



## **Minera IRL Announces 2011 Year-End Results**

**London and Toronto, 30 March 2012:** Minera IRL Limited (“Minera IRL” or the “Company”), (TSX:IRL) (AIM:MIRL) (BVL:MIRL) the Latin America gold mining company, is pleased to announce today its audited results for the year ended 31 December 2011 and outlined Company developments during the same year.

**2011 Highlights** (all \$ denominates US\$ unless otherwise stated):

### **Financial**

- Record sales revenue in 2011 of \$53.0 million, up 29.0% (2010: \$41.1 million)
- 2011 gold sales of 33,718 ounces, up 1.4% (2010: 33,240 oz) with realised gold price of \$1,570/oz, up 27.5% (2010: \$1,232/oz)
- EBITDA up 79% to \$24.8 million (2010: \$13.8 million)
- Profit before tax up 146% to \$16.1 million (2010: \$6.5 million)
- Total income after tax up 237% to \$9.6 million (2010: \$2.8 million)
- Cash balance of \$11.1 million as at 31 December 2011 (December 2010: \$34.6 million)

### **Operations and Development**

- **Corihuarmi, Peru**
  - Gold production up 2.2% to 33,255oz (2010: 32,533oz) the highest annual gold production since the first year of operation in 2008
  - Site operating costs up 7% to \$410/oz (2010: \$383/oz) due to an increase in ore mined
- **Don Nicolas, Argentina**
  - August 2011 – an upgraded resource statement of 382,000oz in the Measured and Indicated category (5.6 Mt at 2.1g/t gold) plus 145,000oz in the Inferred category (3.1 Mt at 1.5g/t gold), with a Measured and Indicated high grade component of 1.5 Mt at 6.0g/t containing 280,000oz which forms the basis for the Don Nicolas Feasibility Study
  - Subsequent to the year end, February 2012 – completion of a positive Don Nicolas Feasibility Study in Patagonia. Based on a gold price of US\$1,250/oz, NPV (7% real) of US\$40 million (pre-tax) and US\$22 million (post tax); an IRR (real) of 34.6% (pre tax) and 22.8% (post tax) and a payback period of 2.0 years (post tax)

- **Ollachea, Peru**

- July 2011 - Pre-feasibility Study completed and indicated a robust project that is expected to produce over 1 Moz during a 9 year mine life. Using a gold price assumption of \$1,100/oz, the project generates a NPV (7% real) of \$226 million (pre tax) and \$133 million (post tax), an IRR (real) of 28.1% (pre tax) and 20.5% (post tax) and a payback period of 3.8 years (post tax)
- September 2011 - maiden Inferred Mineral Resource announced for the Ollachea Project's Concurayoc Zone of 10.4 Mt at 2.8g/t for 0.9 Moz of gold
- In the third quarter 2011, the Company committed to the development of the 1.2km Ollachea exploration tunnel, with the first cutting of the tunnel occurring in February 2012. The exploration tunnel is expected to be completed by early 2013

### **Other**

- Subsequent to the year end, the Company completed an equity raising for gross proceeds of approximately CAD33.1 million by issuing 29,260,000 ordinary shares at CAD1.13 per share (equivalent to GBP72p based on exchange rate at pricing)

*“2011 was another excellent year for the Company with a substantial increase in profit, compared to 2010, underpinned by record gold sales revenue,” said Courtney Chamberlain, Executive Chairman of Minera IRL. “The recently completed equity offering places the Company in a strong position to advance the development of its Ollachea and Don Nicolas Projects, and to fund substantial exploration programs in 2012.”*

### **Financial Results**

Production from the Corihuarmi Gold Mine was slightly higher than 2010 and yielded a record sales revenue of \$53.0 million (2010: \$41.1 million). The increase in revenue compared to 2010 was due to the average gold price from spot sales increasing from \$1,232 per ounce to \$1,570 per ounce. Mining and treatment of 37.5% more ore in 2011 contributed to an increase in the cost of sale to \$28.0 million (2010: \$23.3 million). The combined effect was an increased gross profit to \$25.0 million (2010: \$17.8 million). Administration expenses of \$8.2 million were slightly higher than the prior year (2010: \$7.8 million). This, combined with the stronger gold price, resulted in an increased operating profit of \$16.4 million (2010: \$7.2 million). The income tax expense, which arises solely in Peru, increased to \$6.3 million (2010: \$4.3 million) with the increase in profit before tax in Peru. The Company's profit after tax increased to \$9.8 million (2010: \$2.2 million).

The group spent a total of \$35.7 million on development & exploration during the year (2010: \$22.3 million) of which \$34.7 million was added to the intangible assets of the group (\$18.4 million for the Ollachea project) and \$1.0 million was recognised as a cost in the profit or loss.

At the end of 2011 the group had a cash balance of \$11 million. In March 2011, the Company raised gross proceeds of CAD33.1 million in equity leaving the Company in a strong position to continue with its exploration and development programmes.

## **Projects**

### ***Corihuarmi Gold Mine***

The Corihuarmi Gold Mine, located in the Peruvian high Andes, continued to perform well throughout the year, generating record sales from a gold price which averaged \$1,570 per ounce, \$338 per ounce higher than the previous year. A total of 33,255 ounces was produced, which was 16% above budget and the highest annual gold production since the first year of operation in 2008. Cash operating cost averaged \$410 per ounce. The Company made a seamless conversion from contractor mining to owner mining at the beginning of the year and mining of scree (broken rock below the cliff faces) began supplementing ore mined from the pits.

Corihuarmi has now produced over 150,000 ounces of gold in less than four years of production at an average cash operating cost of \$300 per ounce. This is well in excess of the estimate in the feasibility study to produce 112,000 ounces over a four year mine life. Corihuarmi has produced much of the cash requirements needed to grow the Company, and has also cemented Minera IRL's reputation as an efficient mine developer and operator even under arduous conditions. Although production at Corihuarmi is expected to decrease and costs rise in 2012, the mine will continue to generate strong cash flow over the remaining life, which has been extended until at least mid-2015.

### ***Ollachea***

Several milestones were reached at Ollachea, Minera IRL's flagship project in southern Peru.

Exploration and in-fill drilling has been continuous with two diamond rigs on the project since October 2008 with, at the time of writing, more than 75,000 meters drilled from more than 194 holes. This orogenic type gold discovery was recognized as a deposit of international standard by NewGenGold, a group that researches and identifies the top new gold discoveries in the world. The result was an opportunity for the Company to present a paper on the deposit at the NewGenGold biannual international conference in November 2011.

The drill defined resource at Ollachea increased substantially in size and quality in 2011. The Indicated Resource, all in the Minapampa zone, now stands at 10.4 million tonnes grading 4.0g/t containing 1.4 million ounces of gold. The Inferred Resource, boosted by a maiden resource of over 0.9 million ounces at Concurayoc only 400 meters to the west of Minapampa, increased to 13.7 million tonnes grading 2.8g/t containing 1.2 million ounces of gold. The deposit remains open and untested along strike in both directions as well as

down-dip.

The Ollachea Pre-feasibility study was completed in mid-2011 and produced very encouraging results. This study indicated a viable mine that will produce over 1 million ounces during a nine year mine life at an average cash operating cost of \$436 per ounce. The base case financial model assumed a gold price of \$1,100 per ounce; on that basis the life-of-mine post tax cash flow was estimated at \$280 million, the NPV (at 7% discount) was \$133 million, an IRR of 20.5% and a pay-back period of 3.8 years. With these positive results, the Company embarked on a full feasibility study which is expected to be completed during the second half of 2012. Permitting will then ensue, followed by the commencement of mine development with the objective of bringing Ollachea into production in late 2014.

During the year, a 1.2 kilometer long exploration tunnel from the proposed plant site into the Minapampa orebody was permitted and a well established Peruvian underground mining contractor engaged. The initial cut on this tunnel was announced in February 2012 and is expected to take approximately 12 months to complete. This tunnel will allow diamond drilling from underground to explore the eastern strike extent of the Minapampa orebody where the mountain side is too steep to explore by drilling from surface. This exploration drilling will commence about midway through the driving of the tunnel in H2 2012.

Community relations at Ollachea remained excellent throughout the year with extensive programmes in health and welfare, nutrition, education and sustainable development. The Company is also providing considerable employment to members of the community which, in turn, is making a significant contribution to the local economy.

### ***Patagonia***

Minera IRL Patagonia SA continues to build our new business unit in the mining friendly province of Santa Cruz, Argentina, following the take-over of Hidefield Gold Plc at the end of 2009. Effort was divided between the Don Nicolas Feasibility Study and a major exploration program to test the many low sulphidization, epithermal targets on the Company's large exploration concession totaling some 2,700 square kilometers.

The Don Nicolas Feasibility Study encompasses two principal epithermal vein fields, La Paloma and Martinetas, approximately 50 kilometers apart. Following approximately 24,000 meters of in-fill and extension drilling since acquiring Hidefield, the Company completed its inaugural resource estimate in August 2011. The Measured and Indicated Resource in the combined High and Low Grade category is 5.6 million tonnes grading 2.1 g/t Au for 381,400 ounces gold representing an 89% increase in these categories compared to the Hidefield resource published in 2009. An additional 3.1 million tonnes grading 1.5g/t gold (145,000 ounces) are in the Inferred Resource category.

The results of the Don Nicolas Feasibility Study, completed in February 2012, are highly encouraging. The basis for the project is the high grade Measured and Indicated Resource

of 1.5 million tonnes above a lower cut-off of 1.6 g/t gold grading 6.0 g/t gold and containing 281,000 ounces. All ore will be mined from open pits and processed with a conventional carbon-in-leach (CIL) plant producing an average of 52,000 ounces of gold and 56,000 ounces of silver over a 3.6 year mine life at an average cash operating cost, after silver credits, of \$528 per ounce. Using a gold price of \$1,250 per ounce, the post tax cash flow is projected at \$36 million, the NPV using a 7% discount is \$22 million, the IRR is 23% and the payback period is 2.0 years. At current spot gold prices the project economics are outstanding. Moreover, a compelling feature of Don Nicolas is the upside potential from brown-fields and near-by green-fields exploration, open ended deeper ore shoots which could become future underground mines and a substantial low grade resource which, subject to metallurgical testing in 2012, could form the basis for production from a parallel heap leach plant.

With the completion of the feasibility study, the Environmental Impact Assessment (EIA) is being completed and permitting will then commence. All required permits should be in place during the second half of 2012 and development will then commence with the objective of bringing Minera IRL's next mine into production in late 2013.

The Deseado Massif, the 77,000 square kilometer volcanic complex in which our leases are located, is proving an outstanding, yet under explored, precious metals district. Minera IRL Patagonia has one of the largest exploration tenement holdings in the Deseado Massif and many outstanding targets. Exploration during the year focused on three key areas;

- Escondido where a bulk tonnage discovery was made in 2010;
- Michelle to the south west and within the same vein field as Anglo Gold's Cerro Vanguardia Mine; and
- Chispas, to the south east.

Diamond drilling was carried out on each of these properties during the year. Of particular interest was the discovery of two separate high grade veins at Escondido which recorded 0.7 meters grading 136g/t gold and 157g/t silver in one area and 4.2 meters grading 1.6g/t gold and 663g/t silver in another structure. Based upon the encouraging drill results from the 2011 field season, an expanded exploration program is underway for 2012.

The full [Report & Accounts](#), including the notes, and [Management Discussion and Analysis](#) for the year ended December 31, 2011 will be posted to shareholders during the week commencing 2 April 2012 and are available from the Company's website [www.minera-irl.com](http://www.minera-irl.com) and from SEDAR.

*Following the release, Minera IRL plans to host a conference call at 9:00 am Lima time, 10:00 am Toronto time and 3:00 pm London Time on April 2, 2012. To participate in the call please dial:*

*Toll Free (North America): 866-223-7781*

*Local Toronto and International: 416-340-8018*

*Global: 800-6578-9898*



*A live webcast and archive will be available at: <http://www.gowebcasting.com/3250>*

*REPLAY: Toll Free Replay call (North America): 800-408-3053*

*International / Toronto Replay Call: 905-694-9451*

*The replay is available till April 9th, 2012*

*Passcode: 7786433*

**For more information please contact:**

**Minera IRL** +511 418 1230  
Trish Kent, Vice President, Corporate Relations

**Canaccord Genuity Limited (Nominated Adviser & Broker, London)** + 44 (0)20 7523 8350  
John Prior  
Sebastian Jones

**finnCap (Co-broker, London)** + 44 (0)20 7600 1658  
Geoff Nash (Corporate Finance)  
Matthew Robinson (Corporate Finance)  
Joanna Weaving (Corporate Broking)

**RBC Europe Ltd (Co-broker, London)** +44 (0)20 7653 4000  
Stephen Foss  
Martin Eales

**Buchanan (Financial PR, London)** +44 (0)20 7466 5000  
Bobby Morse  
James Strong

**Minera IRL Limited is the AIM traded, TSX and BVL listed holding company of precious metals mining and exploration companies focused in Latin America. Minera IRL is led by an experienced senior management team with extensive industry experience, particularly operating in South America. The Group operates the Corihuarmi Gold Mine and the advanced gold projects Ollachea in Peru and Don Nicolas in Argentina. For more information, please visit [www.minera-irl.com](http://www.minera-irl.com).**

*The Toronto Stock Exchange neither approves nor disapproves the information contained in this News Release.*

*Some of the statements contained in this release are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties.*

*While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggestions herein. Except as required by applicable law or regulation, Minera IRL Limited does not intend to update any forward-looking statements to conform these statements to actual results.*

### **Competent Persons Statement**

*The preparation of the technical information contained herein was supervised and reviewed by 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), who are recognized as Qualified Persons for the purposes of National Instrument 43-101, and who have reviewed and approved the technical information in this press release.*

### **Quality Assurance and Quality Control Procedures Disclosure**

*The Company has implemented and maintains a Minera IRL quality assurance/quality control (QA/QC) protocol on its projects to ensure best industry practice in sampling and analysis of exploration and resource definition samples. The insertion of field duplicates, certified standards and blank samples into the sample stream form part of the MIRC procedure (these act as an independent check on contamination, precision and accuracy in the analytical laboratory).*

*Assay results are reported once rigorous QAQC procedures have been approved.*

### **Independent Audit Programs**

*Towards maintaining compliancy with international standards as they pertain to the minerals industry resource evaluation and estimation procedure, MIRC regularly contracts the services of industry experts to conduct detailed audits of established QAQC procedures.*