



**Interim Consolidated Financial Statements  
(Unaudited)**

**For the quarter ended  
31 March 2021**

*All figures are in United States dollars (\$) unless otherwise noted.  
References to "C\$" are to Canadian dollars.*

**NOTICE TO READER**

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management. The Group's independent auditor has not performed a review of these financial statements.

**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**  
**For the quarters ended 31 March 2021 and 2020**

	Notes	<b>31 March 2021 US\$000</b>	31 March 2020 US\$000
Revenue from contracts with customers		10,378	8,287
Cost of sales		(7,259)	(6,064)
<b>Gross Profit</b>		<b>3,119</b>	2,223
Administration expenses		(1,330)	(882)
Exploration costs		(52)	(40)
Write-off of assets		-	(28)
<b>Operating Profit</b>		<b>1,737</b>	1,273
Finance expense	3	(3,056)	(1,978)
Interest receivable on Arbitration Award		21	-
<b>Loss before tax</b>		<b>(1,298)</b>	(705)
Income tax recovery (expense)	6	117	(700)
<b>Loss for the period attributable to the equity shareholders of the parent</b>		<b>(1,181)</b>	(1,405)
<b>Total comprehensive loss for the period attributable to the equity shareholders of the parent</b>		<b>(1,181)</b>	(1,405)
<b>Earnings per ordinary share (US cents)</b>			
Basic and diluted	5	(0.5)	(0.6)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2021 and 31 December 2020**

	Notas	31 March 2021 US\$000	31 December 2020 US\$000
<b>Assets</b>			
Property, plant and equipment	7	6,652	7,178
Right-of-use assets	8	6,284	7,492
Intangible assets	9	146,119	145,711
Other receivables and prepayments	10	7,260	7,507
<b>Total non-current assets</b>		<b>166,315</b>	<b>167,888</b>
Inventory	11	3,115	3,054
Other receivables and prepayments	10	2,002	2,002
Current tax recoverable		2,784	2,160
Cash and cash equivalents	12	2,878	2,932
<b>Total current assets</b>		<b>10,779</b>	<b>10,148</b>
<b>Total assets</b>		<b>\$ 177,094</b>	<b>\$ 178,036</b>
<b>Equity</b>			
Share capital	13	159,012	159,012
Share option reserve	13	433	433
Accumulated losses		(81,795)	(80,614)
<b>Total equity attributable to the equity shareholders of the parent</b>		<b>\$ 77,650</b>	<b>\$ 78,831</b>
<b>Liabilities</b>			
Interest bearing loans	14	70,676	68,549
Lease liabilities	15	1,616	2,612
Provisions	16	5,029	4,895
Trade and other payables	17	2,723	2,895
<b>Total non-current liabilities</b>		<b>80,044</b>	<b>78,951</b>
Interest bearing loans	14	1,712	2,505
Lease liabilities	15	6,808	7,553
Trade and other payables	17	10,880	10,196
<b>Total current liabilities</b>		<b>19,400</b>	<b>20,254</b>
<b>Total liabilities</b>		<b>\$ 99,444</b>	<b>\$ 99,205</b>
<b>Total equity and liabilities</b>		<b>\$ 177,094</b>	<b>\$ 178,036</b>

The consolidated financial statements were approved and authorised for issue by the Board and were signed on its behalf on 14 May 2021.



Gerardo Pérez  
Chairman



Carlos Ruiz de Castilla  
Chief Financial Officer

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the periods between 1 January 2020 and 31 March 2021**

	Share capital		Reserves		Total equity
	Number of Shares	Amount	Share option	Accumulated losses	
<b>Balance at 1 January 2020</b>	231,135,028	\$ 159,012	\$ 433	\$ (102,864)	\$ 56,581
Loss for the period		-	-	(1,405)	(1,405)
Total comprehensive Loss		-	-	(1,405)	(1,405)
<b>Balance at 31 March 2020</b>	231,135,028	159,012	433	(104,269)	55,176
Gain for the period		-	-	23,655	23,655
Total comprehensive gain		-	-	23,655	23,655
<b>Balance at 31 December 2020</b>	<b>231,135,028</b>	<b>159,012</b>	<b>433</b>	<b>(80,614)</b>	<b>78,831</b>
<b>Loss for the period</b>		-	-	<b>(1,181)</b>	<b>(1,181)</b>
<b>Total comprehensive Loss</b>		-	-	<b>(1,181)</b>	<b>(1,181)</b>
<b>Balance at 31 March 2021</b>	<b>231,135,028</b>	<b>159,012</b>	<b>\$ 433</b>	<b>\$ (81,795)</b>	<b>\$ 77,650</b>

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the quarters ended 31 March 2021 and 2020**

	Notes	Three Months Ended	
		31 March 2021 US\$000	31 March 2020 US\$000
<b>Cash flows from operating activities</b>			
Loss before tax		\$ (1,298)	\$ (705)
Net finance expense	3	3,035	1,978
Depreciation	7,8	2,022	2,012
Write-off of assets		-	28
(Increase) decrease in inventory	11	(61)	213
Decrease (increase) in other receivables and		247	(416)
Increase (decrease) in trade and other payables		681	(853)
Payment of mine closure costs	16	(1)	(7)
<b>Cash generated from operations</b>		<b>4,625</b>	<b>2,250</b>
Income tax paid		(702)	(2,692)
<b>Net cash from operating activities</b>		<b>3,923</b>	<b>(442)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	7	(263)	(158)
Deferred exploration and development expenditures	9	(408)	(332)
<b>Net cash outflow from investing activities</b>		<b>(671)</b>	<b>(490)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from loan	14	-	1,980
Repayment of loans		(1,300)	-
Payment of lease liabilities	15	(1,955)	(868)
Payment of finance expenses		(51)	(77)
<b>Net cash (outflow) inflow from financing activities</b>		<b>(3,306)</b>	<b>1,035</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(54)</b>	<b>103</b>
Cash and cash equivalents at beginning of period		2,932	2,791
<b>Cash and cash equivalents at end of period</b>		<b>\$ 2,878</b>	<b>\$ 2,894</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 – Basis of preparation and going concern

The financial statements are presented in United States dollars, rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

At 31 March 2021, the Group had a working capital deficit of \$8,621,000 (defined as current assets less current liabilities).

In June 2015, the Group 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 facility of up to \$240,000,000 described in a letter of mandate signed by COFIDE and Minera IRL. This senior project credit facility was to be structured by COFIDE, in conjunction with Minera IRL, to build the Ollachea Gold Project (the "Ollachea Project").

In March 2017 COFIDE terminated the letter of mandate without providing any reason for their decision. The Bridge Loan was due for repayment in June 2017.

On 20 June 2017 the Group announced it had filed a request for an arbitration against COFIDE with the Arbitration Centre of the Lima Chamber of Commerce.

On 16 September 2019 the Group announced that the Court of Arbitration had issued its Arbitration Award. The Award provided that COFIDE must pay an aggregate amount of \$34.2 million for damages. The Court of Arbitration declared that it did not have jurisdiction to require repayment of the Bridge Loan because the Bridge Loan facility expressly provides that it is subject to the jurisdiction of the courts of New York, United States. Subsequently, COFIDE filed a lawsuit for annulment of the Arbitration Award. No amount for the damages awarded was recognised in the 2019 financial statements given the uncertainty at that year-end over its recoverability.

On 31 December 2019 the Group signed a Memorandum of Understanding ("MOU") with COFIDE which was extended several times until 7 November 2020. During this period both the collection of damages by the Group and the collection of the debt and/or interest by COFIDE remained suspended. The objective of the MOU was to allow both parties to reach an agreement in settlement of the obligations imposed by the Arbitration Award announced on 16 September 2019 as well as related matters, including repayment of the Bridge Loan.

On 12 November 2020 the Group announced it had settled its dispute with COFIDE. The summary of the settlement agreement is that the Group owes COFIDE US\$70 million in principal and US\$ 31.9 million of accrued interest (calculated to 10 November 2020) and COFIDE owes the Group US\$34.2 million in principal pursuant to the September 2019 Arbitration Award, plus interest from July 17, 2017 to the date of payment. The amounts due and receivable will be offset. The Group will pay the net balance to COFIDE within 36 months and COFIDE will withdraw its legal claim for annulment of the Arbitration Award. To guarantee the full repayment of the balance owed to COFIDE two Corporate Trusts contracts will be subscribed, one over the Ollachea Project's mineral concessions and another over future cash flows from the same Project.

The Group continues negotiating and discussing with COFIDE supplementary details to the settlement agreement, amongst them, the terms of the Corporate Trust contracts mentioned in the previous paragraph and timing of the balances to be offset.

## **Note 1 – Basis of preparation and going concern (continued)**

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 Group's subsidiary, Compañía Minera Kuri Kullu S.A., which holds the Ollachea Project. The assets of the Corihuarmi Mine are not included as a guarantee of the Bridge Loan. If the Group is not able to secure an alternative source of funds to repay the debt with COFIDE, the Group may have to relinquish its ownership of the subsidiary, Campaña Minera Kuri Kullu S.A. and therefore the Ollachea Project. All net assets associated with the Ollachea Project would be fully impaired as a result.

Notwithstanding that there can be no guarantee that an alternative source of funding will be secured within the required timescale or on acceptable terms, the Directors consider that an alternative funding will be obtained to repay the Bridge Loan plus interest and to develop the Ollachea Project. The cash generated from gold production at the Corihuarmi Mine is required to fund the working capital requirements of the Group in the meantime.

### **Impact of COVID-19**

It is impossible to predict with certainty the final impact of COVID-19 at this stage. According to the opinion of most experts, we believe that the impact of the virus outbreak on the worldwide economy will be material. Accordingly, this might have negative impacts for the operations of the Group in the future. Management is constantly evaluating the impact of COVID-19, however, given the fluidity and volatility of the situation, it is not possible to make predictions on future outcomes.

In early March 2020, the Group reinforced the application of its health and safety protocols, which encapsulated the operations of the Corihuarmi mine and Ollachea project as far as possible against the worldwide crisis caused by COVID-19. To date, no significant disruptions on mining operations, gold production or sales have occurred; and gold prices have increased. The Peruvian government has approved the Corihuarmi mine's COVID-19 surveillance, prevention and control plan which allows the continuation of its mining operations. Although there might be certain difficulties on the supply chain and gold transportation, the Group is confident it will overcome these difficulties. In this sense, the Group considers that it has taken appropriate measures in contemplation of the impact of COVID-19 and, as of the date of filing of these financial statements the Group considers that there are no material impacts that may affect the application of the going concern principle or any item of the financial statements.

The Group's cash flow is sufficient to meet its commitments and to fund its working capital requirements in the face of this crisis. The Group has not made, nor plans to make, any wage or job cuts. Meanwhile, it is constantly re-evaluating mine workers' mobilization and demobilization plans, prioritizing their health and safety.

The Directors have therefore prepared the financial statements on the assumption that the Group will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Group is not expected to continue operations for the foreseeable future.

## Note 2 – Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports on the performance of the managerial units of the Group for decision making. The Group identifies these units primarily according to the country of operation. Within the countries of operation the managerial functions are divided into mining operations, the exploration activities related to the individual properties which the Group has the rights to explore, the activities related to the acquisition of properties and the administration of the Group. The assessment of exploration activities is dependent principally on non-financial data.

The following table sets out the income and expenditure, as well as the assets and liabilities of the Group according to these reporting segments:

	Peru US\$000	Jersey US\$000	Total US\$000
<b>For the Three Months Ended 31 March 2021</b>			
Revenue	10,378	-	10,378
Administration expenses	(1,032)	(298)	(1,330)
Operating profit (loss)	2,035	(298)	1,737
After tax Loss	(883)	(298)	(1,181)
<b>For the Three Months Ended 31 March 2020</b>			
Revenue	8,287	-	8,287
Administration expenses	(616)	(266)	(882)
Operating profit (loss)	1,539	(266)	1,273
After tax Loss	(1,139)	(266)	(1,405)
<b>Group's Assets</b>			
	Peru US\$000	Jersey US\$000	Total US\$000
<b>As at 31 March 2021</b>			
Non-current assets	156,964	9,351	166,315
Current	10,754	25	10,779
<b>Total assets</b>	<b>167,718</b>	<b>9,376</b>	<b>177,094</b>
<b>As at 31 December 2020</b>			
Non-current assets	158,537	9,351	167,888
Current	10,123	25	10,148
<b>Total assets</b>	<b>168,660</b>	<b>9,376</b>	<b>178,036</b>
<b>Group's Liabilities</b>			
	Peru US\$000	Jersey US\$000	Total US\$000
<b>As at 31 March 2021</b>			
Non-current liabilities	80,044	-	80,044
Current	19,120	280	19,400
<b>Total liabilities</b>	<b>99,164</b>	<b>280</b>	<b>99,444</b>
<b>As at 31 December 2020</b>			
Non-current liabilities	78,951	-	78,951
Current	19,948	306	20,254
<b>Total liabilities</b>	<b>98,899</b>	<b>306</b>	<b>99,205</b>



### Note 3 – Finance expense

The following table details the finance expenses incurred during the three months ended 31 March 2021 and 2020.

	31 March 2021 US\$000	31 March 2020 US\$000
COFIDE Bridge Loan interest	2,437	1,623
Other loans interest	191	38
Other	428	317
	<b>3,056</b>	<b>1,978</b>

### Note 4 – Remuneration of key management personnel

	Salary & Fees US\$000	Other Benefits US\$000	Total Remuneration US\$000
<b>Cumulative to 31 March 2021</b>			
<b>Directors</b> <sup>(1)</sup>	<b>207</b>	<b>17</b>	<b>224</b>
<b>Non-Directors</b> <sup>(2)</sup>	<b>69</b>	<b>-</b>	<b>69</b>
<b>TOTAL</b>	<b>276</b>	<b>17</b>	<b>293</b>

<sup>(1)</sup> Directors include Messrs. Gerardo Perez, Diego Benavides, Michael Iannacone, Jesus Lema and Santiago Valverde.

<sup>(2)</sup> Non-Directors include the CFO and the Corihuarmi Mine Manager.

	Salary & Fees US\$000	Other Benefits US\$000	Total Remuneration US\$000
<b>Cumulative to 31 March 2020</b>			
<b>Directors</b> <sup>(1)</sup>	<b>207</b>	<b>11</b>	<b>218</b>
<b>Non-Directors</b> <sup>(2)</sup>	<b>70</b>	<b>-</b>	<b>70</b>
<b>TOTAL</b>	<b>277</b>	<b>11</b>	<b>288</b>

<sup>(1)</sup> Directors include Messrs. Gerardo Perez, Diego Benavides, Michael Iannacone, Jesus Lema and Santiago Valverde.

<sup>(2)</sup> Non-Directors include the CFO and the Corihuarmi Mine Manager.

## Note 5 – Earnings per share

The calculation of the earnings (loss) per share is based on the loss attributable to ordinary shareholders for the three months ended 31 March 2021 of \$1,181,000 (31 March 2020: loss of \$1,405,000) and the weighted average number of ordinary shares in issue during the three month period ended 31 March 2021 of 231,135,028 (31 March 2020: 231,135,028).

Diluted loss per share assumes that dilutive options have been converted into ordinary shares. The calculation is as follows:

	<b>2021</b>	<b>Number</b>	<b>2021</b>	<b>2020</b>	<b>Number</b>	<b>2020</b>
	<b>Loss</b>	<b>of shares</b>	<b>Earnings</b>	<b>Loss</b>	<b>of shares</b>	<b>Earnings</b>
	<b>US\$000</b>	<b>US\$000</b>	<b>per share</b>	<b>US\$000</b>	<b>US\$000</b>	<b>per share</b>
			<b>(cents)</b>			<b>(cents)</b>
Basic earnings (losses)	<b>(1,181)</b>	<b>231,135</b>	<b>(0.5)</b>	(1,405)	231,135	(0.6)
Dilutive effects-options	-	-	-	-	-	-
Diluted earnings (losses)	<b>(1,181)</b>	<b>231,135</b>	<b>(0.5)</b>	(1,405)	231,135	(0.6)

As at 31 March 2021 and 2020, all options were excluded from the calculation of diluted loss per share because they were non-dilutive.

## Note 6 – Income tax expense

	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>US\$000</b>	<b>US\$000</b>
Estimated current tax	-	700
Tax recovery	<b>(117)</b>	
<b>Income tax (recovery) expense</b>	<b>(117)</b>	700

## Note 7 – Property, plant and equipment

	Mining assets & deferred development costs US\$000	Land & buildings US\$000	Motor Vehicles US\$000	Computers & other equipment US\$000	Total US\$000
<b>Cost</b>					
Balance at 1 January 2020	46,818	524	2,945	3,331	53,618
Additions	1,183	-	79	240	1,502
Adjustment to mine closure provision <sup>(1)</sup>	170	-	-	-	170
Disposals	-	-	(64)	-	(64)
Write off <sup>(2)</sup>	(4,143)	-	-	(5)	(4,148)
Balance - 31 December 2020	44,028	524	2,960	3,566	51,078
<b>Balance at 1 January 2021</b>	<b>44,028</b>	<b>524</b>	<b>2,960</b>	<b>3,566</b>	<b>51,078</b>
<b>Additions</b>	<b>180</b>	<b>-</b>	<b>72</b>	<b>11</b>	<b>263</b>
<b>Balance - 31 March 2021</b>	<b>44,208</b>	<b>524</b>	<b>3,032</b>	<b>3,577</b>	<b>51,341</b>
<b>Depreciation</b>					
Balance - 1 January 2020	41,276	404	975	3,091	45,746
Depreciation for the year	1,744	24	451	119	2,338
Disposals	-	-	(64)	-	(64)
Write off <sup>(2)</sup>	(4,115)	-	-	(5)	(4,120)
Balance - 31 December 2020	38,905	428	1,362	3,205	43,900
<b>Balance - 1 January 2021</b>	<b>38,905</b>	<b>428</b>	<b>1,362</b>	<b>3,205</b>	<b>43,900</b>
<b>Depreciation for the period</b>	<b>622</b>	<b>6</b>	<b>121</b>	<b>40</b>	<b>789</b>
<b>Balance - 31 March 2021</b>	<b>39,527</b>	<b>434</b>	<b>1,483</b>	<b>3,245</b>	<b>44,689</b>
<b>Carrying amounts</b>					
Balance - 1 January 2020	5,542	120	1,970	240	7,872
Balance - 31 December 2020	5,123	96	1,598	361	7,178
<b>Balance - 31 March 2021</b>	<b>4,681</b>	<b>90</b>	<b>1,549</b>	<b>332</b>	<b>6,652</b>

<sup>(1)</sup> At the end of 2020 the Group reassessed the mine closure provisions of the Corihuarmi Mine. The result of the reassessment was a net increase of \$170,000 in the carrying value of the corresponding asset account.

<sup>(2)</sup> In 2020, the Group wrote off certain assets which were not expected to produce future economic benefits or were in use. The result of this write off was a net reduction of \$28,000 in the carrying value of the correspondent asset account that was recorded as an operating loss.

## Note 8 – Right-of-use assets

The Group adopted IFRS16 effective 1 January 2019. The initial recognition of right-of-use assets resulted in an increase of \$8,378,000. These assets are depreciated over the shorter of the asset’s useful life and the lease term on a straight line basis.

	Mining Assets US\$000	Land & Buildings US\$000	Motor Vehicles US\$000	Total US\$000
<b>Cost</b>				
Balance - 1 January 2020	5,707	1,619	1,510	8,836
Additions	9,130	-	1,299	10,429
Adjustments <sup>(1)</sup>	(6,228)	(735)	(1,554)	(8,517)
Balance - 31 December 2020	8,609	884	1,255	10,748
<b>Balance - 1 January 2021</b>	<b>8,609</b>	<b>884</b>	<b>1,255</b>	<b>10,748</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>25</b>
<b>Balance – 31 March 2021</b>	<b>8,609</b>	<b>884</b>	<b>1,280</b>	<b>10,773</b>
<b>Accumulated Depreciation</b>				
Balance - 1 January 2020	3,781	330	953	5,064
Depreciation for the year	4,068	277	639	4,984
Adjustments <sup>(1)</sup>	(5,648)	(56)	(1,088)	(6,792)
Balance - 31 December 2020	2,201	551	504	3,256
<b>Balance - 1 January 2021</b>	<b>2,201</b>	<b>551</b>	<b>504</b>	<b>3,256</b>
<b>Depreciation for the period</b>	<b>1,017</b>	<b>69</b>	<b>147</b>	<b>1,233</b>
<b>Balance - 31 March 2021</b>	<b>3,218</b>	<b>620</b>	<b>651</b>	<b>4,489</b>
<b>Carrying amounts</b>				
Balance - 1 January 2020	1,926	1,289	557	3,772
Balance - 31 December 2020	6,408	333	751	7,492
<b>Balance - 31 March 2021</b>	<b>5,391</b>	<b>264</b>	<b>629</b>	<b>6,284</b>

<sup>(1)</sup>The adjustments during 2020 correspond to terminations and changes in the terms of lease contracts.

## Note 9 – Intangible assets

Deferred Exploration Costs	Ollachea US\$000	Other Peru US\$000	Total US\$000
Balance – 1 January 2020	143,651	1,044	144,695
Additions	841	175	1,016
<b>Balance – 31 December 2020</b>	<b>144,492</b>	<b>1,219</b>	<b>145,711</b>
<b>Additions</b>	<b>213</b>	<b>195</b>	<b>408</b>
<b>Balance - 31 March 2021</b>	<b>144,705</b>	<b>1,414</b>	<b>146,119</b>

The Ollachea property will require significant project financing in order to bring it into production and convert it into mining assets. The carrying values of the deferred exploration and development costs for the Ollachea property and the Group's other exploration properties in Peru at 31 March 2021 have been assessed for indications of impairment and the results of these assessments have been sufficiently encouraging to justify the retention of the deferred exploration and development assets on the consolidated statements of financial position.

As disclosed in Note 1 'Basis of Preparation and Going Concern', the Ollachea property is pledged as security for the Bridge Loan which was due for repayment in June 2017. For additional information please refer to Note 1.

## Note 10 – Other receivables and prepayments

	31 March 2021 US\$000	31 December 2020 US\$000
<b>Non-current assets</b>		
Other receivables	7,260	7,507
	<b>7,260</b>	7,507
<b>Current assets</b>		
Other receivables	1,497	1,664
Prepayments	505	338
	<b>2,002</b>	2,002

Included in other receivables and prepayments is an amount of \$7,993,000 (2020: \$8,199,000) relating to sales tax paid on the purchase of goods and services in Peru. Of the \$7,993,000 sales tax recoverable, \$7,260,000 relates to purchases for the Ollachea project which is only recoverable upon commencement of metal sales from that project. Commercial production is not expected within the next 12 months, therefore this element has been included in non-current assets.

## Note 11 - Inventory

	<b>31 March 2021 US\$000</b>	31 December 2020 US\$000
Gold in process	<b>2,015</b>	1,873
Mining materials	<b>1,100</b>	811
Dore gold bar	-	370
	<b>3,115</b>	3,054

## Note 12 – Cash and cash equivalents

	<b>31 March 2021 US\$000</b>	31 December 2020 US\$000
Bank balances as at	<b>2,878</b>	2,932

## Note 13 – Capital and reserves

As at 31 March 2021 and 31 December 2020, Minera IRL Limited's share capital is made up of shares with no par value. There is no upper limit on the value of shares to be issued.

<b>Issued and fully paid share capital</b>	<b>Ordinary shares</b>	<b>US\$000</b>
Shares in issue 31 December 2020	231,135,028	159,012
<b>Shares in issue 31 March 2021</b>	<b>231,135,028</b>	<b>159,012</b>

All fully paid shares entitle the holder to one vote and equal rights to dividends declared.

### Share Options

#### Group Share Option Scheme

Minera IRL Limited had a share option scheme for the benefit of directors, employees and certain consultants of the Group. The purpose of the scheme was to provide incentives to those people whose efforts and skills are most important to the success of the Group, and to ensure that the interests of the management of the Group were fully aligned with the interests of shareholders.

There are no outstanding options as at 31 March 2021.

## Note 13 – Capital and reserves (continued)

### Other Share Options

	31 March 2021		31 December 2020	
	Number of share options	Weighted average exercise price (\$)	Number of share options	Weighted average exercise price (\$)
Outstanding entitlement - beginning of year	11,556,751	0.16	11,556,751	0.15
Outstanding entitlement - end of the year	11,556,751	0.16	11,556,751	0.16
Exercisable - end of the year	-	-	-	-

As part of the fees paid in connection with the Bridge Loan to structuring agent Inversiones y Asesoría SHERPA S.C.R.L. (“Sherpa”), Minera IRL Limited was required to grant 11,556,751 options (subject to receipt of all regulatory approvals). Each option would be exercisable to purchase one ordinary share of the Group at a price of C\$0.20 (\$0.16) per share at any time on or prior to the date that is 360 days after the commencement of commercial production from the Ollachea Project. During the Annual General Meeting held on 30 November 2016 the resolution granting the directors the authority to allot shares was not passed. Consequently these options have not yet been granted however the entitlement remains.

All outstanding share options have an exercise price of \$0.16 (2020: \$0.16).

### **Share Option Reserve**

The share option reserve includes a credit of \$433,000 (31 December 2020: \$433,000) based on the fair value of the share options that Sherpa is entitled to, as part of the fees in connection with the Bridge Loan.

### **Accumulated losses**

The accumulated losses reserve represents the Group’s accumulated losses since incorporation.

## Note 14 –Interest bearing loans

	31 March 2021 US\$000	31 December 2020 US\$000
<b>Non-Current liabilities</b>		
COFIDE Bridge Loan payable	105,697	103,260
Net of: Arbitration Award receivable	(34,213)	(34,213)
Net of: Interest receivable on Arbitration Award	(808)	(787)
Other loans	-	289
	<b>70,676</b>	68,549
<b>Current liabilities</b>		
Promissory note	1,517	1,490
Other loans	195	1,015
	<b>1,712</b>	2,505

The increase in the carrying value of the COFIDE Bridge Loan during the quarter ended 31 March 2021 is due to accrued interest of \$2,437,000 (see Note 3).

### COFIDE Bridge Loan

In June 2015, the Group 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 facility of up to \$240,000,000 described in a letter of mandate signed by COFIDE and Minera IRL. This senior project credit facility was to be structured by COFIDE, in conjunction with Minera IRL, to build the Ollachea Gold Project (the "Ollachea Project").

The net proceeds from the Bridge Loan were applied towards the repayment of the \$30,000,000 Macquarie Bank debt facility and the payment of \$12,000,000 of the \$14,190,000 outstanding to Rio Tinto under the Ollachea Mining Rights Transfer Contract. The remaining \$2,190,000 outstanding to Rio Tinto has been converted into an unsecured promissory note payable by 31 December 2015, accruing interest at a rate of 7% per annum. The promissory note was recorded as an interest bearing loan on the statement of financial position under current liabilities. The Group had negotiated the option of settling the \$2,190,000 promissory note with cash or the issuance of Minera IRL Limited ordinary shares, subject to shareholder approval. However, the resolution to approve the issuance of ordinary shares in settlement of the promissory note at the annual general meeting, held on 27 August 2015, was not approved by shareholders. The Group repaid \$700,000 of the principal, plus quarterly interests. The balance as at 31 March 2021 is \$1,517,000.

In March 2017 COFIDE terminated the letter of mandate without providing any reason for their decision. The Bridge Loan was originally due for repayment in June 2017.

On 20 June 2017 the Group announced it had filed a request for an arbitration against COFIDE with the Arbitration Centre of the Lima Chamber of Commerce.

On 16 September 2019 the Group announced that the Court of Arbitration had issued its Arbitration Award. The Award provided that COFIDE must pay an aggregate amount of \$34.2 million for damages. The Court of Arbitration declared that it did not have jurisdiction to require repayment of the Bridge Loan because the Bridge Loan facility expressly provides that it is subject to the jurisdiction of the courts of New York, United States. Subsequently, COFIDE filed a lawsuit for annulment of the Arbitration Award. No amount for the damages awarded was recognised in the 2019 financial statements given the uncertainty at that year-end over its recoverability.



#### **Note 14 –Interest bearing loans (continued)**

On 31 December 2019 the Group signed a Memorandum of Understanding (“MOU”) with COFIDE which was extended several times until 7 November 2020. During this period both the collection of damages by the Group and the collection of the debt and/or interests by COFIDE remained suspended. The objective of the MOU was to allow both parties to reach an agreement in settlement of the obligations imposed by the Arbitration Award announced on 16 September 2019 as well as related matters, including repayment of the Bridge Loan.

On 12 November 2020 the Group announced it had reached an agreement with COFIDE. As per the settlement terms the Group owes COFIDE \$70,000,000 in principal and \$ 31,936,000 of accrued interest calculated to 10 November 2020. As at 31 December 2020 the amount of interest owed was \$33,260,000 and as at 31 March 2021 the amount of interest increased to \$35,697,000 therefore the Company recorded a charge of \$2,437,000 during the first quarter of 2021. Also as per the settlement terms COFIDE owes the Group \$ 34,213,000 in principal pursuant to the September 2019 Arbitration Award, plus interest from July 17, 2017 to the date of payment. As at 31 March 2021 the amount of interest owed by COFIDE is \$808,000. The amounts due will be offset. The Group will pay the net balance to COFIDE within 36 months as off 10 November 2020 and COFIDE will withdraw its legal claim for annulment of the Arbitration Award.

The Group continues negotiating and discussing with COFIDE supplementary details to the settlement agreement, amongst them, the terms of the Corporate Trust contracts mentioned in the previous paragraph and timing of the balances to be offset.

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 Group’s subsidiary, Compañía Minera Kuri Kullu S.A., which holds the Ollachea Project. The assets of the Corihuarmi Mine are not included as a guarantee of the Bridge Loan. If the Group is not able to secure an alternative source of funds to repay the debt with COFIDE, the Group may have to relinquish its ownership of the subsidiary, Campaña Minera Kuri Kullu S.A. and therefore the Ollachea Project. All net assets associated with the Ollachea Project would be fully impaired as a result.

## Note 14 –Interest bearing loans (continued)

### Other loans

On 18 February 2020 the Group entered into a secured loan arrangement with an unrelated party for \$2,000,000 in order to be able to pay tax reassessments for the years ended 31 December 2008 and 2009. The loan is payable in 24 monthly installments and includes a \$20,000 structuring commission and interest at 12% interest per annum and is secured by a guarantee on the power line of Corihuarmi mine. . All interest for the duration of the loan is payable during the first 4 months at \$120,000 per month, with the principal repayable from the fifth month onwards at \$100,000 per month. The total cost of the loan including the structuring commission is being expensed over the loan period on an effective interest basis. As at 31 March 2021, \$191,000 of the total cost has been expensed as financial expense.

On 7 July 2020 the Group entered into an unsecured loan arrangement with an unrelated party for \$1,400,000 in order to be able to pay the tax reassessments for the year ended 31 December 2011. The loan was paid during 2020, including a \$20,000 structuring commission and interest of 3% monthly applicable to the outstanding balance.

	Cash	Borrowings due within 1 year	Borrowings due after 1 year	Total
<b>Group – Net debt reconciliation</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>
Net debt as at 1 January 2020	2,791	(89,500)	-	(86,709)
Cash flows	141	(731)	-	(590)
Accrued interest	-	(15,823)	-	(15,823)
Reclassification	-	103,549	(103,549)	-
Arbitration Award	-	-	35,000	35,000
<b>Net debt as at 31 December 2020</b>	<b>2,932</b>	<b>(2,505)</b>	<b>(68,549)</b>	<b>(68,122)</b>
<b>Cash flows</b>	<b>(54)</b>	<b>1,300</b>	<b>-</b>	<b>1,246</b>
<b>Accrued interest</b>	<b>-</b>	<b>(218)</b>	<b>(2,416)</b>	<b>(2,634)</b>
<b>Reclassification</b>	<b>-</b>	<b>(289)</b>	<b>289</b>	
<b>Net debt as at 31 March 2021</b>	<b>2,878</b>	<b>(1,712)</b>	<b>(70,676)</b>	<b>(69,510)</b>

## Note 15 – Lease liabilities

From 1 January 2019, leases are recognised as a right of use asset (see Note 8) and a corresponding liability at the date at which the leased asset is available for use by the Group. The following is a schedule of future lease payments due under the capital lease contracts.

<b>Lease Obligations</b>	<b>31 March 2021 US\$000</b>	<b>31 December 2020 US\$000</b>
Balance - 1 January	<b>10,165</b>	6,227
Additions	<b>25</b>	10,429
Unwinding of the discount	<b>183</b>	601
Paid during the period	<b>(1,955)</b>	(5,302)
Adjustments	<b>6</b>	(1,790)
	<b>8,424</b>	10,165

The current and non-current portions are as follows:

	<b>31 March 2021 US\$000</b>	<b>31 December 2020 US\$000</b>
Current portion	<b>1,616</b>	2,612
Non-current portion	<b>6,808</b>	7,553
	<b>8,424</b>	10,165

## Note 16 – Provisions

The Group has a provision of \$5,029,000 (2020: \$4,895,000) against the present value of the cost of restoring the Corihuarmi Mine site and Ollachea exploration tunnel site. This provision is an estimate of the cost of reversing the alterations to the environment that have been made to date. The timing and cost of this rehabilitation is uncertain and depends upon the duration of the mine life and the quantity of ore that will be extracted from the mine. At the year end, management estimates that the remaining mine life at Corihuarmi is approximately 28 months. The directors have currently estimated the rehabilitation of the Ollachea exploration tunnel to begin in 8 years' time on the assumption that commercial production does not proceed.

	<b>31 March 2021 US\$000</b>	<b>31 December 2020 US\$000</b>
Balance brought forward	<b>4,895</b>	4,456
Unwinding of the discount	<b>135</b>	487
Additional provision	<b>-</b>	170
Amounts used	<b>(1)</b>	(218)
	<b>5,029</b>	4,895

At the end of 2020, the Group hired an independent consultant to reassess the mine closure provision of the Corihuarmi Mine. The result of the reassessment was an increase of \$170,000 in the carrying value of the provision and in the carrying value of the corresponding asset account.

## Note 17 – Trade and other payables

	<b>31 March 2021 US\$000</b>	<b>31 December 2020 US\$000</b>
<b>Non-current</b>		
Trade payables	<b>2,723</b>	2,895
<b>Current</b>		
Trade payables	<b>7,087</b>	6,412
Other payables	<b>3,793</b>	3,784
	<b>10,880</b>	10,196

## Note 18 – Financial instruments and financial risk management

### Financial instruments

The Group's principal financial assets comprise of available cash and cash equivalents, and other receivables. The Group's financial assets are classified as loans and receivables and initially recognised at fair value. After initial measurement, such financial assets are measured at amortised cost using the effective interest method, less provision for impairment.

The Group's financial liabilities include trade and other payables, interest bearing loans and other long term liabilities. All financial liabilities are recognised initially at fair value and, in the case of interest bearing loans, net of directly attributable transaction costs. Trade and other payables and interest bearing loans are subsequently measured at amortised cost using the effective interest method.

### Risk management

The Group is exposed to certain financial risks due to its business activities. The potential adverse effects of these risks are constantly assessed by the management of the Group with a view to minimising them, and the directors consider whether it is appropriate to make use of financial instruments for this purpose. The following are major financial risks which the Group is exposed to:

#### *Exchange rate risk*

The functional currency of the significant entities within the Group is deemed to be the US dollar because the revenues from the sale of minerals are denominated in US dollars and the costs of the Group are likewise predominantly in US dollars. However, some transactions are denominated in currencies other than US dollars. These transactions comprise operating costs and capital expenditure in the local currencies of the countries in which the Group operates.

The balances of cash and cash equivalents held in various currencies were:

	<b>31 March 2021</b>	31 December 2020
	<b>US\$000</b>	US\$000
Peruvian nuevos soles	<b>94</b>	33
United States dollars	<b>2,784</b>	2,899
	<b>2,878</b>	2,932

The table below shows an analysis of net financial assets and liabilities by currency:

	<b>31 March 2021</b>	31 December 2020
	<b>US\$000</b>	US\$000
Pounds sterling	<b>(69)</b>	(98)
Canadian dollars	<b>(6)</b>	(11)
Peruvian nuevos soles	<b>(2,202)</b>	(1,141)
United States dollars	<b>(72,086)</b>	(70,801)
	<b>(74,363)</b>	(72,051)

## Note 18 – Financial instruments and financial risk management (continued)

The table below shows the profit/(loss) effect on the Group's results of a 10% and 20% weakening or strengthening of the US dollar against the net monetary assets shown in the table above:

	<b>31 March 2021</b>	31 December 2020
	<b>US\$000</b>	US\$000
10% weakening of the US dollar	<b>(228)</b>	(125)
20% weakening of the US dollar	<b>(455)</b>	(250)
10% strengthening of the US dollar	<b>228</b>	125
20% strengthening of the US dollar	<b>455</b>	250

### *Liquidity risk*

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 Group 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.

An analysis of the financial assets and liabilities presented by maturity is detailed below. The contractual amounts disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows may differ from the amount included in the statement of financial position because the amount in that statement is based on discounted cash flows. Moreover, as disclosed in Accounting Policies, paragraph (n) Borrowings and Borrowing costs, interest bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition they are stated at amortised cost on an effective interest basis. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period.

<b>31 March 2021</b>	<b>Due in less than 3 months</b>	<b>Due between 3 months to 1 year</b>	<b>Due between 1 to 5 years</b>	<b>Total</b>
<b>Financial assets measured at amortised cost</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>
Receivables	<b>1,490</b>	-	<b>7,260</b>	<b>8,750</b>
Cash and cash equivalents	<b>2,878</b>	-	-	<b>2,878</b>
	<b>4,368</b>	-	<b>7,260</b>	<b>11,628</b>

31 December 2020	Due in less than 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Total
Financial assets measured at amortised cost	US\$000	US\$000	US\$000	US\$000
Receivables	1,655	-	7,507	9,162
Cash and cash equivalents	2,932	-	-	2,932
	4,587	-	7,507	12,094

## Note 18 – Financial instruments and financial risk management (continued)

31 March 2021	Due in less than 3 months US\$000	Due between 3 months to 1 year US\$000	Due between 1 to 5 years US\$000	Total US\$000
Financial Liabilities measured at amortised cost				
Trade payables	6,883	204	2,723	9,810
Other payables	3,793	-	-	3,793
Interest bearing loan	1,712	-	70,676	72,388
	<b>12,388</b>	<b>204</b>	<b>73,399</b>	<b>85,991</b>

  

31 December 2020	Due in less than 3 months US\$000	Due between 3 months to 1 year US\$000	Due between 1 to 5 years US\$000	Total US\$000
Financial Liabilities measured at amortised cost				
Trade payables	6,208	204	2,895	9,307
Other payables	3,785	-	-	3,785
Interest bearing loan	1,723	781	68,549	71,053
	<b>11,716</b>	<b>985</b>	<b>71,444</b>	<b>84,145</b>

All financial assets and liabilities are measured at amortized costs. No financial assets or liabilities are measured at fair value therefore no gain or losses have been recorded through other comprehensive income.

### *Market price of minerals risk*

The Group's business exposes it to the effects of changes in the market price of minerals, primarily gold. Severe changes in the market price of gold may affect the recoverability of the Group's investments in its mine, exploration assets and mining rights, and of the Group's intercompany receivables. The supply and demand for gold, the level of interest rates, the rate of inflation, investment decisions by large holders of gold including governmental reserves, and stability of exchange rates can all cause significant fluctuations in the market price of gold. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

### *Credit risk*

The Group is exposed to credit risk in so far as it deposits cash with its banks. However, the banks used are institutions of the highest standing. In addition the Group is exposed to sovereign risk in so far as it is owed recoverable sales tax.

### *Interest rate risk*

The Group has debt denominated in US dollars and is therefore exposed to movements in US dollar interest rates. A change in LIBOR of +/- 1% would not have a material effect on the financial results of the Group. It is the policy of the Group to settle trade payables within agreed terms so that no interest is incurred on those liabilities.

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.

## **Note 19 – Capital commitments and contingent liabilities**

The Group 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 Group has made, and expects to make in the future, expenditures to comply with such laws and regulations.

On 12 November 2020 the Group announced it had settled its dispute with COFIDE. As per the terms of this agreement certain penalties are applicable if the Bridge Loan balance is not repaid. These penalties are based on percentages applicable over the amount of the Arbitration Award according the following timetable:

--\$2,053,000 (6% on the Arbitration Award amount) if the balance of the Bridge Loan is not repaid before 15 November 2021

--An additional penalty of \$1,368,000 (4% on the Arbitration Award amount) if the balance of the Bridge Loan is not repaid before 15 November 2022. These penalties shall be added to the amount owed to COFIDE and will be paid within the 36 months term established for the full payment of any outstanding debt with COFIDE.

During 2019, the Group was issued a tax reassessment by the Peruvian Tax Authority for the year ended 31 December 2017 related to the deductibility of expenses and interest relative to the Bridge Loan. If the Group is unsuccessful in this appeal, an aggregate amount of \$5,000,000 would be payable, including tax, penalties and interest calculated as at 31 March 2021.

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.

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.

## **Note 20 – Related parties**

During the quarter ended 31 March 2021, the Group did not enter into transactions with related parties with the exception of directors and key management as disclosed on Note 4. As at 31 March 2021, the Group owed \$75,000 to directors and key management.



## **Note 21 – Subsequent events**

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

### **By order of the Board**

A handwritten signature in black ink, appearing to read 'Gerardo Perez', is positioned above the printed name.

Gerardo Perez  
Chairman  
Minera IRL Limited  
14 May 2021