



Management's Discussion and Analysis For the quarter and year ended 31 December 2023

The following Management's Discussion and Analysis, prepared as of 03 June 2024, should be read together with the consolidated financial statements (unaudited) of Minera IRL Limited (the "Company") for the year ended 31 December 2023 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.

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 mining of precious metals. Currently, the Company trade its ordinary shares on the Canadian Securities Exchange (“CSE”) and on the Bolsa de Valores de Lima (“BVL”), the Frankfurt Stock Exchange (“FWB”) and the OTCQB Venture Market in the United States.

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 an NI 43-101 compliant Preliminary Economic Assessment and has received the approval of its Environmental and Social Impact Assessment (“ESIA”) and construction permit from the Peruvian authorities.

Current Situation

In the fourth quarter of 2023, the Company remained focused on two key aspects: increasing gold production and generating efficiencies that drive further reductions in production costs. The efforts made in previous quarters aimed to optimize mining and processing operations, while prioritizing investments in safety and environmental management infrastructure, allowed for gradual and sustained improvements that are reflected in the results of the last quarter of 2023.

Mine operating costs decreased by 6% in the fourth quarter of 2023 compared with the same period in 2022. A comparative table is presented below:

	Q4 2023 (\$'000s)	Q4 2022 (\$'000s)
Mine operating costs	6,804	7,262

Climate phenomena that have affected Peru since early 2023 have gradually weakened. Nevertheless, the Company has maintained a proactive approach intended to mitigate potential current and future impacts that may be caused by extreme rainfall in the Corihuarmi operations area. As a result, investments were made in infrastructure and water treatment equipment in the second half of 2024 to ensure that operations at Corihuarmi meet the highest safety and environmental standards, both nationally and internationally.

Between January and December 2023, Corihuarmi shipped a total of 17,346 ounces of gold. Our production was lower than budgeted in 2023, attributed to the adverse effects of the climate phenomenon known as El Niño, as well as the Cyclone Yaku during the first half of 2023. These events caused supply chain disruptions that affected all industries in Peru, requiring the allocation of additional resources to prevent negative impacts on infrastructure and security. The Company continued to implement various initiatives, including the upgrade of critical components in the plant’s recovery and processing circuit, which positively impacted the number of gold ounces sold, as shown in the following table.

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Gold sold (ounces)	5,127	4,482	3,775	3,962

Our goal is to sustain and, where possible, improve the recent production levels achieved at Corihuarmi, without neglecting ongoing initiatives aimed at accomplishing further reductions in mining and processing costs. We remain optimistic about the current rise in gold prices and its positive impact on our financial position as we work to secure the fulfillment of our objectives in 2024.

Corihuarmi Gold Mine, Peru

The Company's 100% owned Corihuarmi gold mine is located approximately 160 kilometres southeast of Lima, Peru, in the Central Andes at an altitude of almost 5,000 metres. The Company acquired the Corihuarmi leases in 2002 and the mine was brought into production in March 2008. Below is a summary of the key operating statistics for Corihuarmi for the quarters ended 31 December 2023 and 2022:

Operating Parameters	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Waste (tonnes)	841,336	757,423	2,451,717	3,439,411
Ore mined & stacked on heaps (tonnes)	1,480,622	1,336,337	4,996,797	4,558,587
Ore grade, mined and stacked (g/t)	0.18	0.21	0.18	0.21
Gold produced (ounces)	5,234	5,357	17,306	20,506
Gold sold (ounces)	5,127	5,416	17,346	20,938
Realized gold price (\$ per ounce sold)	\$1,981	1,734	\$1,937	1,767
Total cash costs (\$ per ounce produced) ¹	\$1,562	1,665	\$1,734	1,641

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

Ore mined and stacked during the fourth quarter of 2023 was 1,480,622 tonnes, an increase of 11% compared to the 1,336,337 tonnes mined and stacked during the fourth quarter of 2022. During the year ended 31 December 2023, ore mined and stacked was 4,996,797 tonnes, an increase of 10% compared to the 4,558,587 tonnes mined and stacked during the same period of the prior year.

Gold production in the fourth quarter of 2023 marginally declined by 2% compared to gold production during the fourth quarter of 2022. However, gold production in the fourth quarter continues to reflect the gradual rise seen throughout 2023, reaching increases of 31%, 41%, and 20% compared to the first, second, and third quarters of 2023, respectively. Gold recoveries improved as a result of the upgrades of certain components of the plant and the heap leach pads. During the year ended 31 December 2023, gold production decreased by 16% compared to gold production during the same period of the previous year.

Gold sold during the fourth quarter of 2023 was 5,127 ounces, a 5% decrease compared to the 5,416 ounces sold during the fourth quarter of 2022. However, at an annual level, the number of gold ounces sold has gradually increased throughout 2023, reaching increases of 29%, 36%, and 14% compared to the first, second, and third quarters of 2023, respectively. During the year ended 31 December 2023, the number of gold ounces sold totalled 17,346 ounces, a decrease of 17% compared to the sale of 20,938 ounces during the same period of the previous year.

The average realized gold price during the fourth quarter of 2023 was \$1,981, a 14% increase compared to the average price of \$1,734 realized during the fourth quarter of 2022. During the year ended 31 December 2023, the average price was \$1,937, a 10% increase compared to the average price during the same period of the previous year.

Total cash cost per ounce of gold produced during the fourth quarter of 2023 was \$1,562, 6% lower than total cash cost of \$1,665 per ounce produced during the fourth quarter of 2022. This is attributed to a decrease of 8% in the total cash cost (primarily mine operating costs: \$458,000) and a 2% decrease in the number of gold ounces produced. During the year ended 31 December 2023, the total cash cost per ounce of gold produced increased by 6% compared to the previous year. This increase was due to an 11% decrease in the total cash cost (primarily mine operating costs: \$2,794,000) and a 16% decrease in gold ounces produced.

Ollachea Project, Peru

Expenditures capitalized during the fourth quarter of 2023 were \$0.4 million (\$0.4 million during the fourth quarter of 2022). Capitalized expenses during the year ended 31 December 2023 were \$1.0 million (\$1.5 million during the prior year). These expenses were primarily related to community development activities and environmental costs.

No exploration activities were carried out during the fourth quarter of 2023. No exploration activities are planned for 2024.

The Company is currently engaged in advanced due diligence and negotiations with potential investors that have expressed an interest in participating in the construction of Ollachea. The ongoing negotiations consider both traditional and alternative financing options or a strategic alliance that creates value for all stakeholders.

Summary of Quarterly Results

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

	Q1 Mar. '22	Q2 Jun. '22	Q3 Sep. '22	Q4 Dec. '22	Q1 Mar. '23	Q2 Jun. '23	Q3 Sep. '23	Q4 Dec. '23
Total revenue (\$'000)	9,425	9,675	8,501	9,392	7,484	7,421	8,547	10,155
(Loss) Profit after-tax (\$'000)	(1,082)	(3,044)	(6,762)	(5,111)	(4,198)	(4,894)	(7,775)	(3,340)
Total comprehensive (Loss) Income (\$'000)	(1,082)	(3,044)	(6,762)	(5,111)	(4,198)	(4,894)	(7,775)	(3,340)
Net (Loss) Earnings per share (US cents)	(0.5)	(1.3)	(2.9)	(2.2)	(1.8)	(2.1)	(3.4)	(1.4)

The business of the Company is not generally subject to seasonal influences. However, our performance in 2023 was affected by several climate phenomena causing heavy rainfalls and flooding throughout Peru that impacted all industries. In Corihuarmi, this led to a series of efforts focused on preventing risks in mining and processing operations, as well as increasing gold production. Additionally, investments were made in infrastructure and water treatment equipment to guarantee optimal environmental management in line with the highest national and international standards. Likewise, the variation in revenues and net results is due to several factors, which include the market price of gold, tons of ore and the grade of ore extracted from the mine and therefore the cost of production, as well as the level of expenses incurred.

Overview of Financial Results

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

	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Revenue (\$'000)	10,155	9,392	33,607	36,993
Gold sold (ounces)	5,127	5,416	17,346	20,938
Realized gold price (\$ per ounce)	\$1,981	1,734	\$1,937	1,767
Gross (Loss) profit (\$'000)	1,813	(554)	1,914	533
Loss after-tax (\$'000)	(3,340)	(5,111)	(20,207)	(15,999)
Profit (Loss) per share (cents)	(1.4)	(2.2)	(8.7)	(6.9)

Results of Operations

During the fourth quarter of 2023, the Company reported sales revenue of \$10,155,000 compared with sales revenue of \$9,392,000 during the fourth quarter of 2022, an increase of \$763,000. This 8% increase was due to the combined effect of a 14% the average price per ounce of gold sold and a 5% decrease in the number of gold ounces sold. During the year ended 31 December 2023, sales revenue was \$33,607,000 compared with sales revenue of \$36,993,000 during the same period of the prior year, a decrease of \$3,386,000. This 9% decrease was due to the combined effect of an 9% increase in the average price per ounce of gold sold and a 17% decrease in the number of gold ounces sold.

During the fourth quarter of 2023, the Company reported an after-tax loss of \$3,340,000 compared with an after-tax loss of \$5,111,000 during the fourth quarter of 2022. This decrease of \$1,771,000 was primarily due to a decrease of \$2,367,000 in gross profit. During the year ended 31 December 2023, the after-tax loss was \$20,207,000 compared to an after-tax loss of \$15,999,000 during the same period of the prior year. The largest loss of \$4,208,000 was primarily due to the decrease in profit after taxes.

Cost of sales during the fourth quarter of 2023 was \$8,342,000, compared with cost of sales of \$9,946,000 during the fourth quarter of 2022, a decrease of \$1,604,000. The most significant change between the two periods were a decrease of \$458,000 in mine operating costs, and a decrease of \$431,000 in community and environmental expenses. During the year ended 31 December 2023, cost of sales was \$31,693,000 compared to the cost of sales of \$36,460,000 during the same period of the previous year, a decrease of \$4,767,000. The most significant change between the two periods was the decrease of \$2,794,000 in mine operating costs and decrease of \$710,000 in community and environmental costs. Below is a period-by-period comparison of cost of sales.

Breakdown of Cost of Sales

	Three month period ended 31 December		Year ended 31 December	
	2023 (\$'000s)	2022 (\$'000s)	2023 (\$'000s)	2022 (\$'000s)
Mine operating costs	6,804	7,262	25,209	28,003
Depreciation and amortization	472	677	1,998	2,461
Community and environmental costs	692	1,123	2,790	3,500
Other Costs (royalties and taxes, selling expense, other)	374	884	1,696	2,496
Total	8,342	9,946	31,693	36,460

Administration expenses during the fourth quarter of 2023 were \$1,511,000, compared with administration expenses of \$1,909,000 during the fourth quarter of 2022, a decrease of \$398,000. The most significant changes between the two periods were an effect of a \$255,000 increase in exchange rate gains, a \$ 139,000 decrease in salaries and wages, and a \$454,000 decrease in other expenses. During the year ended 31 December 2023, administration expenses were \$5,840,000 compared with \$6,546,000 during the same period in the prior year, a decrease of \$706,000. There most significant changes between the two periods were increases of \$196,000 in exchange rate gains, decreases of \$249,000 in professional and consulting fees, \$341,000 in salaries and wages, \$344,000 in other expenses. A period-over-period comparison for the administration expenses is provided in the table below.

Breakdown of Administration Expenses

	Three month period ended 31 December		Year ended 31 December	
	2023 (\$'000s)	2022 (\$'000s)	2023 (\$'000s)	2022 (\$'000s)
Depreciation	10	10	40	40
Director fees	30	27	115	115
Foreign exchange (gain) loss	(22)	(277)	81	(115)
Investor relations	2	6	252	210
Public company expenses	59	108	308	328
Office rent and administration	119	127	552	478
Professional and consulting fees	447	442	1,139	1,388
Salaries and wages	550	689	2,460	2,801
Telecommunication	6	8	28	27
Travel	88	92	218	283
Stock-based payments	-	22	11	99
Other expenses	222	655	636	892
Total	1,511	1,909	5,840	6,546

Finance expenses during the fourth quarter of 2023 were \$3,199,000 compared to \$2,540,000 during the fourth quarter of 2022. During the year ended 31 December 2023, finance expenses were \$11,020,000 compared with \$9,453,000 during the same period of the previous year, which include a \$1,369,000 penalty related to the outstanding debt with COFIDE. A period-over-period comparison for the finance expenses is provided in the table below.

Breakdown of finance expenses

	Three month period ended 31 December		Year ended 31 December	
	2023 (\$'000s)	2022 (\$'000s)	2023 (\$'000s)	2022 (\$'000s)
COFIDE Loan interest	2,376	1,749	8,459	5,599
Penalty on COFIDE Loan	-	-	-	1,369
Other loans interest	89	216	524	484
Other finance expenses	734	575	2,037	2,001
Total	3,199	2,540	11,020	9,453

Cash Flow

Cash balance decreased \$421,000 during the fourth quarter of 2023, from \$1,418,000 to \$997,000. Operating activities during this quarter generated \$1,384,000 while investment activities and financing activities used \$544,000 and \$1,261,000, respectively. During year ended 31 December 2023, the cash balance decreased \$1,864,000, from \$2,861,000 to \$997,000. Operating activities during the year generated \$6,253,000, while investing and financing activities used \$2,344,000 and \$5,773,000, respectively.

Investment activities during the fourth quarter of 2023 used \$544,000, compared with \$824,000 used during the fourth quarter of 2022, a decrease of \$280,000. The change was primarily due to a decrease of \$349,000 in deferred exploration and development expenditures, partially offset by a \$70,000 increase in acquisition of property, plant and equipment. During year ended 31 December 2023, investment activities used \$2,344,000 compared to \$2,800,000 used during the previous year, a decrease of \$456,000. The change was due to decreases of \$239,000 and \$1,152,000 in acquisition of property, plant, and equipment and deferred exploration and development expenses, as well as an increase of \$935,000 from the sale of property, plant and equipment. A period-over-period comparison of investment activities is provided below.

Breakdown of Investment activities

	Three month period ended 31 December		Year ended 31 December	
	2023 (\$'000s)	2022 (\$'000s)	2023 (\$'000s)	2022 (\$'000s)
Acquisition of property, plant and equipment	322	252	1,370	1,609
Deferred exploration and development expenditures	222	571	974	2,126
Proceeds from sale of property, plant and equipment	-	1	-	(935)
Total	544	824	2,344	2,800

Financing activities during the fourth quarter of 2023, compared to the fourth quarter of 2022, show an increase of \$400,000 in net proceeds from loans and an increase of \$688,000 in payment of financial lease liabilities; as well as a decrease of \$334,000 in payment of financial expenses. Financing activities during the year ended 31 December 2023, compared to the same period of the previous year, show decreases of \$750,000, \$124,000 and \$168,000 in net proceeds from loans, payment of financial lease and payment of financial expenses offset with a decrease of \$50,000 in repayment of loans. A period-over-period comparison for the financing activities is provided in the table below.

Breakdown of Financing activities

	Three month period ended 31 December		Year ended 31 December	
	2023 (\$'000s)	2022 (\$'000s)	2023 (\$'000s)	2022 (\$'000s)
Net proceeds from loans	(400)	-	(1,250)	(2,000)
Repayment of loans	150	-	150	200
Payment of lease liabilities	1,569	881	6,365	6,241
Payment of finance expenses	(58)	276	508	676
Total	1,261	1,157	5,773	5,117

Selected Annual Information

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

Financial Data	2023	2022	2021
Revenue (\$'000)	33,607	36,993	44,434
After-tax (Loss) Profit (\$'000)	(20,207)	(15,999)	(384)
Earnings per share			
Basic (cents)	(8.7)	(6.9)	(0.2)
Diluted (cents)	(8.7)	(6.9)	(0.2)
Total assets (\$'000)	182,491	183,972	178,635
Total liabilities (\$'000)	140,140	121,425	100,188

During the year ended 31 December 2023, sales revenues decreased by 9% compared to the same period of the previous year. This 9% decrease was mainly due to the decrease in the number of gold ounces sold.

Legal Actions Involving the Company

The Company is not currently involved in any legal proceedings nor was it involved in any legal proceedings during the quarter and the year ended 31 December 2023 and nor, to the knowledge of management, are there any legal proceedings currently contemplated which may materially affect the business and affairs of the Company or that would likely be considered important to a reasonable investor in making an investment decision.

Outlook

At 31 December 2023, the Company had a working capital deficit of \$120,848,000 (defined as current assets less current liabilities).

In 2024, the Company forecasts gold production of 21,000 ounces from the Corihuarmi gold mine. The capital budget for Corihuarmi is \$1.7 million to build the 5F Dynamic Pad, \$0.3 million for processing plant upgrades and \$0.4 million for other capital expenditures.

Additionally, the Company is currently developing an updated Mineral Resource Estimate for Corihuarmi in accordance with Canadian National Instrument 43-101. Completion of this report is planned for the first half of 2024 and is expected to confirm the existence of sufficient mineral resources to continue producing gold at Corihuarmi.

The Company's expectation is to maintain positive gold production levels throughout 2024, based on the increases achieved in the third and fourth quarters of 2023. Likewise, this expectation is supported by the scheduled maintenance and upgrades to the processing plant and the construction of the new 5F Dynamic Pad, which are expected to generate an additional improvement in gold recoveries.

The Company is currently involved in advanced due diligence and negotiation with potential investors aiming to complete a transaction that enables the development of the Ollachea Gold Project and the repayment of the debt with COFIDE. These ongoing negotiations consider both traditional and alternative financing options as well as strategic alliances that create value for all stakeholders.

The Company remains optimistic about its ongoing efforts to reduce operating costs and increase gold production at Corihuarmi and to obtain the required financing for Ollachea.

Ollachea and the COFIDE Bridge Loan

Please refer to Note 1 “Basis of preparation and going concern” on page 17 of the Audited Consolidated Financial Statements for the year ended 31 December 2023, which have been reported on SEDAR together with this report.

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 31 December 2023, the Company had cash of \$997,000, compared with \$2,861,000 as at 31 December 2022.

As at 31 December 2023, the Company had a working capital deficit of \$120,848,000. Working capital is defined as current assets less current liabilities.

Going Concern Basis

This report has 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. The Company is committed to sustaining the positive production levels recently reached at Corihuarmi, while continuing to lower operational costs and streamline mining and processing operations. In addition, the Company aims to confirm the continuity of gold mineralization and to further extend the estimated life of Corihuarmi through an updated Mineral Resource Estimate, in accordance with Canadian National Instrument 43-101. Advanced due diligence and negotiations with interested parties are currently underway, with the goal of completing a transaction that enables the development of the Ollachea Gold Project and repayment of the debt with COFIDE. Although there can be no assurance that these parties will continue to be interested upon completion of their due diligence, the Management and Board are optimistic about closing a transaction in the short term.

Commitments and Contingent Liabilities

The Company is subject to various laws and regulations governing its mining 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.

During 2021, the Group received a tax reassessment from the Peruvian Tax Authority for the year ended 31 December 2015 concerning the deductibility of expenses and interest related to the COFIDE Bridge Loan and the write-off of intangible assets. This reassessment amounts to approximately \$5,223,000, including taxes, penalties, and interest. The Group has challenged the arguments presented by the Tax Authority and has filed an appeal providing the relevant legal proof to support its position.

During 2023, the Group received a tax reassessment from the Peruvian Tax Authority for the year ended 31 December 2016 concerning the deductibility of expenses and interest related to the COFIDE Bridge Loan. This reassessment amounts to approximately \$4,505,000, including taxes, penalties, and interest. The Group has challenged the arguments presented by the Tax Authority and has filed an appeal providing the relevant legal proof to support its position.

The Group entered into a contract with Empresa de Generacion Electrica San Gaban S.A. for the supply of power during the construction and operation stages of the Ollachea Project. This contract included certain minimum power usages for each of the construction and operation stages. In March 2017 the Group entered into an amended power contract extending the term to start the construction stage for sixty months from 1 March 2017. If the contract is terminated due to the construction stage not commencing within the sixty months term, the Group would have to pay a penalty for an amount equivalent to approximately \$2,400,000. Otherwise, the Group agreed to pay a fixed monthly compensation for an amount equivalent to approximately \$11,000 for a period of nine and a half years starting on the seventh month after Ollachea commencing the operation stage. The company is renegotiating this contract.

In June 2015, the Group secured a \$70,000,000 Bridge Loan from COFIDE. The financial structuring costs related to the Bridge Loan included a 0.9% net smelter return royalty on gold production from the Ollachea Project granted to Sherpa. The Group has the right to buyback and cancel this royalty from Sherpa by paying a buy-back fee of \$5,566,000.

In August 2013, the Macquarie Finance Facility was amended to increase the amount available by \$10,000,000. As a condition of drawing down these funds the Group awarded a 1% royalty on gross revenue minus refining costs on gold sales from the Group's Ollachea Project. The Group has the right to buyback and cancel this royalty from Macquarie Bank by paying a buyback fee of \$5,000,000.

As at 31 December 2023, the Environmental Assessment and Supervision Agency (OEFA) and the Supervisory Agency for Investment in Energy and Mining (Osinermin) issued resolutions imposing fines for alleged non-compliance with environmental obligations at the Corihuarmi Mine. The aggregate amount of these administrative fines totals approximately \$547,000.00. The Company has disputed these fines providing the relevant proof to support its position that the fines are unreasonable.

Financial Instruments

The Company's principal financial assets are comprised 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 exploration, development and operating risks which could have a negative effect on the Company's operations.

Significant risk factors for the Company include those related to operations, land titles, environmental regulations and compliance, litigation, surface rights, health and safety, ability to obtain financing . additional information, metal prices, Mineral Reserves and Mineral Resource estimates, insurance coverage, infrastructure, management and key personnel, legal climate considerations, changes in government policy, geopolitical climate, foreign exchange, economic, local community, geological, competitive, and general business risks; as well as risks associated with public health crises.

Additionally, there are risks specifically related to the COFIDE Bridge Loan. For further information, please refer to Note 1 "Basis of preparation and going concern" on page 17 of the Audited Consolidated Financial Statements for the year ended 31 December 2023, and to section 5, Risk Factors, in the Company's Annual Information Form for the year 2023 reported on SEDAR www.sedar.com.

Liquidity risk

The Company acknowledges the presence of liquidity risk and understands its significance. While management endeavours to maintain sufficient cash reserves and utilize credit facilities responsibly, there may arise circumstances where additional funding becomes imperative. Management diligently assesses liquidity requirements, remaining adaptable and adjusting strategies to align with available resources.

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 reputable international institutions. 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.

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 gold prices. The 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 gold prices to determine appropriate actions to be undertaken. The Company has not entered into any agreements or purchased any instruments to hedge possible gold 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

During the year ended 31 December 2023, the Company entered into transactions with directors and key management as disclosed on Note 7 of the Audited Consolidated Financial Statements. As at 31 December 2023, the Company owed \$509,000 to directors and key management. Also, during the year ended 31 December 2023, certain related parties received \$228,000 as salaries and professional fees.

During the year ended 31 December 2022, the Company entered into transactions with directors and key management as disclosed on Note 7 of the Audited Consolidated Financial Statements. As at 31 December 2022, the Company owed \$169,000 to directors and key management. Also, during the year ended 31 December 2022, certain related parties received \$191,000 as salaries and professional fees.

Significant Accounting Policies

The Company follows the accounting policies described in the audited consolidated financial statements for the year ended 31 December 2023 which have been filed on SEDAR www.sedar.com.

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 audited 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 year ended 31 December 2023 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 no options issued or outstanding for the benefit of directors and employees of the Company under a Company's Share Option Plan. However, 11,556,751 options with an exercise price of C\$0.20 (US\$0.15) were to be issued as part of the fees payable to Sherpa in regards to the COFIDE Bridge Loan financing. These options have not yet been granted however the entitlement remains. Also, on 1 April 2022, the Company granted 4,600,000 stock options to Maxwell Mercantile Inc. at an exercise price of C\$0.085 (US\$0.062). These options vest over a period of thirteen months upon being granted. None of these options have vested at the date of this report.

Changes in Accounting Policies

The Company did not adopt any new accounting policies during the year ended 31 December 2023.

Subsequent Events

There have been no subsequent events between the end of the period and the date of filing of this report.

Management and Board Changes

On 1 June 2023, the Company announced the resignation of Mr. Carlos Ruiz de Castilla from the position of Chief Financial Officer. Mr. Jorge Armas was appointed Interim Chief Financial Officer on that same date. There have been no other changes to the board or Management during the course of 2023.

Additional Information

Additional information regarding Minera IRL, including Minera IRL's Annual Information Form for the year ended 31 December 2023 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, the Company's ability to refinance the COFIDE Bridge Loan and replace the Senior Project Debt Facility, 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. Martin Mount FGS CGeol – Fellow No.16658 of the Geological Society of London, and FIMMM CEng – Fellow No.47566 of the Institute of Materials, Minerals and Mining, is the Qualified Person (“QP”) responsible for the technical disclosure in this MD&A.

Non-IFRS Measures

“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 like transport and refining of metals, community and environmental costs. These costs are then divided by the ounces sold to arrive at “cash costs per ounce produced”.

This measure is a non-GAAP or non-IFRS measure that do not have a standardized meaning prescribed by GAAP or IFRS and may not be comparable to other similarly titled measures of other gold mining companies. It may vary from one period to another due to changes 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 not a substitute for measures of performance prepared in accordance with IFRS. The following table reconciles cash costs to the consolidated financial statements.

	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Cost of sales	\$8,342	\$9,946	\$31,693	\$36,460
Less:				
Inventory adjustment	(307)	352	(307)	352
Depreciation	472	677	1,998	2,461
Cash costs	\$8,177	\$8,917	\$30,002	\$33,647
<i>Ounces of gold produced</i>	5,234	5,357	17,306	20,506
Total cash costs per ounce produced	\$1,562/oz	\$1,665/oz	\$1,734/oz	\$1,641/oz

Note: All \$ amounts (except \$/oz) are in thousands of dollars (\$000’s)