

HIGHLIGHTS

quarter ended June 30, 2010

- **Gold production above budget at 8,098 ounces (15,169 ounces for 6 months to June 30, 2010)**
- **Sales revenue of US\$10 million (US\$18.3 million for 6 months to June 30, 2010)**
- **Average sales price US\$1,201 per ounce in the second quarter**
- **Corihuarmi cash operating cost of US\$365 per ounce (US\$396 for the 6 months to June 30, 2010)**
- **EBITDA of US\$3.9 million (Q2 2009 US\$1.7 million)**
- **Profit before tax of US\$3.0 million (Q2 2009 US\$557,000)**
- **Profit after tax of US\$1.6 million (Q2 2009 US\$234,000)**
- **Cash balance of US\$6.6 million at June 30, 2010 (June 30, 2009: US\$ 5.1 million)**
- **Rapid advancement on Ollachea Project Pre-Feasibility Study**
- **Don Nicolas Feasibility Study progressing well**
- **Extensive airborne geophysical survey carried out over Patagonia exploration projects**
- **Acquisition of new exploration project, Killincho, in southern Peru**
- **\$20 million debt facility put in place with Macquarie Bank**

CHAIRMAN'S STATEMENT

A high level of activity continued within the Minera IRL Group during the June quarter of 2010. Excellent results were achieved from our Corihuarmi Gold Mine, good progress has been made on the Pre-Feasibility Study on the Ollachea Project and the Feasibility Study on the Don Nicolas Project and there have been encouraging results from exploration in Peru and Argentina.

The financial performance for the three months to 30 June 2010 was above expectations and an improvement on both the comparative second quarter of 2009 and the first quarter of 2010. Gold sales were a solid US\$10.0 million on the back of a continuing strong gold price, with spot sales averaging US\$1,201 per ounce. Gross profit was US\$5.3 million and EBITDA US\$3.9 million. Profit before tax was US\$3.0 million giving a profit after tax of US\$1.6 million. Each of these financial figures is significantly better than both the corresponding period in 2009 and the first quarter of 2010. The cash balance at the end of the quarter was US\$6.6 million.

Our Corihuarmi Gold Mine continues to perform very well with gold production of 8,098 ounces, approximately 10% above budget, bringing production for the first six months to 15,169 ounces. Mining activities were largely concentrated on the Susan outcrop. Cash costs averaged US\$365 per ounce for the quarter thus reducing the cost for the first six months to US\$396 per ounce.

At the Ollachea Project in southern Peru, the Pre-Feasibility Study has made excellent progress and remains on schedule for completion during the first half of 2011. Infill drilling in the core Minapampa Zone with 2 rigs continued throughout the period with 32 of the 40 holes completed. This drilling is required to raise the resource confidence level to Measured and Indicated categories compliant with NI43-101 standards. Progress was also made on other aspects of the Pre-Feasibility Study including planning for an exploration tunnel into the deposit, metallurgical test-work, geotechnical evaluations and information gathering for the environmental baseline report. Drilling will revert to the new Concurayoc discovery, approximately 500 meters west of the Minapampa Zone, when the infill program is completed.

In Patagonia, good progress has been made on the Don Nicolas Feasibility Study, due for completion in 2011. Two drill rigs completed the infill and stepout drilling in late July on the Sulfuro Vein, one of the two principal deposits at Don Nicolas. This is to be followed by infill drilling on the Martinetas deposit. Other aspects of the Study, such as more metallurgical testing, geotechnical studies and a hydrology program are in progress.

Exploration continued at a number of projects. In the large tenement package in the Deseado Massif in Patagonia, a 4,500 line kilometer helicopter-borne magnetic and radiometric survey has been undertaken to fine tune existing exploration targets and locate new ones. Highly encouraging rock chip analysis and geophysical anomalies have identified drill targets on the 700 meter long outcropping breccia zone at Escondido, contiguous to Mariana Resources Las Calandrias discovery. Scout drilling commenced at the end of July. Good progress was also made in better understanding the undrilled 1.3 kilometer vein at Pan de Azucar with further confirmatory elevated

gold outcrop samples obtained. In addition, a 300 meter long, gold anomalous, breccia envelope has been identified around the southern portion of the vein.

Results of a 12 hole, 4,856 meter reverse circulation drilling program were announced for the Bethania porphyry gold project, which is situated approximately 10 kilometers from Corihuarmi. Extensive intersections of low grade gold, copper and molybdenum mineralization were identified in six of the holes which provide substantial encouragement to continue exploring this large alteration zone. A new exploration project in southern Peru, known as Killincho, was acquired, and exploration commenced within a known gold producing area.

The planned drilling was completed at the La Falda Project in Chile and targeted geophysical IP anomalies and auriferous banded quartz veins considered to be associated with a gold porphyry system. Encouraging gold mineralization was encountered deeper in a number of holes which may link to a substantial, largely untested magnetic anomaly. However, further testing is beyond the current funding capacity of Minera IRL. As a result, the Agreement with Catalina Resources was extended to 30 September 2010 to allow time to seek another party for the next phase of exploration.

Following the successful listing of Minera IRL on the Canadian TSX in April 2010, an effort was made to follow this up with the issuance of equity to generate liquidity in the Canadian markets and to bolster working capital. However, deteriorating market conditions resulted in the suspension of this in favour of a US\$20 million debt facility provided by Macquarie Bank. These funds are to be used to rapidly advance the Ollachea and Don Nicolas projects toward development.

In closing, I would like to extend my appreciation to our outstanding team and to our loyal shareholders. Together we continue to build toward a bright and prosperous future.

Courtney Chamberlain
Executive Chairman
Minera IRL Limited

12 August 2010

Minera IRL Limited

Consolidated Statement of Comprehensive Income

	3 months ended 30 June 2010 (unaudited) US\$'000	3 months ended 30 June 2009 (unaudited) US\$'000	6 months ended 30 June 2010 (unaudited) US\$'000	6 months ended 30 June 2009 (unaudited) US\$'000	Year ended 31 December 2009 (audited) US\$'000
Revenue	9,963	6,610	18,319	13,318	31,856
Cost of sales	(4,636)	(4,722)	(10,392)	(9,070)	(18,804)
Gross profit	5,327	1,888	7,927	4,248	13,052
Administration expenses	(1,965)	(996)	(3,818)	(2,247)	(6,637)
Exploration costs	(214)	(253)	(367)	(415)	(1,739)
Excess of fair value of assets acquired over consideration	-	-	-	-	1,134
Operating profit	3,148	639	3,742	1,586	5,810
Finance income	1	3	38	19	36
Finance expenses	(105)	(85)	(170)	(415)	(402)
Net finance expense	(104)	(82)	(132)	(396)	(366)
Profit before tax	3,044	557	3,610	1,190	5,444
Income tax	(1,473)	(323)	(1,797)	(663)	(2,473)
Profit for the period attributable to the equity shareholders of the parent	1,571	234	1,813	527	2,971
Earnings per ordinary share (US cents)					
Basic	1.8	0.4	2.1	0.9	4.3
Diluted	1.8	0.4	2.1	0.9	4.3

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Consolidated Balance Sheet

	As at 30 June 2010 (unaudited) US\$'000	As at 30 June 2009 (unaudited) US\$'000	As at 31 December 2009 (audited) US\$'000
Assets			
Property, plant and equipment	23,996	24,720	25,390
Intangible assets	43,400	14,710	34,197
Available for sale investments	921	-	1,567
Deferred tax asset	504	-	426
Other receivables	3,648	-	2,808
Total non-current assets	72,469	39,430	64,388
Inventory	2,501	936	1,526
Other receivables and prepayments	4,075	4,965	1,714
Cash and cash equivalents	6,574	5,141	14,218
	13,150	11,042	17,458
Non-current assets held for sale	600	-	600
Total current assets	13,750	11,042	18,058
Total assets	86,219	50,472	82,446
Equity			
Share capital	66,856	41,459	65,784
Foreign currency reserve	129	129	129
Share option reserve	1,736	1,259	1,363
Accumulated losses	(1,587)	(5,844)	(3,400)
Total equity attributable to the equity shareholders of the parent	67,134	37,003	63,876
Liabilities			
Provisions	1,577	1,349	1,463
Other long term liabilities	1,921	3,212	1,843
Total non-current liabilities	3,498	4,561	3,306
Interest bearing loans	2,500	3,500	3,511
Current tax	1,936	664	951
Trade and other payables	11,151	4,744	10,802
Total current liabilities	15,587	8,908	15,264
Total liabilities	19,085	13,469	18,570
Total equity and liabilities	86,219	50,472	82,446

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Consolidated Statement of Changes in Equity

	Share capital US\$'000	Foreign currency reserve US\$'000	Share Option reserve US\$'000	Profit and loss account US\$'000	Total US\$'000
Balance 1 January 2009	41,459	129	1,173	(6,371)	36,390
Profit for the period to 30 June 2009	-	-	-	527	527
Reserve for share option costs	-	-	86	-	86
Balance 30 June 2009	41,459	129	1,259	(5,844)	37,003
Balance 1 July 2009	41,459	129	1,259	(5,844)	37,003
Profit for the period to 31 December 2009	-	-	-	2,444	2,444
New share capital subscribed	25,166	-	-	-	25,166
Cost of raising share capital	(841)	-	-	-	(841)
Reserve for share option costs	-	-	104	-	104
Balance 31 December 2009	65,784	129	1,363	(3,400)	63,876
Balance 1 January 2010	65,784	129	1,363	(3,400)	63,876
Profit for the period to 30 June 2010	-	-	-	1,813	1,813
Issue of share capital	1,072	-	-	-	1,072
Reserve for share option costs	-	-	373	-	373
Balance 30 June 2010	66,856	129	1,736	(1,587)	67,134

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Consolidated Cash Flow Statement

	3months ended 30 June 2010 (unaudited) US\$'000	3months ended 30 June 2009 (unaudited) US\$'000	6months ended 30 June 2010 (unaudited) US\$'000	6 months ended 30 June 2009 (unaudited) US\$'000	Year ended 31 December 2009 (audited) US\$'000
Cash flows from operating activities					
Operating profit	3,148	639	3,742	1,586	5,810
Depreciation	735	1,081	2,421	2,504	5,509
Impairment of exploration assets	-	69	-	112	-
Share option costs	260	43	373	86	190
Provision for mine closure costs	57	57	114	114	228
(Gain)/loss on disposal of assets	(113)	-	175	-	28
Excess of fair value of assets acquired over consideration	-	-	-	-	(1,134)
Foreign exchange losses relating to non-operating items	-	-	305	-	250
Increase in inventory	(1,426)	(328)	(975)	(163)	(753)
(Increase)/decrease in other receivables and prepayments	(3,542)	(2,522)	(3,279)	3,205	5,097
Increase/(Decrease) in trade and other payables	1,593	112	426	(1,037)	709
Corporation tax paid	-	-	(811)	(2,200)	(4,473)
Net cash flow from operations	712	(849)	2,491	4,207	11,461
Interest received	1	3	38	19	36
Interest paid	(105)	(85)	(170)	(284)	(140)
Net cash flow from operating activities	608	(931)	2,359	3,942	11,357
Cash flows from investing activities					
Acquisition of subsidiaries net of cash received	-	-	-	-	(1,843)
Sale of investments	363	-	471	-	-
Acquisition of property, plant and equipment	(294)	(206)	(1,027)	(975)	(3,581)
Acquisition of intangible assets (exploration expenditure)	(5,014)	(2,006)	(9,203)	(4,318)	(12,416)
Net cash outflow from investing activities	(4,945)	(2,212)	(9,759)	(5,293)	(17,840)
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	-	-	72	-	15,300
Cost of raising share capital	-	-	-	-	(841)
Repayment of loans	-	-	(11)	(2,500)	(2,500)
Net cash inflow from financing activities	-	-	61	(2,500)	11,959
Net (decrease)/increase in cash and cash equivalents	(4,337)	(3,143)	(7,339)	(3,851)	5,476
Cash and cash equivalents at beginning of the period	10,911	8,284	14,218	8,992	8,992
Exchange rate movements	-	-	(305)	-	(250)
Cash and cash equivalents at end of the period	6,574	5,141	6,574	5,141	14,218

Minera IRL Limited

Notes to the Interim Report

The financial information contained in this Interim Report does not constitute statutory accounts as defined by the Companies (Jersey) Law 1991. No statutory accounts for the period have been delivered to the Jersey Registrar of Companies. The financial information contained in this Interim Report has neither been audited nor reviewed by the auditors.

The statutory accounts for the year ended 31 December 2009 will be filed with the Jersey Registrar of Companies. The auditors' report on these accounts was unqualified. The consolidated financial information contained in this Interim Report has been presented and prepared in accordance with interim reporting standards, in a form consistent with the annual accounts and in accordance with accounting policies and standards applicable to those annual accounts. However, these interim accounts do not include all the disclosures required for those annual accounts. Both the annual accounts and these interim accounts have been prepared in accordance with International Financial Reporting Standards. There have been no changes in the company's accounting policies since 31 December 2009.

This Interim Report has been approved for issue by the Board of Directors on 12 August 2010.

Earnings per share

The earnings per share for the second quarter has been calculated using the profit attributable to ordinary shareholders of US\$1,571,000 (second quarter 2009: US\$234,000) and the weighted average number of ordinary shares in issue during the three months to 30 June of 85,760,642 (second quarter 2009: 61,883,422).

The earnings per share for the first half has been calculated using the profit attributable to ordinary shareholders of US\$1,813,000 (first half 2009: US\$527,000) and the weighted average number of ordinary shares in issue during the six months to 30 June 2010 of 85,697,147 (first half 2009: 61,883,422).

Issue of shares

On 24 June 2010 the Company issued 1,111,111 ordinary shares at a price of US\$0.90 per share as a result of the conversion of a US\$1 million loan by Resource Capital Fund.

Transactions of an unusual nature

There were no transactions of an unusual nature during the six months to 30 June 2010.

Seasonal Influences

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

Related parties

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

In addition the Company has received consultancy services from Hamilton Capital Partners Limited for whom a director acts as a consultant adviser. The contract for these services provides for an annual charge of GBP24,000. The contract will end on 30 September 2010.

Subsequent events

On 7 July 2010 the Company entered into an agreement with Macquarie Bank Limited for a US\$20 million loan facility. In July US\$7.5 million of this facility was drawn with US\$2.5 million being used to repay the existing loan from Macquarie Bank. In consideration for this drawdown

and under the terms of the agreement, the Company issued to Macquarie Bank an option over 6,944,444 shares of Minera IRL Limited. This option is exercisable at a price of US\$1.08 per share up to and including 28 June 2013. The previous options issued to Macquarie Bank over a total of 4,861,048 shares have been cancelled.

The Directors of Minera IRL are listed in the Group's Annual report for the year ended 31 December 2009.

By order of the board

C Chamberlain
Executive Chairman