



Management's Discussion and Analysis For the Third Quarter ended 30 September 2017

The following Management's Discussion and Analysis ("MD&A"), prepared as of 14 November 2017, should be read together with the consolidated financial statements of Minera IRL Limited (the "Company") for the third quarter ended 30 September 2017 and related notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information about Minera IRL Limited, 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.

All figures are expressed in United States dollars ("\$\$") unless otherwise noted. References to "C\$" are to Canadian dollars and to "£" are to British pound sterling.

THIRD QUARTER HIGHLIGHTS

Financial

- Gold sales of 5,884 ounces (Q3 2016: 5,870 ounces) at an average realized gold price of \$1,272 per ounce (Q3 2016: \$1,335 per ounce).
- Revenue of \$7.5 million, (Q3 2016: \$7.8 million).
- Gross profit of \$1.3 million (Q3 2016: \$2.2 million).
- Administrative expenses of \$1.3 million (Q3 2016: \$2.2 million).
- Loss before tax of \$2.0 million (Q3 2016: 3.0 million).
- Cash balance of \$4.2 million at the end of the third quarter (31 December 2016: \$6.8 million).
- Debt of \$74.4 million at the end of the quarter (31 December 2016: \$69.2 million).

Operational Performance

- **Corihuarmi**
 - Similar level of gold production from the Corihuarmi Mine compared to the third quarter 2016; (Q3 2017: 5,757 ounces, Q3 2016: 5,781 ounces).
 - Decrease of 11% in tonnes of ore mined and stacked over the third quarter 2016; (Q3 2017: 759,179 tonnes, Q3 2016: 855,392 tonnes).
 - Waste of 712,626 tonnes (Q3 2016: 324,436 tonnes).
 - Total cash costs were \$936 per ounce produced (Q3 2016: \$848).
 - Total all-in sustaining costs (AISC) were \$1,181 per ounce produced (Q3 2016: \$1,159).
 - Extension of the life of mine through the end of 2020.
 - Ongoing construction of a new leaching Pad of approximately \$2.0 million.
 - Update of NI 43-101 technical report.
- **Ollachea**
 - The Superior Council of Arbitration of the Chamber of Commerce of Lima rejected the arguments submitted by Corporación Financiera de Desarrollo S.A. (“COFIDE”) in opposition to beginning the Arbitration requested in June, 2017. The Council admitted the Company’s claims despite COFIDE’s objections, and decided that the Arbitration should continue.
 - Ongoing discussions with potential investors
 - The Company continues with its Community programs and maintains an excellent relationship with the Ollachea Community.

Background and Business of the Company

Minera IRL Limited (“Minera IRL” or the “Company”) is a Jersey registered company which, together with its subsidiaries, engages in exploration, development and mining of precious metals. 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. Subsequently, the Company listed on the Lima Stock Exchange in Peru, the Bolsa de Valores Lima (“BVL”), in December 2007. In April 2010, the shares of the Company were listed on the Toronto Stock Exchange (“TSX”).

The Company did not timely file its financial statements for the three and six month periods ended 30 June 2015 and trading in the Company’s shares was suspended on AIM, BVL and TSX in September 2015. In March 2016, the Company requested a delisting from AIM. In October 2015 the Company applied for a voluntary delisting on TSX. Also in October 2015, both the Ontario Securities Commission and the British Columbia Securities Commission issued Cease Trade Orders for the Company’s failure to timely file its periodic disclosure documents. This Cease Trade Orders were revoked on 20 January 2017 and on 3 February 2017 the Company’s ordinary shares began trading on the Canadian Securities Exchange. Trading on BVL resumed on 4 January 2017 after the Peruvian securities regulator lifted the trade suspension issued in 2015.

In Peru, the Company operates the Corihuarmi Gold Mine and has been advancing its flagship project, the Ollachea Gold Project (the “Ollachea Project”), towards production. At Ollachea, the Company has completed a post-definitive feasibility study optimization and received an Environmental and Social Impact Assessment (“ESIA”) and construction permit from the Peruvian authorities.

The Company is currently working towards financing the Ollachea Project. On 8 June 2015, the Company announced that it had arranged a \$70,000,000 secured finance facility (the “Bridge Loan”) structured by the Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. (“COFIDE”) and syndicated through Goldman Sachs Bank USA. The Bridge Loan was part of a senior project credit finance facility of up to \$240,000,000, described in a Mandate Letter signed by COFIDE and Minera IRL (“Senior Project Debt Facility”). The Senior Project Debt Facility was to be structured by COFIDE, in conjunction with Minera IRL, to build the Ollachea Project.

In March 2017 COFIDE terminated the letter of mandate without providing any reason for their decision.

On 6 June 2017 the Company announced it had obtained an order from the Superior Court of Justice of Lima as a precautionary measure to protect its assets and investments in the Ollachea Project; and its intention to initiate an arbitration process. The order temporarily suspends any enforcement proceedings against the Company regarding the repayment of the \$ 70,000,000 Bridge Loan granted by COFIDE as well as the last interest instalment of approximately \$1,240,000 both of which were due on 5 June 2017.

On 20 June 2017 the Company announced it had filed an arbitration claim against COFIDE with the Arbitration Centre of the Lima Chamber of Commerce. The intention to commence the Arbitration had been previously announced by the press release of 6 June 2017.

On 4 October 2017 the Company announced the Superior Council of Arbitration of the Chamber of Commerce of Lima rejected the arguments submitted by COFIDE in opposition to beginning the Arbitration requested in June, 2017. The Council admitted the Company’s claims despite COFIDE’s objections, and decided that the Arbitration should continue.

The Bridge Loan is secured by the Ollachea Project’s assets, mining reserves, mining concessions and rights and a pledge of the shares of the Company’s subsidiary, Compania Minera Kuri Kullu S.A., which holds the Ollachea Project. If the Company is not able to secure financing it will not have the funds available to develop the Ollachea Project and may be required to delay, scale back or eliminate various programs related to the Project. The assets of the Corihuarmi mine are not included as a guarantee of the Bridge Loan.

The Company is currently evaluating its options for the repayment of the Bridge Loan and accrued interests as well as seeking alternative sources of financing its Ollachea Project.

Operational, Project Development and Exploration Review

Corihuarmi Gold Mine, Peru

The Company's 100% owned Corihuarmi Gold Mine ("Corihuarmi") is located approximately 160 kilometres ("km") southeast of Lima, Peru, in the Central Andes at an altitude of almost 5,000 metres ("m"). The Company acquired the Corihuarmi leases in 2002 and the mine was brought into production in March 2008. The most recent exploration drill program commenced in December 2016 and the corresponding exploration final report prepared by an independent consulting firm was received in April 2017. Subsequently, the company filed an updated NI 43-101 technical report on 2 October 2017. This report extends the life of mine to December 2020.

Below is a summary of the key operating statistics for Corihuarmi for the three and nine months ended 30 September 2017 and 2016:

Operating Results	Three Month Period Ended 30 September		Nine Month Period Ended 30 September	
	2017	2016	2017	2016
Waste (tonnes)	712,626	324,436	1,718,719	1,003,813
Ore mined & stacked on heaps (tonnes)	759,179	855,392	2,239,891	2,310,427
Ore grade, mined and stacked (g/t gold)	0.32	0.28	0.34	0.29
Gold produced (ounces)	5,757	5,781	18,846	17,250
Gold sold (ounces)	5,884	5,870	18,812	17,137
Realized gold price (\$ per ounce sold)	1,272	1,335	1,249	1,267
Total cash costs (\$ per ounce produced) ¹	936	848	830	800
Total all-in sustaining costs (\$ per ounce)	1,181	1,159	1,032	1,061

¹. Refer to Non-IFRS Measures at the end of this MD&A.

Gold production during the third quarter of 2017 was 5,757 ounces, almost at the same level of the 5,781 ounces produced in the third quarter of 2016. An 11% decrease in ore mined and stacked on heaps during the third quarter was offset by the 14% increase in ore grade. During the nine month period ended 30 September 2017 gold production was 18,846 ounces, a 9% increase compared to the 17,250 ounces produced in the same period of the prior year. The 9% increase in gold production was mainly the result of an increase of 17% in ore grade partially offset by a decrease of 3% in ore mined and stacked.

Gold sold during the third quarter of 2017 was 5,884 ounces, almost at the same level of the 5,870 ounces sold in the third quarter of 2016. During the nine month period ended 30 September 2017 gold sold was 18,812 ounces, a 10% increase compared to the 17,137 ounces sold in the same period of the prior year.

The average realized gold price during the third quarter of 2017 was \$1,272, a 5% decrease compared to the \$1,335 average realized gold price during the third quarter of 2016. During the nine month period ended 30 September 2017 the average realized gold price was \$1,249 which was a small decrease of 1% from the average realized gold price of \$1,267 in the same period of the prior year.

Total cash costs of \$936 per ounce produced during the third quarter of 2017 were 10% higher than total cash costs of \$848 during the third quarter of 2016. During the nine month period ended 30 September 2017 total cash costs were \$830 per ounce produced which was 4% higher than total cash costs of \$800 during the same period of the prior year. Total all-in sustaining costs (“AISC”) of \$1,181 per ounce produced during the third quarter of 2017 were 2% higher than the \$1,159 per ounce produced during third quarter of 2016. During the nine month period ended 30 September 2017 AISC was \$1,032 per ounce produced which was 3% lower than the \$1,061 AISC per ounce produced during the same period of the prior year.

Ollachea Project, Peru – Development

Minera IRL’s flagship Ollachea Project is located in southern Peru, approximately 250km north of Lake Titicaca, on the eastern escarpment of the Andes Mountains. Infrastructure in close proximity to the project is excellent and well serviced with paved roads, transmission lines, and electricity generating facilities.

In June 2012, the Company announced that the 2007 5-year Surface Rights Agreement with the nearby Community of Ollachea had been extended for a period of 30 years. As part of this agreement, Minera IRL agreed to continue developing community health, education, sustainability and community enterprise programs. The 2012 agreement also ratifies the commitment in the original 2007 Surface Rights Agreement to grant the Community of Ollachea a 5% equity participation in the subsidiary company Minera Kuri Kullu SA which holds the Ollachea leases, upon the commencement of commercial production.

Between 2008, when drilling commenced, and the last drill hole in early 2013, the Company has completed 82,275m of drilling in 211 holes over a strike length of approximately 2km, resulting in the delineation of significant gold mineral resources at Ollachea. All defined zones of mineralization remain open-ended both along strike and down-dip at Ollachea.

In November 2012, the Company published a National Instrument 43-101 compliant technical report summarizing the results of a Definitive Feasibility Study (the “Ollachea DFS”) for a robust underground mining operation on the Minapampa Zone of the Ollachea Project that was prepared by AMEC (now Amec Foster Wheeler). In June 2014, the Company completed an optimization study on Ollachea DFS in anticipation of the development of the Ollachea Project (the “Ollachea Optimization Study”) that included an updated Mineral Reserve and Resource Statement for the Minapampa Zone, updated cost estimates, and an accelerated production profile.

In December 2012, as part of the permitting process, the Company submitted an Environmental and Social Impact Assessment (“EIA”) report on the Ollachea Project to the Peruvian Ministry of Mines and Energy (“MEM”), the government agency responsible for EIA approval. The EIA report was the culmination of over three years of environmental baseline studies, the Ollachea DFS, archaeological studies, water management plan, flora and fauna studies, social baseline studies and comprehensive community public consultations. The approval of a mining project’s EIA is a major milestone on the path towards production and is the key permit required to develop a mine in Peru.

In May 2013, the Ollachea EIA received final approval from the Community of Ollachea; and, in September 2013, MEM approved the EIA. After approval of the EIA, the Company submitted its application for a construction permit for the Ollachea Project, which was issued in June 2014. The construction permit was the final significant permit required to commence construction of the Ollachea Project.

During the second quarter of 2017 the Company, with assistance from Mining Plus and Ernst & Young has made significant efforts to optimize its mining plan and financial model, reducing CAPEX and increasing the cut-off grade.

Expenditures capitalized during the third quarter of 2017 were \$0.8 million (\$2.5 million during the nine month period ended 30 September 2017), which are related mainly to community development, environmental costs, as well as costs related to the optimization of the Ollachea Project's mining and financial models.

Ollachea Project, Peru – Exploration

Over the three and one-half year period following commencement of drilling in October 2008, the Company completed 82,275m of drilling in 211 holes over a strike length of approximately 2km, resulting in the delineation of significant gold mineral resources and reserves at Ollachea. There is significant exploration upside at Ollachea, as all zones of known mineralization remain open-ended both along strike and down-dip.

On 29 August 2011, the Company announced that it had committed to the construction of a 1.2km exploration tunnel into the hanging wall of the Minapampa ore body at the Ollachea Project. In addition to providing access for underground exploration drilling, the tunnel was designed to later serve as a production tunnel, which is expected to facilitate rapid mine development project once the Company secures financing for the project.

On 29 November 2012, the Company released the results of the Feasibility Study on Minapampa. The Feasibility Study was managed by AMEC Peru SA in conjunction with Coffey Mining who has contributed the resource estimation and underground mining aspects. The Feasibility Study was based on an indicated resource of 10.6 million tonnes grading 4.0g/t gold containing 1.4 million ounces. The mine design and production scheduling contemplated by the Feasibility Study resulted in a probable mineral reserve of 9.3 million tonnes grading 3.4g/t gold containing 1.0 million ounces.

In January 2013, the exploration tunnel reached its planned 1.2km objective, more than a month ahead of schedule and under budget. The speed and reduced cost associated with the completion of the tunnel, as well as the practical experience gained, indicates that certain technical considerations utilized in the DFS may be conservative. Specifically, the tunnel exhibits significantly better ground conditions, a much higher advance rate and minimal water infiltration; these factors could positively affect the project economics outlined in the Ollachea DFS, though the extent of their impact cannot be accurately predicted.

During the second half of 2016 and at COFIDE's request the Company carried out a drilling program on the Minapampa Far East zone. Also at COFIDE's request this program was supervised by Mining Plus. On 13 February 2017, the Company announced the final assay results of the 2016 Minapampa Far East drill program. The drill hole results have been used to outline an exploration target in the Minapampa Far East mineralized zone of 370,000 to 550,000 ounces of gold contained within 3.1 to 4.6 million tonnes, grading 2.9 to 4.3 g/t gold. The potential tonnages and grades are conceptual in nature and are based on drill results that define the approximate length, thickness, depth and grade of mineralization in the

Minapampa Far East mineralized zone. The Company will include this information on its technical reports when additional funds are available to upgrade this exploration target.

Other Exploration Projects

Frontera Joint Venture

The Frontera project is a 35/65 joint venture with Teck Resources Limited (“**Teck**”), which is managed by Teck. The property consists of a 12km² package of tenements located in Region I of northern Chile, on the northwestern border with Peru and close to the eastern border with Bolivia.

No exploration activities are planned for 2017.

Quilavira Project

The Company signed an option agreement in February 2010 to acquire the Quilavira Gold Project from Newcrest Mining Ltd. The 51km² 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 that 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 are expected to be transferred at nominal cost.

The main exploration target at Quilavira is an alteration zone approximately 1,200m by 300m in size. Sampling by Newcrest identified a 200m by 200m zone of anomalous gold mineralization (>1g/t gold rock chip samples) within the western part of the alteration zone.

No exploration activities are planned for 2017.

Summary of Quarterly Results

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

	Q4 Dec. '15	Q1 Mar. '16	Q2 Jun. '16	Q3 Sep. '16	Q4 Dec. '16	Q1 Mar. '17	Q2 Jun. '17	Q3 Sep. '17
Total revenue	7,669	6,744	7,126	7,839	7,454	7,818	8,183	7,486
Loss after tax	(4,630)	(2,679)	(2,421)	(2,991)	(2,322)	(1,749)	(1,527)	(1,958)
Total comprehensive income (loss)	(4,630)	(2,679)	(2,421)	(2,991)	(2,322)	(1,749)	(1,527)	(1,958)
Net loss per share (basic and diluted -US cents)	(1.9)	(1.2)	(1.0)	(1.3)	(1.0)	(0.7)	(0.7)	(0.8)

The business of the Company is not generally subject to seasonal influences. The variation in revenue, net profit and loss are due to a number of factors, including the market price of gold, the tonnes of ore and the associated grade of these tonnes of ore extracted from the mine and therefore the cost of production, the level of expenses incurred and the impairment of exploration, development and mining assets.

Overview of Financial Results

Note – All of the results presented are prepared under IFRS and are in United States dollars, which is also the Company's functional currency.

	Three Months Period Ended 30 September		Nine Month Period Ended 30 September	
	2017	2016	2017	2016
Revenue (\$'000)	7,486	7,839	23,487	21,709
Gold sold (ounces)	5,884	5,870	18,812	17,137
Realized gold price (\$ per ounce)	1,272	1,335	1,249	1,267
Gross profit (\$'000)	1,289	2,223	6,127	5,584
Loss after-tax (\$'000)	(1,958)	(2,991)	(5,234)	(8,091)
Comprehensive loss (\$'000)	(1,958)	(2,991)	(5,234)	(8,091)
Loss per share (cents)	(0.8)	(1.3)	(2.3)	(3.5)

Results of Operations

During the third quarter of 2017 the Company reported an after tax loss of \$1,958,000 compared with a loss of \$2,991,000 during the third quarter of 2016. The \$1,033,000 lower loss was mainly the result of \$1,129,000 lower finance expenses and \$905,000 lower administrative expenses, partly offset by a \$934,000 decrease in gross profit. During the nine month period ended 30 September 2017 after tax loss was \$5,234,000 compared with \$8,091,000 during the same period of the prior year. The \$2,857,000 lower loss was mainly the result of \$543,000 higher gross profit, \$1,859,000 lower administrative and \$338,000 lower finance expenses.

During the third quarter of 2017, the Company reported sales revenue of \$7,486,000 compared with sales revenue of \$7,839,000 during the third quarter of 2016, a decrease of \$353,000. This 5% decrease was due to a decrease of 5% in the average realized gold price. During the nine month period ended 30 September 2017 sales revenue was \$23,487,000 compared with sales revenue of \$21,709,000 during the same period of the previous year, an increase of \$1,778,000. This 8% increase was mainly due to an increase of 10% in the number of gold ounces sold partially offset by a 1% decrease in the average price of gold sold.

Cost of sales during the third quarter of 2017 was \$6,197,000, compared with cost of sales of \$5,616,000 during the third quarter of 2016, an increase of 10%. During the nine month period ended 30 September 2017 cost of sales was \$17,360,000 compared with cost of sales of \$16,125,000 during the same period of the previous year, an increase of 8%. A period-over-period comparison for the cost of sales is provided in the table below.

Breakdown of Cost of Sales

	Three Month Period Ended 30 September		Nine Month Period Ended 30 September	
	2017 (\$'000s)	2016 (\$'000s)	2017 (\$'000s)	2016 (\$'000s)
Site operating costs	4,186	4,055	12,159	11,767
Depreciation and amortization	808	716	1,723	2,326
Community and environmental costs	734	277	2,060	663
Other costs (royalties and taxes, selling expense, others)	469	568	1,418	1,369
Total	6,197	5,616	17,360	16,125

Administration expenses during the third quarter of 2017 were \$1,277,000, compared with administration expenses of \$2,182,000 during the third quarter of 2016, a decrease of 41%. The most significant changes between the two periods was a reduction of \$247,000 in foreign exchange expenses and a reduction of \$582,000 in professional and consulting fees. During the nine month period ended 30 September 2017 administration expenses were \$3,322,000 compared with \$5,181,000 during the same period of the previous year, a decrease of 36%. The most significant changes between the two periods was a reduction of \$514,000 in salaries and wages, a reduction of \$402,000 professional and consulting fees, a reduction of \$253,000 in foreign exchange and a reduction of \$385,000 in other expenses mainly due to a one-time provision of \$631,000 made in the second quarter of 2016 for termination costs. A period-over-period comparison for the administration expenses is provided in the table below.

Breakdown of Administration Expenses

	Three Month Period Ended 30 September		Nine Month Period Ended 30 September	
	2017 (\$'000s)	2016 (\$'000s)	2017 (\$'000s)	2016 (\$'000s)
Depreciation	(22)	19	23	63
Director fees	1	19	36	58
Foreign exchange	72	319	-	253
Investor relations	4	8	26	67
Stock exchange fees	28	77	133	166
Office rent and administration	113	111	286	338
Professional and consulting fees	265	847	937	1,339
Salaries and wages	678	686	1,395	1,909
Telecommunication	21	25	60	87
Travel	49	105	164	254
Other	68	(34)	262	647
Total	1,277	2,182	3,322	5,181

Finance expense during the third quarter of 2017 was 1,903,000 compared to \$3,032,000 during the third quarter of 2016, a decrease of 37% mainly due to the 41% decrease in interest expenses related to the

COFIDE bridge loan. During the nine month period ended 30 September 2017 finance expenses decreased 4% compared with the same period of the previous year. A period-over-period comparison for the finance expenses is provided in the table below.

Breakdown of Finance expenses

	Three Month Period Ended 30 September		Nine Month Period Ended 30 September	
	2017 (\$'000s)	2016 (\$'000s)	2017 (\$'000s)	2016 (\$'000s)
COFIDE bridge loan interest	1,297	2,200	6,360	6,428
Other bridge loan finance costs	-	268	539	789
Royalty buyback provision	390	350	377	357
Other finance expenses	216	214	554	594
Total	1,903	3,032	7,830	8,168

Cash Flow

Cash provided by operating activities during the third quarter of 2017 was \$2,014,000, compared with \$1,041,000 provided during the third quarter of 2016. During the nine month period ended 30 September 2017 cash provided by operating activities was \$4,491,000, compared with cash provided by operating activities of \$604,000 during the same period of the prior year.

Investing activities during the third quarter of 2017 used \$1,763,000, compared with \$2,672,000 used during the third quarter 2016, a decrease of \$909,000. The change was due mainly to lower deferred exploration and development expenditures. During the nine month period ended 30 September 2017 investing activities used \$4,966,000 compared with \$6,475,000 used during the same period of the prior year, a decrease of \$1,509,000. The change was due mainly to higher cash inflows coming from disposal of property, plant and equipment and lower cash outflows related to restricted funds, partly offset by higher cash outflows related to acquisition of property, plant and equipment. A period-over-period comparison for the investing activities is provided in the table below.

Breakdown of Investment activities

	Three Month Period Ended 30 September		Nine Month Period Ended 30 September	
	2017 (\$'000s)	2016 (\$'000s)	2017 (\$'000s)	2016 (\$'000s)
Acquisition of property, plant and equipment	870	945	2,113	1,868
Proceeds on disposal of vehicles	11	-	(471)	(18)
Deferred exploration and development expenditures	904	1,727	3,324	3,289
Increase in restricted cash	-	-	-	1,336
Total	1,763	2,672	4,966	6,475

Financing activities during the third quarter of 2017 used \$200,000, compared with \$1,490,000 used during the third quarter of 2016, a decrease of \$1,290,000. The change is due to the lack of payment of interest related to the COFIDE Bridge Loan which was due on 5 June 2017 (additional information is

provided in the section “Background and Business of the Company” on page 3) partially offset by repayment of leasing obligations. During the nine month period ended 30 September 2017 investing activities used \$2,177,000 compared with \$4,356,000 used during the same period of the prior year, a decrease of \$2,179,000. The change is mainly due to less interest paid related to the COFIDE Bridge Loan partly offset by repayment of lease obligations. A period over period comparison for the financing activities is provided in the table below.

Breakdown of Financing activities

	Three Months Period Ended 30 September		Nine Months Period Ended 30 September	
	2017	2016	2017	2016
	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)
Interest paid for the COFIDE Bridge Loan	-	1,221	1,248	3,611
Taxes on interest paid	-	206	416	603
Repayment of lease obligations	132	-	372	-
Other	68	63	141	142
Total	200	1,490	2,177	4,356

Legal Actions Involving the Company

During the second half of 2015, various legal actions were filed by the Company against the General Manager of its Peruvian subsidiary, Minera IRL S.A., and by the General Manager against the directors and certain senior officers of the Company. The findings of a forensic investigation by Baker Tilly (Peru) revealed no credible evidence of wrongdoing or criminal misconduct by the general manager or other members of the management team. During the first half of 2016 most of the parties involved signed a settlement agreement and these legal actions were discontinued.

Claims for wrongful dismissal have been filed against one of the Company’s subsidiaries in Peru. As at 30 September 2017 the Company has made an accrual of \$190,000 related to this matter.

On 6 June 2017 the Company announced it had obtained an order from the Superior Court of Justice of Lima as a precautionary measure to protect its assets and investments in the Ollachea Project; and its intention to initiate an arbitration process. On 20 June 2017 the Company announced it had filed an arbitration claim against COFIDE with the Arbitration Centre of the Lima Chamber of Commerce. On 4 October 2017 the Company announced the Superior Council of Arbitration of the Chamber of Commerce of Lima rejected the arguments submitted by COFIDE in opposition to beginning the Arbitration requested in June, 2017. The Council admitted the Company’s claims despite COFIDE’s objections, and decided that the Arbitration should continue.

On 4 October 2017 the Company also announced it had become aware of irregularities at COFIDE that appear to be preventing COFIDE from honouring its commitments under the Mandate Contract to structure the US\$240m financing package for the development of the Company's Ollachea Project. As a result, the Company filed a criminal complaint against certain officers of COFIDE and third parties directly involved with the alleged events.

Outlook

At 30 September 2017, the Company had a working capital deficit of \$74,902,000 (defined as current assets less current liabilities).

In 2017, the Company is forecasting gold production of 25,000 ounces from Corihuarmi. Production is expected to come mainly from the Cayhua zone, along with continued production from zones Susan, Laura, Diana extension, plus nearby Scree Slope material.

The 2017 Corihuarmi capital budget is \$2.0 million for the construction of a heap leach pad and \$0.9 million for the construction of a waste dump site. This expansion is to accommodate all of the material that is scheduled to be mined and stacked until the second quarter of 2018.

Between December 2016 and March 2017, the Company completed 7,291 metres of exploration drilling in 86 drill holes at the Corihuarmi mine. The exploration program defined additional material at the Cayhua, Tambo Nuevo and Laura zones. As a result of the exploration and evaluation activities, Corihuarmi's life of mine has been extended until the end of 2020.

Ollachea and the COFIDE Bridge Loan

In March 2017 COFIDE terminated the letter of mandate without providing any reason for their decision. The Company is currently evaluating its options for the repayment of the Bridge Loan and accrued interest which was due on 5 June 2017.

The Bridge Loan is secured by the Ollachea Project's assets, mining reserves, mining concessions and rights and a pledge of the shares of the Company's subsidiary, Compania Minera Kuri Kullu S.A., which holds the Ollachea Project. If the Company is not able to secure financing it will not have the funds available to develop the Ollachea Project and may be required to delay, scale back or eliminate various programs related to the Project. The Corihuarmi mine is not included as a guarantee of the Bridge Loan.

For further information, please refer to paragraph "Background and Business of the Company" on page 3.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration, development and operation of its mining assets. In the management of capital, the Company includes its cash and cash equivalent balances, interest bearing loans and components of shareholders' equity.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company is not currently subject to externally imposed capital requirements.

Liquidity and Capital Resources

As at 30 September 2017, the Company had cash of \$4,205,000, compared with \$6,857,000 as at 31 December 2016.

As at 30 September 2017, the Company had a working capital deficiency of \$74,902,000. Working capital is defined as current assets less current liabilities.

The above conditions indicate the existence of a material uncertainty which may cast doubt on the Company's ability to continue as a going concern.

Future Contractual Obligations

As at 30 September 2017, the Company had the following undiscounted future contractual obligations outstanding:

\$'000	Total	Less than 1 year	Year 2	Year 3	Year 4	Year 5	After Year 5
Debt repayments ⁽¹⁾	72,872	72,872	-	-	-	-	-
Promissory note	1,568	1,568	-	-	-	-	-
Asset retirement obligation ⁽²⁾	7,838	420	1,084	2,358	2,694	768	514

Notes:
(1) This amount includes the \$70 million from the COFIDE Bridge Loan and interest accrued as at 30 September 2017
(2) These amounts relate to the Corihuarmi mine rehabilitation costs and Ollachea exploration tunnel rehabilitation cost.

Going Concern Basis

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 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.

Commitments and Contingent Liabilities

The Company is subject to various laws and regulations governing its mining, development and exploration activities. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such

laws and regulations. As at 30 September 2017 the Company has accrued \$ 145,000 regarding liabilities related to environmental issues.

During 2013, the Company was issued tax reassessments by the Peruvian tax authorities for the years ended 31 December 2008, 2009 and 2011 related to the deductibility of depreciation claimed by the Company. The appeal filed by the Company with the tax authorities was unsuccessful and the Company subsequently filed an appeal with the Peruvian Tax Court. If the Company is unsuccessful in its appeal of the reassessments, taxes in the amount of approximately \$1,407,000 would be payable. No provision has been made as the Directors consider that the Company will be successful in its appeal.

The Company entered into a contract with Empresa de Generacion Electrica San Gaban S.A. for the supply of power for the construction and operation of the Ollachea Project. The supply of power contract included certain minimum power usages in the event that construction of Ollachea had not commenced by June 2015. In March 2015, the Company amended the power contract deferring the requirement to make minimum power usage payments for twelve months, until June 2016. As compensation for deferring the minimum power usage requirements for twelve months, the Company agreed to pay fixed monthly compensation for a period of nine and a half years starting six months after Ollachea commences production. The monthly compensation amount will vary depending on the start date of the construction of Ollachea, but could be as high as \$11,000 per month for a total amount of \$934,000 over the nine and a half year period. The term of the agreement was extended 5 years to start the construction stage with no penalty or minimum monthly payments. If the Company chooses to terminate the power supply agreement prior to the commencement of production, there would be a penalty of approximately \$2,400,000. The contract was extended until March 2022.

Claims for wrongful dismissal have been filed against one of the Company's subsidiaries in Peru. As at 30 September 2017 the Company has made an accrual of \$190,000 related to this matter.

Financial Instruments

The Company's principal financial assets comprise of cash and cash equivalents, and other receivables. The Company's financial assets are classified as loans and receivables and are measured at amortised cost. The Company's financial liabilities include trade and other payables, interest bearing loans and other long term liabilities. They are all classified as financial liabilities and measured at amortised cost.

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 refer to the Company's Annual Information Form filed on SEDAR at www.sedar.com.

Additionally, there are risks specifically related to the COFIDE Bridge Loan. For further information, please refer to paragraph "Background and Business of the Company" on page 3.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents as well as an adequate amount of committed credit facilities. Management of the Company safeguards its cash resources and makes regular forecasts of the requirements to use those resources. If necessary, management adapts its plans to suit the resources available.

In March 2017 the Company was informed by COFIDE that it had terminated the letter of mandate to structure the senior debt for the development of the Ollachea Project, and would require repayment of the \$70,000,000 Bridge Loan on 5 June 2017. As a result, the Company now needs to raise funds from alternative sources or through new equity funds in order to repay the Bridge Loan and accrued interests and commence major site construction on the Ollachea Project. Failure to do so may result in relinquishing control of the subsidiary.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk in so far as it deposits cash with its banks. However, the banks used are international institutions of the highest standing. In addition the Company is exposed to sovereign risk in so far as it is owed recoverable sales tax by the government of Peru.

Currency risk

Foreign currency risk is the risk that the fair value of assets and future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company operates in Peru 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

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Debt obligations are exposed to interest rate variations. The Company has debt denominated in US dollars and is therefore exposed to movements in US dollar interest rates. This debt bears interest at 6.17% over LIBOR. A change in LIBOR of +/- 1% would not have a material effect on the financial results of the Company. It is the policy of the Company to settle trade payables within agreed terms so that no interest is incurred on those liabilities.

Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. The commodity price for gold is impacted by world economic events that dictate the levels of supply and demand. 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 price 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

The Company's portion of transactions between the Company and its jointly controlled entities are eliminated on consolidation.

During the quarter ended 30 September 2017, the Company had no transactions with related parties with the exception disclosed in note 18 of the consolidated financial statements for the quarter ended 30 September 2017.

Significant Accounting Policies and Critical Accounting Estimates

The Company follows the accounting policies described in the audited consolidated financial statements for the year ended 31 December 2016, which have been filed on SEDAR.

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.

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.

Intangible Assets

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 the Company. 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.

Impairment

In undertaking an impairment review for the operating mine or advanced exploration projects an economic model is prepared which includes full details of the mining and processing schedule, head grade, strip ratios of waste to ore, operating costs and capital costs. From this information the amount of gold production is calculated and revenues estimated. Operating costs, including royalties and refining charges, and capital costs are entered and a cash flow model is produced, which is used to calculate the net present value of the pre-tax cash flow from the operation or project. This net present value is then compared to the carrying value of the operation or project on the balance sheet and an assessment is made regarding impairment.

Should any key parameters differ from the assumptions contained within the technical economic model, such as tonnes of ore mined, grade of ore mined, recovery profile or gold price, the net present value will be affected either positively or negatively. If the impact is negative, an impairment charge may be required that has not been recognized in these financial statements.

Asset Retirement Provisions

Restoration costs will be incurred by the Company at the end of the operating life of the Company's facilities and properties. The ultimate restoration liability is uncertain and can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques, experience at other production sites, or changes in the risk-free discount rate. The expected timing and amount of expenditure can also change in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Depreciation Rate

Mining properties are depreciated on a straight line basis over the expected life of the mine. The calculation of mine life and depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on proven plus probable reserves. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

Share Based Payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Management's Responsibility for Financial Statements

The information provided in this report, including the information provided in the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying condensed interim consolidated financial statements.

Disclosure Controls and Internal Control over Financial Reporting

Management of the Company is responsible for the design and implementation of disclosure controls and procedures and for internal controls over financial reporting ("ICFR") as required by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management to allow timely decisions regarding the required disclosure. Management has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company has concluded that, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The Company's internal control over financial reporting includes policies and procedures that:

- Require maintaining records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary for preparation of financial statements in accordance with IFRS;
- Provide reasonable assurance that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's Directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's internal control over financial reporting may not prevent or detect all misstatements, whether due to error or fraud, because of inherent limitations. A control system, no matter how well designed or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Additionally, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

There has been no change in the Company's internal control over financial reporting during the period ended 30 September 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Outstanding Share Data

The Company has an authorized share capital of an unlimited number of no par Ordinary Shares, of which 231,135,028 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 the date of this report, the Company had 700,000 options issued for the benefit of directors, employees and consultants of the Company under the Company's Share Option Plan. 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. of options outstanding
Share Option Plan Issued Options				
15 November 2013	15 November 2013	15 November 2018	£0.1500	700,000
Total				700,000

Additionally, 11,556,751 options were to be issued as part of the fees payable to Sherpa in regards to the COFIDE Bridge Loan financing. The options, which will have an exercise price of C\$0.20, are subject to shareholder and regulatory approval. During the Annual General Meeting held on 30 November 2016 the resolution granting the directors the authority to allot shares did not pass, in consequence these options have not been granted.

Changes in Accounting Policies including Initial Adoption

The Company did not adopt any new accounting policies during the period ended 30 September 2017.

Subsequent Events

There have been no subsequent events between the end of the period date and the date of filing of the financial statements.

Management and Board Changes

On 29 September 2017 the Company announced the appointment of Mr. Jesus Armando Lema and Mr. Santiago Valverde as directors of the Company. With these appointments, the Company's Board now consists of five directors, three of whom are independent directors.

Additional Information

Additional information regarding Minera IRL, including Minera IRL's Annual Information Form for the year ended 31 December 2016 is available on the Company's website at www.minera-irl.com 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 nuevo sol, 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, Mr. Francis O'Kelly FIMM, CEng. a Fellow of the UK Institute of Mining and Metallurgy, is the Qualified Person ("QP") responsible for the technical disclosure in this MD&A.

Non-IFRS Measures

“Total cash costs” includes include costs such as mining, processing and administration (excluding depreciation and amortization) plus applicable royalties, workers’ profit participation cost, and other non-site costs (transport and refining of metals, community and environmental costs). These costs are then divided by the ounces sold to arrive at “total cash cost per ounce produced”.

“Total all-in sustaining costs” includes “Total cash costs” plus administrative expenses, mine closure accretion, exploration expenses and capital expenditure. These costs are then divided by the ounces sold to arrive at “total all-in sustaining cost per ounce produced”.

Both of these measures may vary from one period to another due to operating efficiencies, waste-to-ore ratios, grade of ore processed and gold recovery rates in the period.

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 that 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 IFRS, and is not necessarily indicative of operating costs presented under IFRS. The following table reconciles these non-GAAP measures to the consolidated financial statements.

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2017	2016	2017	2016
Cost of sales	\$6,197	\$5,616	\$17,360	\$16,125
Less:				
Depreciation	808	716	1,723	2,326
Total cash costs	\$5,389	\$4,900	\$15,637	\$13,799
<i>Ounces of gold produced</i>	<i>5,757</i>	<i>5,781</i>	<i>18,846</i>	<i>17,250</i>
Total cash costs per ounce produced	\$936/oz.	\$848/oz.	\$830/oz.	\$800/oz.
Total cash costs plus:				
Administrative expenses	\$467	\$795	\$1,347	\$2,339
Mine closure accretion	114	111	342	334
Exploration expenses	77	-	108	19
Capital expenditure	750	894	2,006	1,811
Total all-in Sustaining costs	\$6,797	\$6,700	\$19,440	\$18,302
<i>Ounces of gold produced</i>	<i>5,757</i>	<i>5,781</i>	<i>18,846</i>	<i>17,250</i>
Total all-in sustaining costs per ounce produced	\$1,181/oz.	\$1,159/oz.	\$1,032/oz.	\$1,061/oz.