Management's Discussion and Analysis
For the three and nine month periods ended
30 September 2020

The following Management's Discussion and Analysis, prepared as of 16 November 2020, should be read together with the consolidated financial statements of Minera IRL Limited (the "Company") for the three and nine month periods ended 30 September 2020 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.

Q3 2020 HIGHLIGHTS

Financial

- Gold sales of 5,647 ounces (Q3 2019: 6,415 ounces) at an average realized gold price of $1,889 per ounce (Q3 2019: $1,455 per ounce).
- Revenue of $10.7 million, (Q3 2019: $9.3 million).
- Gross profit of $4.0 million (Q3 2019: $2.7 million).
- After tax loss of $1.9 million (Q3 2019: $1.0 million).
- Cash balance of $2.5 million (31 December 2019: $2.8 million).
- Debt of $97.2 million (31 December 2019: $89.5 million).

Operational Performance

- **Corihuarmi, Peru**
  - Gold production from the Corihuarmi Gold Mine of 5,540 ounces (Q3 2019: 6,460 ounces).
  - Ore mined and stacked of 1,052,058 tonnes (Q3 2019: 1,128,532 tonnes).
  - Total cash costs were $1,101 per ounce produced (Q3 2019: $898).
  - Total all-in sustaining costs (AISC) were $1,408 per ounce produced (Q3 2019: $1,100).
  - The Peruvian government has approved the Corihuarmi mine's COVID-19 surveillance, prevention and control plan which allows the Company to continue its mining operations.

- **Ollachea, Peru**
  - On 12 November 2020 the Company announced it has settled its dispute with COFIDE. The summary of the settlement is that the Company owes COFIDE US$70 million in principal and US$ 31.9 million of accrued interest (calculated to November 10, 2020) and COFIDE owes the Company 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 will be offset. The Company will pay the net balance to COFIDE within 36 months and COFIDE will withdraw its legal claim for annulment of the Arbitration Award.

  - The Company continues with its Community programs and maintains an excellent relationship with the Ollachea Community.

Background and Business of the Company

Minera IRL Limited ("Minera IRL" or the "Company") is a Jersey registered company which, together with its subsidiaries, engages in exploration, development and mining of precious metals. Currently, the Company trade its ordinary shares on the Canadian Securities Exchange and on the Bolsa de Valores de Lima.

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

In June 2015, the Company announced that it had arranged a $70,000,000 secured finance facility (the "Bridge Loan") structured by the Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. ("COFIDE") and syndicated through Goldman Sachs Bank USA. The Bridge Loan was part of a senior project credit 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. The Bridge Loan is secured by the Ollachea Project's assets, mining reserves, mining concessions and rights and a pledge of the shares of the Company's subsidiary, Compañia 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.

On 20 June 2017 the Company 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 Company announced that the Court of Arbitration had issued its Arbitration Award. The Award provides 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. No amount for the damages awarded of $34.2 million has been recognised in the financial statements given the uncertainty over its recoverability.

On 31 December 2019 the Company signed a Memorandum of Understanding ("MOU") with COFIDE which was valid until 31 March 2020. During this period both the collection of damages by the Company and the collection of the debt and/or interests by COFIDE remain suspended. The objective of the MOU is 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 the Bridge Loan repayment. The Company is aware that COFIDE has filed a lawsuit for annulment of the Arbitration Award. The MOU provides that COFIDE will take the necessary steps to desist from this legal process if the parties reach a definitive agreement within the framework of the MOU.

On 30 June 2020 the Company announced that it had signed the first amendment to the MOU with COFIDE. Both parties agreed to extend the validity of the MOU until 28 September 2020. Afterwards it was announced that the MOU had been extended to 7 November 2020.

On 12 November 2020 the Company announced that On 11 November 2020 the Company announced it has settled its dispute with COFIDE. The summary of the settlement is that the Company owes COFIDE US$70 million in principal and US$ 31.9 million of accrued interest (calculated to November 10, 2020) and COFIDE owes the Company 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 will be offset. The Company will pay the net balance to COFIDE within 36 months and COFIDE will withdraw its legal claim for annulment of the Arbitration Award.

The Bridge Loan is secured by the Ollachea Project's assets, mining reserves, mining concessions and rights and a pledge of the shares of the Company's subsidiary, Compañia Minera Kuri Kullu S.A., which holds the Ollachea Project. If the Company is not able to secure an alternative source of funds to refinance the debt with COFIDE it may have to relinquish its ownership of the subsidiary, Campañia 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. The assets of the Corihuarmi Mine are not included as a guarantee of the Bridge Loan.

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 the agreement described in previous paragraphs will be finalized and that 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 Company in the meantime.

Impact of COVID-19

In early March 2020, the Company 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 Company is confident it will overcome these difficulties. In this sense, the Company considers that it has taken appropriate measures in contemplation of the impact of COVID-19 and, as of the date of filing of this report, the Company considers that there are no material impacts that may affect its operations.

The Company's cash flow is sufficient to meet its commitments and to fund its working capital requirements in the face of this crisis. The Company 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.

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 three and nine month periods ended 30 September 2020 and 2019:

Operating Parameters	**Three month period ended 30 September**		**Nine month period ended 30 September**	
	2020	2019	**2020**	2019
Waste (tonnes)	**1,012,657**	647,919	**2,386,751**	1,960,423
Ore mined & stacked on heaps (tonnes)	**1,052,058**	1,128,532	**3,107,221**	3,165,663
Ore grade, mined and stacked (g/t)	**0.26**	0.44	**0.24**	0.25
Gold produced (ounces)	**5,540**	6,460	**15,516**	17,204
Gold sold (ounces)	**5,647**	6,415	**15,763**	17,068
Realized gold price ($ per ounce sold)	**$1,889**	$1,455	**$1,727**	$1,353
Total cash costs ($ per ounce produced) [1]	**$1,101**	$898	**$1,085**	$913
Total all-in sustaining costs ($ per ounce produced) [1]	**$1,408**	$1,100	**$1,343**	$1,098

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

Ore mined and stacked during the third quarter of 2020 was 1,052,058 tonnes, a decrease of 7% compared to the 1,128,532 tonnes mined and stacked during the third quarter of 2019. During the nine month period ended 30 September 2020 ore mined and stacked was 3,107,221 tonnes, a 2% decrease compared to the 3,165,663 tonnes mined and stacked during the same period of the prior year.

Gold sold during the third quarter of 2020 was 5,647 ounces, a 12% decrease compared to the 6,415 ounces sold during the third quarter of 2019. During the nine month period ended 30 September 2020 gold sold was 15,763 ounces an 8% decrease compared to the 17,068 ounces sold during the same period of the prior year.

The average realized gold price during the third quarter of 2020 was $1,889, a 30% increase compared to the $1,455 average gold price realized during the third quarter of 2019. During the nine month period ended 30 September 2020 the average realized gold price was $1,727, a 28% increase from the average gold price of $1,353 realized during the same period of the prior year.

Total cash costs per ounce of gold produced during the third quarter of 2020 were $1,101, 23% higher than total cash costs of $898 per ounce of gold produced during the third quarter of 2019. The increase was due to the combined effect of an increase of 5% in total cash costs and a decrease of 14% in gold ounces produced. During the nine month period ended 30 September 2020 total cash costs were $1,085 per ounce of gold produced, 19% higher than total cash costs of $913 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 7% in total cash costs and a 10% decrease in gold ounces produced.

Total all-in sustaining costs ("AISC") per ounce of gold produced during the third quarter of 2020 were $1,408, 28% higher than the AISC costs of $1,100 per ounce of gold produced during the third quarter of 2019. The increase was due to the combined effect of an increase of 10% in AISC costs and a decrease of 14% in gold ounces produced. During the nine month period ended 30 September 2020 AISC costs were

$1,343 per ounce of gold produced, 22% higher than the AISC costs of $1,098 per ounce produced during the same period of the prior year. The increase was due to the combined effect of increases of 10% in AISC costs and a 10% decrease in gold ounces produced.

Ollachea Project, Peru

Expenditures capitalized during the third quarter of 2020 were $0.1 million ($0.3 million during the third quarter of 2019). These expenditures were related mainly to community development and environmental costs.

No exploration activities were carried out during the third quarter of 2020. No exploration activities are planned for 2020.

Other Projects

Frontera Joint Venture

During 2019 the Company sold to Teck Resources Limited all its interests in this project for $100,000, except its royalty rights. The company does not hold any other project.

Summary of Quarterly Results

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

	Q4 Dec. '18	**Q1 Mar. '19**	**Q2 Jun. '19**	**Q3 Sep. '19**	**Q4 Dec. '19**	**Q1 Mar. '20**	**Q2 Jun. '20**	**Q3 Sep. '20**
Total revenue ($'000)	7,658	6,429	7,338	9,331	8,656	8,287	8,265	10,665
(Loss) Profit after-tax ($'000)	482	(2,220)	(2,039)	(987)	(6,241)	(1,405)	(4,325)	(1,938)
Total comprehensive (Loss) Income ($'000)	482	(2,220)	(2,039)	(987)	(6,241)	(1,405)	(4,325)	(1,938)
Net (Loss) Earnings per share (US cents)	0.2	(1.0)	(0.9)	(0.4)	(2.7)	(0.6)	(1.9)	(0.8)

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

Overview of Financial Results

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

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2020	2019	**2020**	2019
Revenue ($'000)	**10,665**	9,331	**27,217**	23,098
Gold sold (ounces)	**5,647**	6,415	**15,763**	17,068
Realized gold price ($ per ounce)	**1,889**	1,455	**1,727**	1,353
Gross profit ($'000)	**4,004**	2,677	**8,735**	4,907
Loss after-tax ($'000)	**(1,938)**	(987)	**(7,668)**	(5,246)
Loss per share (cents)	**(0.8)**	(0.4)	**(3.3)**	(2.3)

Results of Operations

During the third quarter of 2020, the Company reported sales revenue of $10,665,000 compared with sales revenue of $9,331,000 during the third quarter of 2019, an increase of $1,334,000. This 14% increase was due to the combined effect of a 30% increase in the average price per ounce of gold sold and a 12% decrease in the number of gold ounces sold. During the nine month period ended 30 September 2020 sales revenue was $27,217,000 compared with sales revenue of $23,098,000 during the same period of the prior year, an increase of $4,119,000. This 18% increase was due to the combined effect of a 28% increase in the average price per ounce of gold sold and an 8% decrease in the number of gold ounces sold.

During the third quarter of 2020 the Company reported an after tax loss of $1,938,000 compared with a loss of $987,000 during the third quarter of 2019. The $951,000 higher loss was mainly the result of an increase of $1,327,000 in gross profit offset by increases of $620,000 in income tax expense and $1,791,000 in administration expenses. During the nine month period ended 30 September 2020 after tax loss was $7,668,000 compared with $5,246,000 after-tax loss during the same period of the prior year. The $2,422,000 higher loss was also mainly the result of an increase of $3,828,000 in gross profit offset by increases of $4,220,000 in income tax expense and $2,330,000 in administration expenses.

Cost of sales during the third quarter of 2020 was $6,661,000, compared with cost of sales of $6,654,000 during the third quarter of 2019, an increase of $7,000. The most significant changes between the two periods were a decrease of $290,000 in depreciation and an increase of $249,000 in other costs. During the nine month period ended 30 September 2020 cost of sales was $18,482,000 compared with cost of sales of $18,191,000 during the same period of the previous year, an increase of $291,000. The most significant changes between the two periods were increases of $553,000 and $466,000 in site operating costs and other costs respectively, partly offset by a decrease of $832,000 in depreciation. 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**	
	2020 ($'000s)	2019 ($'000s)	**2020 ($'000s)**	**2019 ($'000s)**
Mine operating costs	**4,649**	4,591	**13,277**	12,724
Depreciation and amortization	**564**	854	**1,646**	2,478
Community and environmental costs	**655**	665	**1,759**	1,655
Other Costs (royalties and taxes, selling expense, other)	**793**	544	**1,800**	1,334
Total	**6,661**	6,654	**18,482**	18,191

Administration expenses during the third quarter of 2020 were $3,065,000, compared with administration expenses of $1,274,000 during the third quarter of 2019, an increase of $1,791,000. The most significant change between the two periods was an increase of $2,015,000 in arbitration and negotiation costs. During the nine month period ended 30 September 2020 administration expenses were $5,478,000 compared with $3,148,000 during the same period of the previous year, an increase of $2,330,000. The most significant changes between the two periods were increases of $330,000 and $1,928,000 in foreign exchange and arbitration and negotiation costs, respectively. On 28 September 2020 the Company signed an agreement regarding the success fee payable to a legal firm in connection with the arbitration process described in section "Background and Business of the Company". A success fee of $2,205,000 was accrued in the third quarter of this year and included in arbitration and negotiation costs. A period-over-period comparison for the administration expenses is provided in the table below.

Breakdown of Administration Expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2020 ($'000s)	2019 ($'000s)	**2020 ($'000s)**	2019 ($'000s)
Depreciation	**13**	13	**41**	38
Director fees	**30**	30	**90**	90
Foreign exchange (gain) loss	**118**	173	**449**	119
Investor relations	**8**	10	**30**	27
Stock exchange fees	**32**	50	**127**	183
Office rent and administration	**77**	86	**239**	253
Professional and consulting fees	**208**	273	**617**	670
Arbitration/negotiation costs	**2,089**	74	**2,158**	230
Salaries and wages	**463**	467	**1,397**	1,408
Telecommunication	**12**	17	**20**	50
Travel	**51**	63	**109**	141
Other	**(36)**	18	**201**	(61)
Total	**3,065**	1,274	**5,478**	3,148

Finance expenses during the third quarter of 2020 were $2,197,000 compared to $2,166,000 during the third quarter of 2019, an increase of $31,000. During the nine month period ended 30 September 2019 finance expenses were $6,345,000 compared with $6,449,000 during the same period of the previous year, a decrease of $104,000. 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	
	2020 ($'000s)	2019 ($'000s)	**2020 ($'000s)**	2019 ($'000s)
COFIDE Bridge Loan interest	**1,640**	1,639	**4,885**	4,867
Other loans interest	**170**	-	**314**	-
Other finance expenses	**387**	527	**1,146**	1,582
Total	**2,197**	2,166	**6,345**	6,449

Cash Flow

Cash balance increased $75,000 during the third quarter of 2020, from $2,408,000 to $2,483,000. Operating activities during this quarter generated $1,348,000 whereas investing and financing activities used $793,000 and $480,000 respectively. During the nine month period ended 30 September 2020 the cash balance decreased $308,000, from $2,791,000 to $2,483,000. Operating activities during this nine month period generated $2,956,000 whereas investing and financing activities used $1,717,000 and $1,547,000 respectively.

Investing activities during the third quarter of 2020 used $793,000, compared with $622,000 used during the third quarter of 2019, an increase of $171,000. The change was due mainly to an increase of $213,000 in acquisitions of property, plant and equipment offset by a decrease of $56,000 in deferred development expenditures. During the nine month period ended 30 September 2020 investing activities used $1,717,000 compared with $1,728,000 used during the same period of the prior year, a decrease of $11,000. The change was due mainly to an increase of $278,000 in acquisitions of property, plant and equipment offset by a decrease of $303,000 in deferred development expenditures. A period-over-period comparison for the investing activities is provided in the table below.

Breakdown of Investment activities

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2020 ($'000s)	2019 ($'000s)	**2020 ($'000s)**	2019 ($'000s)
Acquisition of property, plant and equipment	**565**	352	**980**	702
Deferred exploration and development expenditures	**246**	302	**755**	1,058
Disposal of property, plant and equipment	**(18)**	(32)	**(18)**	(32)
Total	**793**	622	**1,717**	1,728

Financing activities during the third quarter of 2020 used a net of $480,000, compared with $855,000 used during the third quarter of 2019, a decrease of $375,000. The change was due mainly to proceeds from a loan from an unrelated party of $1,400,000 (see Note 14 of the financial statements) partly offset by increases in payments of lease liabilities and finance expenses of $409,000 and $556,000 respectively. During the nine month period ended 30 September 2020 net investing activities used a net of $1,547,000 compared with $2,378,000 used during the same period of the prior year, a decrease of $831,000. The change was due mainly to proceeds from loans from an unrelated party of $3,380,000 (see Note 14 of the financial statements) partly offset by increases in payments of lease liabilities and finance expenses of $1,640,000 and $621,000, respectively. 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	
	2020 ($'000s)	2019 ($'000s)	**2020 ($'000s)**	2019 ($'000s)
Net proceeds from loan	**(1,400)**	-	**(3,380)**	-
Repayment of loan	**60**	-	**420**	
Payment of lease liabilities	**1,173**	764	**3,697**	2,057
Payment of finance expenses	**647**	91	**810**	189
Payment of lease obligations	**-**	-	**-**	132
Total	**480**	855	**1,547**	2,378

Legal Actions Involving Company

In June 2015, the Company announced that it had arranged a $70,000,000 secured finance facility (the "Bridge Loan") structured by the Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. ("COFIDE") and syndicated through Goldman Sachs Bank USA. The Bridge Loan was part of a senior project credit 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. The Bridge Loan is secured by the Ollachea Project's assets, mining reserves, mining concessions and rights and a pledge of the shares of the Company's subsidiary, Compañia 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.

On 20 June 2017 the Company 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 Company announced that the Court of Arbitration had issued its Arbitration Award. The Award provides 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. To date, no amount for the damages awarded of $34.2 million has been recognised in the financial statements given the uncertainty at the year-end over its recoverability.

On 31 December 2019 the Company signed a Memorandum of Understanding ("MOU") with COFIDE which was valid until 31 March 2020. During this period both the collection of damages by the Company and the collection of the debt and/or interests by COFIDE remain suspended. The objective of the MOU is 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 the Bridge Loan repayment. The Company is aware that COFIDE has filed a lawsuit for annulment of the Arbitration Award. The MOU provides that COFIDE will take the necessary steps to desist from this legal process if the parties reach a definitive agreement within the framework of the MOU.

On 30 June 2020 the Company announced that it had signed the first amendment to the MOU with COFIDE. Both parties agreed to extend the validity of the MOU until 28 September 2020. Afterwards it was announced that the MOU had been extended to 7 November 2020.

On 12 November 2020 the Company announced that On 11 November 2020 the Company announced it has settled its dispute with COFIDE. The summary of the settlement is that the Company owes COFIDE US$70 million in principal and US$ 31.9 million of accrued interest (calculated to November 10, 2020) and COFIDE owes the Company 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 will be offset. The Company will pay the net balance to COFIDE within 36 months and COFIDE will withdraw its legal claim for annulment of the Arbitration Award.

The Company is not currently involved in any other legal proceedings nor was it involved in any other legal proceedings during the three and nine month periods ended 30 September 2020 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 2020, the Company had a working capital deficit of $108,711,000 (defined as current assets less current liabilities).

In 2020, the Company is keeping its forecast of gold production of 22,500 ounces from Corihuarmi. The capital budget of Corihuarmi for 2020 is $1.0 million to finalize heap leach pad 5C sector 2.

Ollachea and the COFIDE Bridge Loan

On 31 December 2019 the Company signed a Memorandum of Understanding ("MOU") with COFIDE which was valid until 31 March 2020. During this period both the collection of damages by the Company and the collection of the debt and/or interests by COFIDE remain suspended. The objective of the MOU is 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 the Bridge Loan repayment. The Company is aware that COFIDE has filed a lawsuit for annulment of the Arbitration Award. The MOU provides that COFIDE will take the necessary steps to desist from this legal process if the parties reach a definitive agreement within the framework of the MOU.

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The Bridge Loan is secured by the Ollachea Project's assets, mining reserves, mining concessions and rights and a pledge of the shares of the Company's subsidiary, Compañia Minera Kuri Kullu S.A., which holds the Ollachea Project. If the parties do not finalize the agreement described in the previous paragraph or the Company is not able to secure an alternative source of funds to refinance the debt with COFIDE, the Company may have to relinquish its ownership of the subsidiary, Campañia 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 the agreement described in previous paragraphs will be finalized and that 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 Company in the meantime.

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

Capital Management

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

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

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

Liquidity and Capital Resources

As at 30 September 2020, the Company had cash of $2,483,000, compared with $2,791,000 as at 31 December 2019.

As at 30 September 2020, the Company had a working capital deficiency of $108,711,000. Working capital is defined as current assets less current liabilities.

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

<u>Going Concern Basis</u>

The consolidated financial statements have been prepared on a going concern basis. The Company's future plans and expectations are based on the assumption that the Company will be able to continue in operation for the foreseeable future and will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to generate sufficient cash from operations or obtain adequate financing in the future or, if available, that such financing will be on acceptable terms. The Company does not currently have the capital required to repay the Bridge Loan or advance the Ollachea Project. If the Company cannot refinance the Bridge Loan, it could lose the Ollachea Project. If it cannot replace the Senior Project Debt Facility, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Commitments and Contingent Liabilities

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

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 expenses and interest relative to the Bridge Loan. If the Company is unsuccessful in this appeal, an aggregate amount of $5,000,000 would be payable, including tax, penalties and interest.

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 3 and section 5 Risk Factors on the Company's 2019 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.

In March 2017 COFIDE terminated the Mandate Letter for the Senior Project Debt Facility that was to fund development of the Ollachea Project, and the $70,000,000 Bridge Loan matured on 5 June 2017. The Company does not currently have the funds required to repay the Bridge Loan or develop the Ollachea Project. As a result, the Company must now raise the funds required from alternative sources. Failure to do so may result in loss of the Ollachea Project.

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. The Company has debt denominated in US dollars payable to COFIDE and is therefore exposed to movements in US dollar interest rates. This debt bears interest at 6.17% over LIBOR plus a 2% interest surcharge after the date the Bridge Loan was due. A change in LIBOR of +/- 1% would not have a material effect on the financial results of the Company. It is the policy of the Company to settle trade payables within agreed terms so that no interest is incurred on those liabilities.

Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in 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 three month period ended 30 September 2020, the Company did not enter into transactions with related parties with the exception of directors and key management. As at 30 September 2020, the Company owed $117,000 to directors and key management.

Significant Accounting Policies and Critical Accounting Estimates

The Company follows the accounting policies described in the audited consolidated financial statements for the year ended 31 December 2019, 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 three month period ended 30 September 2020 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, employees and consultants of the Company under the Company's Share Option Plan. However, 11,556,751 options were to be issued as part of the fees payable to Sherpa in regards to the COFIDE Bridge Loan financing. The options, which will have an exercise price of C$0.20, are subject to shareholder and regulatory approval.

Changes in Accounting Policies

The Company did not adopt any new accounting policies during the three month period ended 30 September 2020.

Subsequent Events

On 12 November 2020 the Company announced it has settled its dispute with COFIDE. The summary of the settlement is that the Company owes COFIDE US$70 million in principal and US$ 31.9 million of accrued interest (calculated to November 10, 2020) and COFIDE owes the Company 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 will be offset. The Company will pay the net balance to COFIDE within 36 months and COFIDE will withdraw its legal claim for annulment of the Arbitration Award.

Management and Board Changes

There was no Management and Board Changes during the three month period ended 30 September 2020.

Additional Information

Additional information regarding Minera IRL, including Minera IRL's Annual Information Form for the year ended 31 December 2019 is available on the Company's website at www.minera-irl.com or on SEDAR at www.sedar.com.

Cautionary Statement on Forward-Looking Information

Certain information in this MD&A, including information about the Company's financial or operating performance and other statements expressing management's expectations or estimates of future events, performance and exploration and development programs or plans constitute "forward-looking statements". Forward-looking statements often, but not always, are identified by words such as "seek", "believe", "expect", "do not expect", "will", "will not", "intend", "estimate", "anticipate", "plan", "schedule" and similar expressions of a conditional or future oriented nature identify forward-looking statements. Forward-looking statements are, necessarily, based upon a number of estimates and assumptions. While considered, by management, to be reasonable in the context in which they are made forward-looking statements are inherently subject to political, legal, regulatory, business and economic risks and competitive uncertainties and contingencies. The Company cautions readers that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Minera IRL's actual financial results, future performance and results of exploration and development programs and plans to be materially different than those expected or estimated future results, performance or achievements and that forward-looking statements are not guarantees of future performance, results or achievements. Forward-looking statements are made as of the date of this MD&A and Minera IRL assumes no obligation, except as may be required by law, to update or revise them to reflect new events or circumstances. Risks, uncertainties and contingencies and other factors that might cause actual performance to differ from forward-looking statements include, but are not limited to, the Company's ability to refinance the COFIDE Bridge Loan and replace the Senior Project Debt Facility, changes in the price of precious metals and commodities, changes in the relative exchange rates of the US dollar against the Peruvian nuevo sol, interest rates, legislative, political, social or economic developments both within the countries in which the Company operates and in general, contests over title to property, the speculative nature of mineral exploration and development, operating or technical difficulties in connection with the Company's development or exploration programs, increasing costs as a result of inflation or scarcity of human resources and input materials or equipment. Known and unknown risks inherent in the mining business include potential uncertainties related to the title of mineral claims, the accuracy of mineral reserve and resource estimates, metallurgical recoveries, capital and operating costs and the future demand for minerals. Please see **Risks**, elsewhere herein.

Qualified Person

Pursuant to National Instrument 43-101, Mr. Francis O'Kelly FIMM, CEng. a Fellow of the UK Institute of Mining and Metallurgy, is the Qualified Person ("QP") responsible for the technical disclosure in this MD&A.

Non-IFRS Measures

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

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

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

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

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2020	2019	**2020**	2019
Cost of sales	**$6,661**	$6,654	**$18,482**	$18,191
Less:				
Depreciation	**564**	854	**1,646**	2,478
Cash costs	**$6,097**	$5,800	**$16,836**	$15,713
Ounces of gold produced	***5,540***	*6,460*	***15,516***	*17,204*
Total cash costs per ounce produced	**$1,101/oz**	$898/oz	**$1,085/oz**	$913/oz
Total cash costs plus:				
Administration expenses [1]	**$533**	$561	**$1,553**	$1,225
Mine closure accretion	**107**	102	**319**	307
Right-of-use liabilities accretion	**159**	151	**455**	544
Exploration expenses	**78**	92	**150**	224
Capital Leases payments	**259**	51	**552**	183
Capital expenditure	**565**	352	**980**	702
Total all-in sustaining costs (AISC)	**$7,798**	$7,109	**$20,845**	$18,898
Ounces of gold produced	***5,540***	*6,460*	***15,516***	*17,204*
Total all-in sustaining costs per ounce produced	**$1,408/oz**	$1,100/oz	**$1,343/oz**	$1,098/oz

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

1. Excluding costs related to the negotiation process with COFIDE.