MINERA IRL LIMITED
Management's Discussion and Analysis
For the Second Quarter ended 30 June 2011

*The following Management's Discussion and Analysis ("MD&A"), prepared as of 12 August 2011 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, 2010 and the unaudited consolidated financial statements of the Company for the quarter ended 30 June, 2011 and related notes thereto (the "Quarterly Statements"), 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 exploring a number of other gold prospects. In Argentina, the Company is undertaking 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.

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 project in 2002 and it was brought into production in March 2008.

Below is a summary of the key operating statistics for Corihuarmi for the quarter ended 30 June 2011 compared with the quarter ended 30 June 2010:

Operating Parameter	June Quarter 2011	June Quarter 2010
Waste (tonnes)	59,869	4,832
Ore mined & stacked on heaps (tonnes)	518,603	351,952
Ore grade, mined and stacked (g/t)	0.77	0.80
Gold produced (ounces)	8,775	8,098
Gold sold (ounces)	8,688	8,253
Realised Gold Price ($ per ounce)	1,513	1,201
Site operating cash costs ($ per ounce) [1]	392	365

Gold production for the second quarter of 2011 increased by 8.4% to 8,775 ounces, against the 8,098 ounces produced in the same prior year period.

Although the grade was slightly lower, this was more than compensated for by the higher tonnes mined and crushed for the quarter, compared to the corresponding quarter in 2010, resulting in higher gold production. At the beginning of 2011, Minera IRL started undertaking the mining operations; this was previously carried out by a contractor. This has allowed significant operating cost savings. Mining continued predominantly from the Susan outcrop. The site operating costs per ounce were lower than expectations due largely to the higher gold production. The price received from spot gold sales increased 26.0% giving Corihuarmi a substantially increased margin.

Work continued in preparation for mining and treating the 3.8 million tonnes of broken scree material below the outcrops. This material currently contains 55,000 ounces of gold in the Inferred Resource category (3.77 million tonnes at 0.45 g/t Au).

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 2 rigs commenced in October 2008 and by end-June 2011, over 64,000 meters have been completed in 169 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. A detailed study has been completed to commence the 1.3 kilometre long, production size exploration tunnel into the deposit. This study formed part of application to permit the installation of a 1.3 kilometre long exploration drive; this permit has been granted by the authorities. Subsequent to the end of the second quarter 2011, the Company received bids to drive the exploration tunnel. The Company is currently accessing the bids.

Subsequent to the second quarter 2011, the Company released on 18 July 2011 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 1.3 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-pulp (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

Parameter	Units	Key performance indicator	
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 documentation will be filed within the 45 day compliance period from 18 July 2011.

Based upon these positive results, the Company is embarking upon a Bankable Feasibility Study. This is expected to be completed during the second half of 2012.

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

In terms of exploration, Ollachea remains highly prospective. The Minapampa Zone remains open along strike in both directions and down dip. A new discovery, known as Concurayoc, was announced during the second quarter 2010. This zone is approximately 500 metres west of the Minapampa Zone. Additional drilling at Concurayoc was completed during the second quarter 2011 with the objective of generating sufficient drill definition for an Inferred resource scheduled to be estimated in the third quarter 2011.

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 2,700 square kilometres 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 take-over of Hidefield Gold Plc, the Don Nicolas Project was based upon a NI43-101 compliant Indicated resource of 201,000 ounces plus an Inferred resource of 158,400 ounces of gold. Most of the resource is located in two principal deposits, the Sulfuro Vein and Martinetas. A Scoping Study completed in 2008 provided the basis for Minera IRL embarking on a full feasibility study. A substantial component of this study has included in-fill and extension drilling to both increase the confidence levels to Measured and Indicated and also to attempt to increase the number of ounces. This drilling program has been completed on the Sulfuro Vein with 96 holes for approximately 13,000 meters of drilling. In-fill drilling with 149 holes for approximately 9,000 meters has also been carried out on the deeply oxidized Martinetas deposit which occurs as a swarm of narrow, but high grade, veins. An updated resource estimate for the Don Nicolas Project will be announced during the third quarter of 2011. Other studies include metallurgical testing, infrastructure studies, environmental studies and capital and operating cost projections. International engineering firm Tetra Tech has been engaged to manage the feasibility study which is due for completion in late 2011. The Company's objective is to construct and commission a new gold mine in early 2013.

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 has taken over Hidefield Gold Plc, 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 breccias 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 have 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 12 kilometres 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 4 kilometres. 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. Drilling is scheduled to commence testing this vein during the second half of 2011.

Exploration has identified approximately 22 km of cumulative vein strike length at its 143 square kilometer 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 30 g/t silver including one sample of 1,460 g/t Ag. Drilling at the Michelle Project is scheduled to commence during the third quarter 2011.

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.

The Company believes the drilling demonstrates significant presence of gold and copper in this large system warranting a next phase of exploration. A second round of diamond drilling at Bethania was carried out during the second quarter 2011. Assay results are pending.

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 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 denominated as the "Huaquirca Joint Venture"

On 13 January 2011, it was announced that Alturas and Minera IRL had entered into an amendment of the Letter Agreement regarding Huaquirca JV. The amendment modifies an earlier letter agreement announced on June 2, 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. In consideration for granting Alturas the terms extensions, Alturas has paid Minera IRL US$ 200,000, made up of US$100,000 in cash and US$100,000 in shares. Once Alturas has fulfilled its obligations and has earned an 80% interest in the JV, both parties would contribute pro-rata according to their percentage interests, subject to usual dilution. If Minera IRL were to dilute below 20% interest it could convert that part of its interest to a 2% NSR. If Minera IRL were to further dilute its interest to below 10%, it would be entitled to an additional 1% NSR. The NSR is subject to a total buyout for US$ 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.

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.

The Pucamarca high sulphidation Au deposit (~1.2 million oz Au resource), owned by Peruvian miner Minsur, is located in Peru only a few metres northwest of the Frontera property boundary. There is some evidence to show that the Pucamarca deposit and Frontera prospect might be part of one large alteration complex.

The limited work conducted by joint venture partner Teck-Cominco in 2006 confirms this complex extends over an area of some 8 x 6 km, similar to that observed around many large HS deposits in Peru and Chile. At the regional scale, the property is located at a major structural intersection. Principal structures include the north-west trending Inca Puquio fault system (said to control mineralization at several large Cu porphyries in southern Peru), and the north-north-west trending West Fisher fault system (known to control mineralization over hundreds of kilometres in northern and central Chile).

Known gold mineralization is mostly restricted to high-sulphidation vuggy silica alteration and locally to silica-alunite zones. Drilling conducted by then joint venture partner Hochschild (MHC) in 2005, indicates that the gold mineralization on the Frontera property is mainly found within hydrothermal breccias characterized by abundant iron oxide cement and to a lesser degree to oxides disseminated in silica and silica alunite alteration.

Another style of mineralization which consists in small zones of copper enrichment characterized by chalcocite coating pyrite, is recognized on the Frontera property. This mineralization has additionally been recognized in MHC 2005 drill hole intersections. The best sampled drilling interval assayed 0.25% Cu over 18 m. Very strong Mo, up to 565ppm is reported from a surface area extending eastwards from Frontera's Cerro Vuggy (Vuggy Mountain). Combined with the presence of Chalcocite mineralization, this suggests a possible blind Cu-Mo porphyry target could underlie the advanced argillic alteration lithocap observed at surface. In 2006 Teck Cominco drilled 3 holes in this area to test this hypothesis but only intersected argillic to propylitic alteration below advanced argillic alteration. An area extending close to 2 km to the east of the main Mo anomaly remains untested.

No exploration activity was conducted on this property during the second quarter 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 the second quarter 2011. Exploration activities are planned following the negotiation and signing of a surface rights agreement with the local community.

Overview of Second Quarter Financial Results

Data	Three months to 30 June		Six months to 30 June	
	2011	2010	2011	2010
Revenue ($'000)	13,161	9,963	24,090	18,319
Gross Profit ($'000)	6,501	5,327	10,970	7,927
EBITDA ($'000)	6,746	3,883	11,454	6,163
Profit/(loss) before tax ($'000)	4,531	3,044	7,020	3,610
Profit/(loss) after tax ($'000)	2,735	1,571	3,989	1,813
Total Income/(loss) after tax ($'000)	2,593	1,571	3,706	1,813
Net earnings/(loss) per share				
Basic (cents)	2.3	1.8	3.3	2.1
Diluted (cents)	2.2	1.8	3.3	2.1

For the second quarter of 2011, revenue increased by 32.1%, or $2.9 million over the second quarter of 2010. This increase was attributed to a higher realised gold price and an increase in gold sold.

The company reported a profit after tax of $2.7 million for the second quarter of 2011, compared with an income of $1.6 million in the same prior year period.

Summary of Quarterly Results

(tabular data in thousands of US dollars, except per share amounts)

	Q3 Sep. '09	Q4 Dec. '09	Q1 Mar. '10	Q2 Jun. '10	Q3 Sep. '10	Q4 Dec. '10	Q1 Mar. '11	Q2 Jun. '11
Total Revenue	7,844	10,694	8,356	9,963	11,176	11,587	10,969	13,161
Profit after tax	1,007	1,437	242	1,571	(1,719)	2,155	1,254	2,735
Total income/(loss) after tax	1,007	1,437	242	1,571	(1,719)	2,753	1,113	2,593
Net earnings/(loss) per share								
Basis (US cents)	1.3	1.9	0.3	1.8	(2.0)	2.3	1.0	2.3
Diluted (US cents)	1.2	1.9	0.3	1.8	(2.0)	2.2	1.0	2.2

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.

Liquidity and Capital Resources

As at 30 June 2011, the Company had cash and cash equivalents of $24.6 million, compared with $6.6 million as at 30 June 2010. The Company's cash and cash equivalents are invested in highly liquid, low risk, interest-bearing investments with maturities of 90 days or less from the original date of investment.

As at 30 June 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	2,000	2,000	-	-	-	-	-
Asset Retirement Obligation	2,660	609	848	848	71	71	213

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 90 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 quarter ended 30 June 2011, the Company 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.

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 2010 that was filed on SEDAR on 31 March 2011.

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 119,582,884 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 17,733,431 options issued and outstanding, of which 9,155,000 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	275,000
2 July 2010	2 July 2010	2 July 2015	£0.7250	50,000
17 November 2010	17 November 2010	17 November 2015	£1.08	2,680,000
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				**17,733,431**

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 30 June 2011, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management Changes

During the second quarter ended 30 June 2011, there were no management changes.

Additional Information

Additional information regarding Minera IRL, including Minera IRL's Annual Information Form for the year ended December 31, 2010 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.