Management's Discussion and Analysis
For the three and nine month periods ended
30 September 2022

The following Management's Discussion and Analysis, prepared as of 14 November 2022, should be read together with the consolidated financial statements (unaudited) of Minera IRL Limited (the "Company") for the three and nine month periods ended 30 September 2022 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, the Bolsa de Valores de Lima, the Fankfurt Stock Exchange and the OTCQB Venture Market in the United Stattes.

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 third quarter of 2022, the Company's performance and results have continued to be impacted by rising prices of fuel and other consumables used in the mining industry, as well as prolonged transportation strikes and road blockages that caused operational disruptions in the Corihuarmi mine. Similar to a number of large and medium operators and producers worldwide, our production costs have significantly increased since the beginning of 2022 as a result of this irregular situation. In addition, the consistent decline in gold prices seen during the quarter and driven by geopolitical tension and inflation, has had a direct effect on our financial position.

Management anticipated this and started different initiatives in the second quarter of 2022 aimed to mitigate this temporary situation and ultimately revert it. Positive efficiencies have already been achieved to date in the Corihuarmi Gold Mine and further results are expected in the upcoming months.

Our technical teams are working very hard to identify the best alternatives to streamline operations and some of the first long-term steps taken include the following:

- Conduct a diamond drill campaign to:
  - identify higher-grade areas that could be mined preferentially without compromising the long-term mine plan, in addition to reducing the volume of waste rock that needs to be removed to reach the ore, and
  - confirm the continuity of gold mineralization to ensure future operations within the Corihuarmi concessions.
- Prepare a new geological model and resource estimate focused on addressing the higher-grade areas through an optimized mine plan, and aim to reduce blasting, loading and hauling costs.
- Update the mine plan and design aimed to increasing gold production in the short term and lowering operational costs at the same time.
- Design and build a treatment plant and dewatering ponds in line with Peru's environmental regulations, in order to ensure optimal water management during the wet season and mitigate the impact of heavy rain on the gold production budgeted for Q1 2023.

Additional short-term actions were adopted to tackle the production cost increase while the above efforts were being made:

- Reduce the volume of waste rock that needs to be removed to reach the ore,
- Optimize the blending and place higher-grade ore at the leach pads to improve gold recoveries,
- Reduce the fleet numbers and shorten haul distances from the pits to the leach pads, aimed to achieve further savings in fuel consumption and equipment usage, and
- Renegotiate contracts with vendors to ensure competitive prices.

These efforts have also required the execution of a diamond drill program and different in-house and third-party planning studies over the course of three months, already yielding encouraging savings in Corihuarmi's operational costs. In addition, an increased gold production in the past month, coupled with the recent upward trend in gold prices, are expected to have a positive impact in the fourth quarter of 2022. On September 14, 2022, we announced the preliminary results of the diamond drill program that was started in July 2022:

- DDH22-13B, zero to 22.80 m depth of moraine assaying 1.233 grams Au per tonne.
- DDH22-10, 31.20 m of oxides from 26.50 m depth assaying 0.886 grams Au per tonne.
- DDH22-07, zero to 34.70 m depth of oxides assaying 0.344 grams Au per tonne.
- DDH22-02, zero to 42.60 m depth of oxides assaying 0.282 grams Au per tonne.

During the nine-month period ended September 30, 2022, the average grade in Corihuarmi was 0.21 grams Au per tonne. The above drill program results provide a good indication of the ore grades that are expected to be mined and placed on the leach pads in the following months, and we anticipate a positive impact on gold production during 2023. The diamond drill program is now complete, and the final results will be announced at the end of November.

The new information generated from the drill campaign will be incorporated in an updated mineral resource estimate that is currently being developed by the Australian engineering firm Mining Plus. Completion of this report is expected by the first quarter of 2023.

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 30 September 2022 and 2021:

Operating Parameters	**Three month period ended 30 September**		**Nine month period ended 30 September**	
	2022	2021	**2022**	2021
Waste (tonnes)	**1,078,496**	771,421	**2,681,988**	2,218,488
Ore mined & stacked on heaps (tonnes)	**1,165,968**	1,202,321	**3,222,250**	3,345,949
Ore grade, mined and stacked (g/t)	**0.24**	0.39	**0.21**	0.24
Gold produced (ounces)	**4,975**	6,276	**15,149**	17,829
Gold sold (ounces)	**5,206**	6,260	**15,522**	18,148
Realized gold price ($ per ounce sold)	**1,633**	1,775	**1,778**	1,778
Total cash costs ($ per ounce produced) [1]	**1,802**	1,111	**1,632**	1,148

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

Ore mined and stacked during the third quarter of 2022 was 1,165,968 tonnes, a decrease of 3% compared to the 1,202,321 tonnes mined and stacked during the third quarter of 2021. During the nine month period ended 30 September 2022, ore mined and stacked was 3,222,250 tonnes, a decrease of 4% compared to the 3,345,949 tonnes mined and stacked during the same period of the prior year.

Gold production during the third quarter of 2022 was 21% lower than gold production for the same quarter of 2021. The average grade of the ore mined and placed at the leach pads has gradually decreased in recent months, and the volume of waste rock that needs to be removed to reach the ore has increased, impacting our ability to reach the right blending required for gold recovery. During the nine month period ended 30 September 2022, gold production was 15% lower than gold production for the same period of the previous year. This decrease of 15% is explained above this paragraph. Gold production during the third quarter of 2022 was 9% lower than the second quarter of 2022.

Gold sold during the third quarter of 2022 was 5,206 ounces, a 17% decrease compared to the 6,260 ounces sold during the third quarter of 2021. During the nine month period ended 30 September 2022, gold sold was 15,522 ounces, a 14% decrease compared to the 18,148 ounces sold during the same period of the prior year. Gold sold during the third quarter of 2022 was 1% lower than the second quarter of 2022.

The average realized gold price during the third quarter of 2022 was $1,633, an 8% decrease compared to the $1,775 average gold price realized during the third quarter of 2021. During the nine month period ended 30 September 2022, the average realized gold price was $1,778, the same as the average gold price realized during the same period of the prior year.

Total cash costs per ounce of gold produced during the third quarter of 2022 were $1,802, 62% higher than total cash costs of $1,111 per ounce of gold produced during the third quarter of 2021. The increase was due to the combined effect of an increase of 29% in total cash costs (mainly site operating costs: $2,166,000) and a decrease of 21% in gold ounces produced. The increase of 29% in cash costs at Corihuarmi is primarily attributed to higher costs of mining and processing consumables such as cyanide, explosives, and fuel, coupled with longer haul distances from the pits to the leach pads, increasing hauling times and fuel consumption. An increased stripping ratio, due to the higher volume of waste rock to be removed as we continue to mine deep into the pits, has also played a key role in increasing the overall mining cost. Community engagement costs have also increased during the quarter as we renew our commitments with neighboring communities before the beginning of the new year. During the nine month period ended 30 September 2022 total cash costs were $1,632 per ounce of gold produced, 42% higher than total cash costs of $1,148 per ounce of gold produced during the same period of the prior year. The increase was due to the combined effect of an increase of 21% in total cash costs (mainly site operating costs: $4,286,000) and a 15% decrease in gold ounces produced. This increase of 21% in cash cost at Corihuarmi is explained lines above this paragraph.

Exploration at Corihurami

On 31 August 2022, the Company announced that it had identified a new exploration target called "Chantal" located within the concessions of the Corihuarmi Gold Mine. The Company plans to pursue additional exploratory activities in this area as part of its strategy to further extend the life of Corihuarmi.

In addition, a drilling program was started in July 2022 with the objectives of:

- Extending the boundaries of gold mineralization in advance of and below current production benches.
- Assessing the continuity of gold mineralization at depth.
- Updating the current Corihuarmi mineral resource estimate to extend the estimated life of mine.

On 14 September 2022 the Company announced the preliminary results of the drilling program:

- DDH22-13B, zero to 22.80 m depth of moraine assaying 1.233 grams Au per tonne.
- DDH22-10, 31.20 m of oxides from 26.50 m depth assaying 0.886 grams Au per tonne.
- DDH22-07, zero to 34.70 m depth of oxides assaying 0.344 grams Au per tonne.
- DDH22-02, zero to 42.60 m depth of oxides assaying 0.282 grams Au per tonne.

The new information generated from the drilling campaign will be incorporated in an updated mineral resource estimate that is currently being developed by the Australian engineering firm Mining Plus. Completion of this report is expected by the first quarter of 2023.

Ollachea Project, Peru

Expenditures capitalized during the third quarter of 2022 were $0.3 million ($0.5 million during the third quarter of 2021). These expenditures were related mainly to community development and environmental costs.

No exploration activities were carried out during the third quarter of 2022. No exploration activities are planned for 2022.

The Company continues to maintain and generate new dialogue with potential parties that express an interest in participating in the construction of Ollachea, considering both traditional and alternative financing options or a strategic alliance that creates value for stakeholders.

Summary of Quarterly Results

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

	Q4 Dec. '20	Q1 Mar. '21	Q2 Jun. '21	Q3 Sep. '21	Q4 Dec. '21	Q1 Mar. '22	Q2 Jun. '22	Q3 Sep. '22
Total revenue ($'000)	11,865	10,378	10,776	11,110	12,170	9,425	9,675	8,501
(Loss) Profit after-tax ($'000)	29,918	(1,181)	1,770	(2,286)	1,313	(1,082)	(3,044)	(6,762)
Total comprehensive (Loss) Income ($'000)	29,918	(1,181)	1,770	(2,286)	1,313	(1,082)	(3,044)	(6,762)
Net (Loss) Earnings per share (US cents)	12.9	(0.5)	0.8	(1.0)	0.6	(0.5)	(1.3)	(2.9)

The business of the Company is not generally subject to seasonal influences. However, changing weather conditions at the beginning of every year in the Andes of Peru may have an effect on mining operations at the Corihuarmi mine, requiring additional preparation and efforts in order to prevent production declines. The variation in revenue, net profit and loss are due to a number of factors, including the market price of gold and how this is impacted by geopolitical tensions and inflation worldwide, the tonnes of ore and the associated grade of these tonnes of ore extracted from the mine and therefore the cost of production, the level of expenses incurred and the impairment of exploration, development and mining assets.

Overview of Financial Results

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

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2022	2021	**2022**	2021
Revenue ($'000)	**8,501**	11,110	**27,601**	32,264
Gold sold (ounces)	**5,206**	6,260	**15,522**	18,148
Realized gold price ($ per ounce)	**1,633**	1,775	**1,778**	1,778
Gross (Loss) profit ($'000)	**(1,186)**	3,346	**1,087**	9,427
Profit (Loss) after-tax ($'000)	**(6,762)**	(2,286)	**(10,888)**	(1,697)
Profit (Loss) per share (cents)	**(2.9)**	(1.0)	**(4.7)**	(0.7)

Results of Operations

During the third quarter of 2022, the Company reported sales revenue of $8,501,000 compared with sales revenue of $11,110,000 during the third quarter of 2021, a decrease of $2,609,000. This 23% decrease was due to the combined effect of an 8% decrease in the average price per ounce of gold sold and a 17% decrease in the number of gold ounces sold. During the nine month period ended 30 September 2022, sales revenue was $27,601,000 compared with sales revenue of $32,264,000 during the same period of the prior year, a decrease of $4,663,000. This 14% decrease was due to the 14% decrease in the number of gold ounces sold.

During the third quarter of 2022, the Company reported an after-tax loss of $6,762,000 compared with an after-tax profit of $2,286,000 during the third quarter of 2021. The $4,476,000 higher loss was mainly the result of a decrease of $4,532,000 in gross profit. During the nine month period ended 30 September 2022, after-tax loss was $10,888,000 compared with an after-tax loss of $1,697,000 during the same period of the prior year. The $9,191,000 higher loss was mainly the result of a decrease of $8,340,000 in gross profit and an increase of $598,000 in finance expenses.

Cost of sales during the third quarter of 2022 was $9,687,000, compared with cost of sales of $7,764,000 during the third quarter of 2021, an increase of $1,923,000. The most significant change between the two periods was an increase of $2,166,000 in mine operating costs, primarily attributed to higher costs of mining and processing consumables, in addition to increasing hauling times and stripping ratio in the Corihuarmi mine. During the nine month period ended 30 September 2022, cost of sales was $26,514,000 compared with cost of sales of $22,837,000 during the same period of the previous year, an increase of $3,677,000. The most significant change between the two periods was the increase of $4,286,000 in mine operating costs. A period-over-period comparison for the cost of sales is provided in the table below.

Breakdown of Cost of Sales

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2022 ($'000s)	2021 ($'000s)	**2022 ($'000s)**	2021 ($'000s)
Mine operating costs	**7,721**	5,555	**20,741**	16,455
Depreciation and amortization	**722**	790	**1,784**	2,375
Community and environmental costs	**740**	737	**2,377**	2,013
Other Costs (royalties and taxes, selling expense, other)	**504**	682	**1,612**	1,994
Total	**9,687**	7,764	**26,514**	22,837

Administration expenses during the third quarter of 2022 were $1,800,000, compared with administration expenses of $1,883,000 during the third quarter of 2021, a decrease of $83,000. The most significant change between the two periods was a decrease of $219,000 in foreign exchange. The increase in investor relations and travel expenses is attributed to the continuation of the awareness program aimed to expand the Company's exposure to the wider investment community, as part of its efforts to secure the financing for the construction of Ollachea and the repayment of COFIDE's debt. In addition, the increase in public company expenses is related to the uplisting of the Company's shares to the OTCQB and the required DTC eligibility for its common shares. During the nine month period ended 30 September 2022, administration expenses were $4,637,000 compared with $4,721,000 during the same period of the previous year, a decrease of $84,000. The most significant changes between the two periods were a decrease of $909,000 in foreign exchange partially offset by increases in salaries and wages and professional fees of $399,000 and $202,000 respectively. A period-over-period comparison for the administration expenses is provided in the table below.

Breakdown of Administration Expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2022 ($'000s)	2021 ($'000s)	**2022 ($'000s)**	2021 ($'000s)
Depreciation	**10**	8	**30**	26
Director fees	**27**	30	**88**	90
Foreign exchange (gain) loss	**361**	580	**162**	1,071
Investor relations	**67**	9	**204**	32
Public company expenses	**94**	56	**220**	137
Office rent and administration	**103**	108	**351**	261
Professional and consulting fees	**229**	311	**946**	744
Negotiation costs related to COFIDE	**-**	97	**-**	361
Salaries and wages	**705**	689	**2,112**	1,713
Telecommunication	**7**	4	**19**	16
Travel	**62**	8	**190**	145
Stock-based payments	**38**	-	**77**	-
Other	**97**	(17)	**238**	125
Total	**1,800**	1,883	**4,637**	4,721

Finance expenses during the third quarter of 2022 were $3,604,000, which includes a penalty of $1,369,000 related to the COFIDE loan (4% of the amount of the Arbitration Award of 2019) due to the Loan not being repaid before 15 November 2022. During the nine month period ended 30 September 2022, finance expenses were $6,913,000 compared with $6,315,000 during the same period of the previous year. A period-over-period comparison for the finance expenses is provided in the table below.

Breakdown of finance expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2022 ($'000s)	2021 ($'000s)	**2022 ($'000s)**	2021 ($'000s)
COFIDE Loan interest	**1,469**	1,127	**3,850**	2,681
COFIDE Loan penalty	**1,369**	2,053	**1,369**	2,053
Other loans interest	**168**	12	**268**	236
Other finance expenses	**598**	462	**1,426**	1,345
Total	**3,604**	3,654	**6,913**	6,315

Cash Flow

Cash balance decreased $1,651,000 during the third quarter of 2022, from $4,136,000 to $2,485,000. Operating activities during this quarter generated $939,000 whereas investment activities and financing activities used $65,000 and $1,976,000 respectively. During the nine month period ended 30 September 2022, the cash balance decreased $1,998,000, from $4,483,000 to 2,485,000. Operating activities during this nine month period generated $3,938,000 whereas investing and financing activities used $1,976,000 and $3,960,000 respectively.

Investment activities during the third quarter of 2022 compared to the third quarter of 2021 show an increase in proceeds from sales of the dump truck fleet ($916,000) as part of the reorganization of hauling activities at the Corihuarmi mine and decreases in acquisition of property, plant and equipment, ($418,000) offset by increases of deferred exploration expenditures ($164,000). Investing activities during the nine month period ended 30 September 2022, compared to the same period of the prior year, show an increase in proceeds from sales of the dump truck fleet ($936,000) and decreases in acquisition of property, plant and equipment, ($101,000) partly offset by increases of deferred exploration expenditures ($270,000). A period over period comparison for the financing activities is provided in the table below.

Breakdown of Investment activities

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2022 ($'000s)	2021 ($'000s)	**2022 ($'000s)**	2021 ($'000s)
Acquisition of property, plant and equipment	**318**	736	**1,357**	1,458
Deferred exploration expenditures	**663**	499	**1,555**	1,285
Proceeds from sale of dump trucks	**(916)**	-	**(936)**	-

Financing activities during the third quarter of 2022 compared to the third quarter of 2021 show a decrease in repayment of loans ($100,000) and payment of liabilities for right of use ($158,000), as well as an increase in payment of finance expenses ($112,000).Financing activities during the nine month period ended 30 September 2022, compared to the same period of the prior year, show increases in proceeds from loans ($1,300,000), payment of liabilities for right of use ($19,000) and payment of finance expenses ($119,000); as well as a decrease in repayment of loans ($2,000,000). A period over period comparison for the financing activities is provided in the table below.

Breakdown of Financing activities

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2022 ($'000s)	2021 ($'000s)	**2022 ($'000s)**	2021 ($'000s)
Net proceeds from loans	**-**	-	**(2,000)**	(700)
Repayment of loans	**200**	300	**200**	2,200
Payment of lease liabilities	**2,120**	2,278	**5,360**	5,341
Payment of finance expenses	**205**	93	**400**	281

Legal Actions Involving Company

Please refer to section "Background and Business of the Company" on page 4.

The Company is not currently involved in any other legal proceedings nor was it involved in any other legal proceedings during the quarter ended 30 September 2022 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 30 September 2022, the Company had a working capital deficit of $15,383,000 (defined as current assets less current liabilities).

In 2022, the Company forecasts gold production of 20,000 ounces from the Corihuarmi mine. The capital budget of Corihuarmi for 2022 is $1.9 million to build heap leach pad 5E and $1.1 million for other capital expenditures. The Company expects that the following quarters will see a gold production increase resulting from the construction of this new 5-hectare pad and the associated leaching capacity increase.

In addition, the recent preliminary results from the drilling campaign started in July 2022, provide a good indication of increased ore grades below the current mining production benches in the pits. This new exploration data will be included in an updated Mineral Resource Estimated in accordance with Canadian National Instrument 43-101 that is being developed by Australian engineering consulting firm Mining Plus. The report is expected to be completed by the first quarter of 2023 and is intended to confirm the existence of sufficient resources to continue producing gold beyond the estimated life of Corihuarmi.

The Company continues to implement further optimization and reorganization programs to mitigate the impact of increasing consumable costs resulting from rising fuel prices worldwide. Mr. Martin Mount, Independent Director of the Company and a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects, is leading these efforts with particular focus on strategic long-term planning and the geological potential of Corihuarmi to ensure continuity of operations.

The Company continues to make efforts to maintain and promote new dialogue and negotiations with third parties interested in participating in the financing of the Ollachea Gold Project.

The Company is optimistic regarding its efforts to reduce operating expenses and increasing gold production at Corihuarmi, and secure the financing required for Ollachea.

Ollachea and the COFIDE Bridge Loan

Please refer to section "Background and Business of the Company" on page 4.

Capital Management

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

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

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

Liquidity and Capital Resources

As at 30 September 2022, the Company had cash of $2,485,000, compared with $4,483,000 as at 31 December 2021.

As at 30 September 2022, the Company had a working capital deficit of $15,383,000. 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. There can be no assurance that the Company will be able to generate sufficient cash from operations or obtain adequate financing in the future or, if available, that such financing will be on acceptable terms.

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.

On 12 November 2020 the Company announced it had settled its dispute with COFIDE. As per the terms of this settlement the Company owed COFIDE US$31.9 million of accrued interest at that date. However, COFIDE has yet to provide the invoices to support the tax deductibility of these interest expenses. As a consequence, in case of a tax audit, the tax authority might object the tax deductibility of these interests. Also, as per the terms of this agreement certain penalties are applicable while the balance of the debt owed to COFIDE is not fully 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 debt is not repaid before 15 November 2021. This amount was accrued in the third quarter of 2021.
- An additional penalty of $1,369,000 (4% on the Arbitration Award amount) if the balance of the debt is not repaid before 15 November 2022. This amount was accrued in the third quarter of 2022.These penalties are 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 Company was issued a tax reassessment by the Peruvian Tax Authority for the year ended 31 December 2017 related to the deductibility of interest relative to the COFIDE Bridge Loan and write off of leaching pads. The Company has appealed this tax reassessment before the Tax Court with reasonable expectation of a successful outcome. If the Company is unsuccessful in this appeal, an aggregate amount of $5,260,000 would be payable, including tax, penalties and interest calculated as at 30 September 2022.

During 2021, the Company was issued a tax reassessment by the Peruvian Tax Authority for the year ended 31 December 2015 related to the deductibility of expenses and interest relative to the COFIDE Bridge Loan and the write off of intangible assets. The Company has appealed this tax reassessment before the Tax Court with reasonable expectation of a successful outcome. If the Company is unsuccessful in this appeal, an aggregate amount of $4,907,000 would be payable, including tax, penalties and interest calculated as at 30 September 2022.

The Company 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 Company 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 Company would have to pay a penalty for an amount equivalent to approximately $2,400,000. Otherwise, the Company 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 Company 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 Company 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 Company awarded a 1% royalty on gross revenue minus refining costs on gold sales from the Company's Ollachea Project. The Company has the right to buyback and cancel this royalty from Macquarie Bank by paying a buyback fee of $5,000,000.

Financial Instruments

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

Risks

The Company operates in the resource industry, which is highly speculative, and has certain inherent exploration, development and operating risks which could have a negative effect on the Company's operations.

Significant risk factors for the Company include operating, land title, environmental regulations and compliance, litigation, surface rights, health and safety, the ability to obtain additional financing, metal prices, Mineral Reserves and Resources estimates, insurance coverage, infrastructure, key management and staff, legal climate considerations, changes in government policy, geopolitical climate, government, currency, economic, local community, geological, competition, and general business risk, as well as the risks associated with public health crises, including COVID-19.

Additionally, there are risks specifically related to the COFIDE Bridge Loan. For further information, please refer to paragraph "Background and Business of the Company" on page 4 and section 5 Risk Factors on the Company's 2021 Annual Information Form filed on SEDAR at www.sedar.com.

Risks associated with public health crises, including COVID-19

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19. The international response to the spread of COVID-19 has led to significant restrictions on travel, business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in delays and disruptions on the operating and supply chains, global stock market and financial market volatility, restrictions on movement of people and labour shortages, shipping and travel disruptions; and shutdowns as a result of government regulation and prevention measures, or a fear of any of the foregoing risks, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition to the current COVID-19 pandemic, any future outbreak of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company's operations and/or the operations of suppliers and service providers, including refining service providers, and the demand for the Company's production.

As at the date of this report, the duration of COVID-19 cannot be predicted. It is unknown whether and how the Company may be affected if the pandemic persists for an extended period of time. In particular, the region in which we operate may not have sufficient public infrastructure to adequately or efficiently respond to such event, which could have a materially adverse effect on the Company's operations.

Liquidity risk

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

Regarding the settlement agreement signed with COFIDE in November 2020, the Company does not currently have the capital required to repay in full the balance owed to COFIDE and is currently working towards securing the financing required to build its Ollachea project and meet or renegotiate its credit obligation with COFIDE.

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 quarter ended 30 September 2022, the Company entered into transactions with directors and key management as disclosed on Note 7 of the consolidated financial statements (unaudited) for the quarter ended 30 September 2022. As at 30 September 2022, the Company owed $74,000 to directors and key management. Also, during the quarter ended 30 September 2022, certain related parties of directors and key management received $44,000 as salary and professional fees on normal commercial terms.

Significant Accounting Policies

The Company follows the accounting policies described in the audited consolidated financial statements for the year ended 31 December 2021, 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 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 quarter ended 30 September 2022 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 quarter ended 30 September 2022.

Subsequent Events

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

Management and Board Changes

Mr. Michael Iannacone resigned as a director on 27 January 2022. On 22 February 2022 Mr. Lema was appointed Chairman of the Audit Committee and on the same date Mr. Martin Mount was appointed as a member of the Audit Committee.

Additional Information

Additional information regarding Minera IRL, including Minera IRL's Annual Information Form for the year ended 31 December 2021 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 paragraph **"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

"Total cash costs" include costs such as mining, processing and administration (excluding depreciation and amortization) plus applicable royalties, workers' profit participation cost, and other non-site costs (transport and refining of metals, community and environmental costs). These costs are then divided by the ounces sold to arrive at "total cash cost per ounce produced". This metric may vary from one period to another due to operating efficiencies, waste-to-ore ratios, grade of ore processed and gold recovery rates in the period.

Management believes this information is useful to investors because this measure is considered to be a key indicator of a company's ability to generate operating earnings and cash flow from its mining operations. This data is furnished to provide additional information and is a non-GAAP and non-IFRS measure that does not have any standardized meaning prescribed by GAAP or IFRS. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS, and is not necessarily indicative of operating costs presented under IFRS. The following table reconciles these non-GAAP measures to the consolidated financial statements.

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2022	2021	**2022**	2021
Cost of sales	**$9,687**	$7,764	**$26,514**	$22,837
Less:				
Depreciation	**722**	790	**1,784**	2,375
Cash costs	**$8,965**	$6,974	**$24,730**	$20,462
Ounces of gold produced	***4,975***	*6,276*	***15,149***	*17,829*
Total cash costs per ounce produced	**$1,802/oz**	$1,111/oz	**$1,632/oz**	$1,148/oz

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