,915	-	-	-	-	36,915
Cost of raising share capital	(3,064)	-	-	-	-	(3,064)
Reserve for share option costs	-	-	324	-	-	324
Exercise of share options	-	-	(122)	-	122	-
Balance 31 December 2010	**100,707**	**129**	**1,938**	**598**	**(1,029)**	**102,343**
Balance 1 January 2011	**100,707**	**129**	**1,938**	**598**	**(1,029)**	**102,343**
Profit for the period to 30 June 2011	-	-	-	-	3,989	**3,989**
Gain on valuation of available for sale investments	-	-	-	(6)	-	**(6)**
Realised gain on available for sale investments	-	-	-	(277)	-	**(277)**
Total comprehensive income				**(283)**	**3,989**	**3,706**
Issue of share capital	44	-	-	-	-	**44**
Exercise of share options	-	-	(20)	-	20	-
Balance 30 June 2011	**100,751**	**129**	**1,918**	**315**	**2,980**	**106,093**

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Consolidated Cash Flow Statement

	3months ended 30 June 2011 (unaudited) US$'000	3months ended 30 June 2010 (unaudited) US$'000	6months ended 30 June 2011 (unaudited) US$'000	6 months ended 30 June 2010 (unaudited) US$'000	Year ended 31 December 2010 (audited) US$'000
Cash flows from operating activities					
Operating profit	4,608	3,148	7,171	3,742	7,172
Depreciation	2,138	735	4,283	2,421	6,689
Impairment of exploration assets	-		-	-	2,766
Provision against non-current assets	-	-	-	-	600
Share option costs	-	260	0	373	697
Provision for mine closure costs	58	57	810	114	176
Profit on disposal of available for sale investments	(15)	-	(401)	-	(468)
(Gain)/loss on disposal of assets	-	(113)	0	175	101
Foreign exchange (gains) losses relating to non-operating items	(156)	-	(469)	305	147
Increase in inventory	18	(1,426)	263	(975)	(982)
(Increase)/decrease in other receivables and prepayments	(3,466)	(3,542)	(4,728)	(3,279)	(3,558)
Increase/(Decrease) in trade and other payables	503	1,593	(1,350)	426	(4,005)
Corporation tax paid	(48)	-	(1,692)	(811)	(3,152)
Net cash flow from operations	3,640	712	3,887	2,491	6,183
Interest received	18	1	37	38	95
Interest paid	(94)	(105)	(188)	(170)	(574)
Net cash flow from operating activities	**3,564**	**608**	**3,736**	**2,359**	**5,704**
Cash flows from investing activities					
Sale of available for sale investments	22	363	664	471	1,619
Acquisition of property, plant and equipment	(1,022)	(294)	(2,027)	(1,027)	(5,843)
Acquisition of intangible assets (exploration expenditure)	(8,871)	(5,014)	(12,951)	(9,203)	(22,315)
Net cash outflow from investing activities	**(9,871)**	**(4,945)**	**(14,314)**	**(9,759)**	**(26,539)**
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	-	-	44	72	36,987
Cost of raising share capital	-	-	-	-	(3,064)
Receipt of Loans	-	-	-	-	10,000
Repayment of loans	-	-	-	(11)	(2,511)
Net cash inflow from financing activities	**-**	**-**	**44**	**61**	**41,412**
Net (decrease)/increase in cash and cash equivalents	**(6,307)**	**(4,337)**	**(10,534)**	**(7,339)**	**20,577**
Cash and cash equivalents at beginning of the period	30,734	10,911	34,648	14,218	14,218
Exchange rate movements	156	-	469	(305)	(147)
Cash and cash equivalents at end of the period	**24,583**	**6,574**	**24,583**	**6,574**	**34,648**

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 2010 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 2010.

This Interim Report has been approved for issue by the Board of Directors on 12 August 2011.

Going Concern
Having taken into account the balance of cash at 30 June 2011 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 second quarter has been calculated using the profit attributable to ordinary shareholders of US$2,735,000 (second quarter 2010: US$1,571,000) and the weighted average number of ordinary shares in issue during the three months to 30 June 2011 of 119,582,884 (second quarter 2010: 85,760,642).

The earnings per share for the first half has been calculated using the profit attributable to ordinary shareholders of US$3,989,000 (first half 2009: US$1,813,000) and the weighted average number of ordinary shares in issue during the six months to 30 June 2010 of 119,577,111 (first half 2010: 85,697,147).

Issue of shares
On 20 January 2011 the Company issued 30,000 ordinary shares at a price of GBP0.45 per share as a result of the exercise of incentive share options.

On 20 January 2011 the Company issued 25,000 ordinary shares at a price of GBP0.62 per share as a result of the exercise of incentive share options.

Transactions of an unusual nature
There were no transactions of an unusual nature during the six months to 30 June 2011.

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

Related parties
During the period the Company has received registrar services from Computershare Investor Services (Jersey) Limited, a company related through a common director. The contract for these services provides for a minimum annual charge of GBP3,000 to be paid by the Company.

Subsequent events
No material subsequent events.

The Directors of Minera IRL are listed in the Group's Annual report for the year ended 31 December 2010.

By order of the board

C Chamberlain
Executive Chairman