MINERA IRL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 31 DECEMBER 2010
(expressed in United States dollars, unless otherwise noted)

*The following Management's Discussion and Analysis ("MD&A"), prepared as of 31 March 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 comparative period ended December 31, 2009, 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.*

2010 Financial, Operational and Development Highlights

- **Corihuarmi 2010 gold production of 32,533 ounces, 15.2% above budget but down 1.5% from 33,013 ounces in 2009**

- **2010 gold sales of 33,240 ounces, up 3.3% from 32,166 ounces in 2009, and realised gold price of $1,232 per ounce, up 24.7% from $988 per ounce in 2009**

- **Sales revenue of $41.1 million in 2010, up 29.0% from $31.9 million in 2009**

- **Gross profit of $17.8 million in 2010, up 36.2% from $13.1 million in 2009**

- **EBITDA of $13.8 million in 2010, which included the write-off of the exploration expenditure for the La Falda and Killincho exploration projects of approximately $2.7 million, up 22.0% from $11.3 million in 2009**

- **Profit before tax of $6.5 million, up 20.4.% from $5.4 million in 2009**

- **Total income after tax of $2.8 million in 2010, slightly lower than the $3.0 million in 2009**

- **The Company's gold in resource increased to 1.5 million ounces in the Measured and Indicated category plus an additional 0.7 million ounces in the Inferred category**

- **The Pre-feasibility Study at Ollachea progressed toward a mid-2011 completion including a new resource estimate containing 1.2 million ounces in the Indicated category and 0.5 million ounces in the Inferred category**

- **In May 2010, a new discovery was announced at Concurayoc, located west of the Ollachea Minapampa Zone, where ongoing drilling has the immediate objective of defining an Inferred Resource**

- **The Feasibility Study on the Don Nicolas Project in Patagonia progressed with in-fill drilling being substantially completed during the 2010 year**

- **Also in Patagonia, scout drilling at Escondido has identified a new discovery with gold mineralization immediately adjacent to the Las Calandrias discovery announced by Mariana Resources Ltd**

- **In April 2010, the Company enhanced its shareholder liquidity and global market exposure by obtaining a listing on the TSX Exchange in Toronto under the trading symbol "IRL"**

- **In July 2010, the Company completed a new $20 million finance facility with Macquarie Bank Limited, of which $10 million was drawn as at 31 December 2010**

- **In November 2010, the Company completed a successful equity raising for gross proceeds of approximately C$37.5 million, or net proceeds of approximately C$35 million, by issuing 32,641,600 ordinary shares at C$1.15 per share**

- **Cash held of $34.6 million as at 31 December 2010**

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 approved for listing on Toronto Stock Exchange ("TSX"), in April 2010 under the symbol "IRL".

In Peru the Company operates the Corihuarmi Gold Mine, is conducting a Pre-feasibility study on the Ollachea Project and exploring a number of 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.

Selected Annual Information

The following is a summary of the Company's financial results for the three most recently completed financial years:

Financial Data	2010	2009	2008
Revenue ($'000)	41,082	31,856	43,568
Total income/(loss) after tax ($'000)	2,847	2,971	12,523
Earnings/(loss) per share			
Basic (cents)	2.5	4.3	12.5
Diluted (cents)	2.4	4.3	12.5
Total assets ($'000)	124,516	82,446	54,688
Total liabilities ($'000)	22,173	18,570	13,982

The decrease in total income from 2008 to 2009 was mainly the result of lower production from the Corihuarmi operation. This is reflected in the lower revenue for 2009 compared with 2008. The lower production was in line with the Corihuarmi mine plan and was due to the mining of higher grade zones in 2008, the first year of operation. The increase in total assets from 2008 to 2009 primarily relates to the capitalisation of exploration expenditure and the acquisition of Hidefield Gold plc, which held the Don Nicolas Project and a large prospective land package in Patagonia. Total liabilities increased between 2008 and 2009 due to an increase in payables with an additional payment of $3.8 million becoming due to Rio Tinto Mining and Exploration SAC in June 2010 for the Ollachea Project. This was partly offset by the $2.5 million repayment of the Macquarie Bank Limited finance facility.

Revenue in 2010 was significantly higher than 2009, due to a higher realised gold price. The total income for 2010 was slightly lower than 2009, with the higher revenue offset by the write-off of two exploration projects, higher Corihuarmi site operating costs and higher income tax. Total assets increased significantly with the continued capitalisation of exploration and development expenditure and the increase in cash from the equity raising completed in November 2010. Total liabilities increased in 2010 primarily due to the refinancing and additional drawdown of a new Macquarie Bank finance facility.

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 was brought into production in March 2008.

Below is a summary of the key operating statistics for Corihuarmi for the financial year ended 31 December 2010 compared with the financial year ended 31 December 2009:

Operating Parameter	2010	2009
Waste (tonnes)	43,981	423,914
Ore mined & stacked on heaps (tonnes)	1,455,500	1,216,845
Ore grade, mined and stacked (g/t)	0.87	1.13
Gold produced (ounces)	32,533	33,013
Gold sold (ounces)	33,240	32,166
Realised Gold Price ($ per ounce)	1,232	988
Site operating cash costs ($ per ounce) [1]	383	341

Gold production for 2010 decreased slightly by 1.5% to 32,533 ounces, against the 33,013 ounces produced in the same prior year period. However, 2010 production was approximately 15.2% above budget.

Although the grade was significantly lower, this was mainly compensated for by the higher tonnes mined and crushed for 2010, compared to 2009, resulting in similar levels of production. Mining was as per plan and predominantly on the Susan outcrop. The benches mined contained a low proportion of waste whereas during 2009 more waste mining was required to establish mining in that ore zone. The site operating costs per ounce increased by 15.8% due to higher ore mining and treatment tonnes, and increased costs associated with operating the new elution train of tanks. The price received from spot gold sales increased 24.7% giving Corihuarmi a substantially increased margin.

Work continued during the year on plans to treat 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). An Environmental Impact Assessment required to permit mining and treatment rates to increase to 2 million tonnes per annum in 2011 has been submitted to the authorities. It is expected that this will allow additional low grade material to be profitably treated and a gold production level of approximately 30,000 ounces per annum to be maintained in 2011 at a site operating cash cost of $400 – 500 per ounce.

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 manage the Ollachea Project.

Diamond drilling with 2 rigs commenced in October 2008 and by end-December 2010, over 54,000 meters have been completed in 138 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. The Scoping Study was based upon a NI43-101 compliant inferred resource of

9 million tonnes grading 4.5 grams per tonne containing 1.3 million ounces of gold. The Scoping Study indicates the potential for a viable underground mine with an average production rate of 117,000 ounces per year at a cash operating cost of approximately $400 per ounce. The indicative feasibility and development schedule indicated that production could be achieved by late 2014.

Based upon the positive Scoping Study, a pre-feasibility study was commenced at the beginning of 2010 and is due for completion by mid-2011. This study is being managed by international engineering and construction company AMEC. Two rigs completed 39 additional in-fill drill holes at the Minapampa Zone. This program was designed to provide sufficient drill density to allow a substantial portion of the Inferred Resource to be reclassified as Measured and Indicated. Drilling was also extended 200 meters along strike to the east in the zone termed Minapampa East. Ongoing metallurgical testwork continued at the AMMTEC laboratory in Perth, Western Australia. Testwork continues to confirm that the Ollachea mineralization responds well to conventional gold recovery methods. Geotechnical studies, derived from oriented drill core, are being used to fine tune underground mining studies. A detailed study has been completed to commence a 1.3 kilometre long production size exploration tunnel into the deposit. This study was submitted in order to permit the tunnel and it is expected to be granted during the second quarter of 2011.

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

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.

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. This zone is approximately 500 metres west of the Minapampa Zone. With the completion of the in-fill drilling at Minapampa, drilling recommenced at Concurayoc with the objective of generating sufficient drill definition for an Inferred resource to be estimated in mid-2011.

On 30 November, 2010, the Company released an updated NI 43-101 compliant resources estimate for the Ollachea Project. The resources estimate was carried out by consultancy Coffey Mining Pty Ltd over the Minapampa and Minapampa East Zones. The estimate was based upon 88 diamond drill holes for 31,980 meters at Minapampa and 19 diamond drill holes for 8,420 meters at Minapampa East, for a combined 107 drill holes totalling 40,400 meters. The 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.

Indicated Mineral Resource applying a 2.0g/t gold cut-off

Zone	Metric tonnes (Millions)	Grade – g/t gold	Contained ounces (Millions)
Minapampa	9.1	3.9	1.1
Minapampa East	0.2	2.9	0.02
Total	**9.3**	**3.8**	**1.1**

Inferred Mineral Resource applying a 2.0g/t gold cut-off

Zone	Metric tonnes (Millions)	Grade – g/t gold	Contained ounces (Millions)
Minapampa	2.6	3.3	0.3
Minapampa East	2.2	3.0	0.2
Total	**4.8**	**3.2**	**0.5**

The Inferred resource reported as part of the Scoping Study in November 2009 totalled 8.9 million tonnes grading 4.5g/t gold containing 1.3 million ounces based upon a 2.5g/t cut-off. The current resource upgrade has applied a 2.0g/t gold cut-off largely because of the consistent geological and grade-continuity confirmed in the resource drillhole data and, to some extent, the higher prevailing gold price. Within the upgraded resource a higher grade gold zone, based upon a 3.5g/t gold bottom cut, provided an estimated Indicated resource of 4.0 million tonnes grading 5.3g/t gold containing 0.7 million ounces plus an Inferred resource of 0.91 million tonnes grading 5.5g/t containing 0.2 million ounces.

The Company received a NI 43-101 compliant technical report, with an effective date of 14 January 2011, compliant with NI 43-101, for the Ollachea project prepared by Doug Corley, MAIG, an employee of Coffey Mining Pty Ltd, and Donald McIver, FAusIMM, an employee of Minera IRL Limited. Both are considered Qualified Persons ("QPs") and Doug Corley independent under NI 43-101. The report is available for viewing on SEDAR at www.sedar.com.

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.

The Don Nicolas Project is based upon an 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 includes in-fill and extension drilling to both increase the confidence levels to Measured and Indicated and also to attempt to increases 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 29 holes for approximately 2,377 meters was also carried out on the deeply oxidized Martinetas deposit which occurs as a swarm of narrow, but high grade, veins. An updated resource estimate is expected by mid-2011. Other studies include metallurgical testing, infrastructure studies, environmental studies and capital and operating cost projections. The Argentina based engineering company, Ingenieria PENTA Sur SA, was engaged to manage the feasibility study which is due for completion in 2011. The objective is to construct and commission a new gold mine by the end of 2012 or early 2013.

Exploration Projects

Patagonia Regional Exploration

In addition to the Don Nicolas Project, the Company advanced a number of exploration projects in Argentina's Patagonia region, including Escondido and Pan de Acuzar. A 4,400 line kilometre heli-borne magnetic and radiometric geophysical survey was commissioned over four project sites. This program was completed early in the third quarter 2010.

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 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.

The results had also been received from an extended IP Gradient Array geophysical survey which shows 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 has also been identified. The extended geophysics provides another excellent drill target for the next round of drilling in 2011.

At Pan de Azucar, further mapping and sampling has confirmed an outcropping epithermal vein with elevated gold and silver values over a strike length of some 1,300 meters. In addition, a gold anomalous breccias envelope has been mapped over a 300 meter portion of the vein. 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 8 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	Intercept			Assay – g/t		
PDA-D10	From	To	Meters	Au	Ag	Host
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

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. The Company is currently evaluating all information and intends to conduct a second phase of exploration drilling commencing in the second quarter of 2011 upon the abatement of the wet season.

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.

Killincho prospect

The Killincho Project was relinquished to the vendors during the September 2010 quarter. Whilst the Minera IRL exploration team identified a number of gold areas, the potential was deemed insufficient to justify a development in this relatively remote area of southern Peru. Exploration expenditure on this project was written off in 2010.

La Falda Prospect
After evaluating the results of 14 diamond holes for a total of 5,174 meters drilled in late 2009 and early 2010, the Company determined that the project was not likely to generate an economic deposit. As a result, the Agreement with Catalina Resources Plc was terminated at the end of September 2010 and the exploration expenditure was written off.

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.

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 2010.

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.

Exploration activities are planned following the negotiation and signing of a surface rights agreement with the local community.

Summary of Quarterly Results

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

	Q1 Mar. '09	Q2 Jun. '09	Q3 Sep. '09	Q4 Dec. '09	Q1 Mar. '10	Q2 Jun. '10	Q3 Sep. '10	Q4 Dec. '10
Total Revenue	6,708	6,610	7,844	10,694	8,356	9,963	11,176	11,587
Total income/(loss) after tax	293	234	1,007	1,437	242	1,571	(1,719)	2,753
Net earnings/(loss) per share								
Basis (US cents)	0.5	0.4	1.3	1.9	0.3	1.8	(2.0)	2.4
Diluted (US cents)	0.5	0.4	1.2	1.9	0.3	1.8	(2.0)	2.3

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.

Overview of Fourth Quarter

Data	Three months December 31	
	2010	2009
Corihuarmi		
Waste (tonnes)	8,245	0
Ore mined & stacked on heaps (tonnes)	333,497	252,444
Ore grade, mined and stacked (g/t)	0.77	1.78
Gold produced (ounces)	8,615	10,260
Gold sold (ounces)	8,393	9,655
Realised Gold Price ($ per ounce)	1,367	1,107
Site operating cash costs ($ per ounce) [1]	366	249
Financial		
Revenue ($'000)	11,587	10,694
Total Income/(loss) after tax ($'000)	2,753	1,437
Earnings/(loss) per share		
Basic (cents)	2.4	1.9
Diluted (cents)	2.3	1.9

For the fourth quarter of 2010, revenue increased by 8.4% or $0.89 million over the fourth quarter of 2009. This increase was attributed to a higher realised gold price offsetting lower production.

The company reported a total income after tax of $2.75 million for the fourth quarter of 2010, compared with an income of $1.44 million in the same prior year period.

Liquidity and Capital Resources

As at 31 December 2010, the Company had cash and cash equivalents of $34.6 million, compared with $14.2 million as at 31December 2009. 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 31 December 2010, 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	2,670	609	848	848	71	71	213

In July 2010, the Company negotiated a new $20 million finance facility with Macquarie Bank Limited, with $10 million committed and $10 million uncommitted. During the quarter, the Company drew down $10.0 million of the debt facility, of which $2.5 million was used to refinance the existing outstanding debt facility with Macquarie Bank Limited. The debt facility is repayable on 31 December 2012.

In November 2010, the Company completed a successful equity raising for gross proceeds of approximately C$37.5 million or net proceeds of approximately C$35 million, by issuing 32,641,600 ordinary shares at C$1.15 per share.

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, Argentina, and Chile 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 year ended 31 December, 2010, the Company entered into the following transactions with related parties:

The Company incurred $9,553 (GBP6,102) (2009: $8,857 (GBP5,479)) of 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.

In addition the Company incurred $9,393 (GBP 6,000) of consultancy services from Hamilton Capital Partners Limited for whom a director acts as a senior consultant adviser.

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 March 31, 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 31 December 2010, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management Changes

On 31 December 2010, the Company's Chief Financial Officer and Company Secretary, Richard Michell, retired. Accordingly, Tim Miller, the Company's Vice President Corporate Finance, has assumed the role as Chief Financial Officer and Company Secretary of the Company.

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. "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.