



## **Management's Discussion and Analysis**

### **For the quarter ended**

### **31 March 2024**

*The following Management's Discussion and Analysis, prepared as of 15 May 2024, should be read together with the consolidated financial statements (unaudited) of Minera IRL Limited (the "Company") for the quarter ended 31 March 2024 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](http://www.minera-irl.com) and within the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).*

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

#### **NOTICE TO THE READER**

The accompanying report has been prepared by and is the responsibility of Management.

In addition, the Company's independent auditor has not yet provided an opinion on the Company's consolidated financial statements for the year ended December 31, 2023, and the information used for comparative purposes in the accompanying report might contain adjustments that could impact the current interim period.

## ***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 trades its ordinary shares on the Canadian Securities Exchange (“CSE”) and on the Bolsa de Valores de Lima (“BVL”), the Frankfurt Stock Exchange (“FWB”) and the OTCQB Venture Market in the United States.

In Peru, the Company operates the Corihuarmi Gold Mine and has been advancing its flagship project, the Ollachea Gold Project (the “Ollachea Project”), towards production. At Ollachea, the Company has completed an NI 43-101 compliant Preliminary Economic Assessment and has received the approval of its Environmental and Social Impact Assessment (“ESIA”) and construction permit from the Peruvian authorities.

## ***Current Situation***

In the first quarter of 2024, the Company continued to record a sustained and gradual increase in the number of gold ounces produced and sold, significantly surpassing the figures reported in the first quarter of 2023 (3,962 ounces) and 2022 (5,067 ounces). This improvement in the performance of the Corihuarmi Gold Mine (“Corihuarmi”) has resulted from the efforts deployed in previous quarters that have generated notable efficiencies in mining and processing operations. Below, we present a comparative table for each quarter:

	<b>Q1 2024</b>	<b>Q4 2023</b>	<b>Q3 2023</b>	<b>Q2 2023</b>
Gold sold (ounces)	<b>5,516</b>	5,127	4,482	3,775

During the first quarter of 2024, there was an 18% increase in mine operating costs compared to the same period in 2023, and a 4% increase compared to the fourth quarter of 2023. Below is a comparative table:

	<b>Q1 2024</b> <b>(\$'000s)</b>	<b>Q4 2023</b> <b>(\$'000s)</b>	<b>Q1 2023</b> <b>(\$'000s)</b>
Mine operating costs	<b>7,063</b>	<b>6,804</b>	<b>6,009</b>

This increase reflects the investments made in safety and environmental management infrastructure to ensure proper water management during the rainy season and to mitigate its impact on mining operations. The Company continues to maintain a proactive approach towards any current and future potential impact that may be caused by extreme climatic phenomena around the Corihuarmi operations area, thereby complying with the highest national and international safety and environmental standards.

The Company continues to optimize mining and processing operations at Corihuarmi by implementing initiatives that generate cost savings and, at the same time, allow maintaining and improving gold production levels. Furthermore, we view with optimism the current upward trend in gold prices and its positive impact on our financial position to ensure the accomplishment of our 2024 objectives.

## ***Corihuarmi Gold Mine, Peru***

The Company's 100% owned Corihuarmi gold mine is located approximately 160 kilometres southeast of Lima, in the Central Andes of Peru, at an altitude of approximately 5,000 metres above sea level. The Company acquired the Corihuarmi leases in 2002 and the mine was brought into production in March 2008. Below is a summary of the key operating statistics for Corihuarmi for the quarters ended 31 March 2024 y 2023:

<b>Operating Parameters</b>	<b>Three-month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
Waste (tonnes)	<b>630,841</b>	330,140
Ore mined & stacked on heaps (tonnes)	<b>946,127</b>	915,075
Ore grade, mined and stacked (g/t)	<b>0.17</b>	0.20
Gold produced (ounces)	<b>5,448</b>	3,985
Gold sold (ounces)	<b>5,516</b>	3,962
Realized gold price (\$ per ounce sold)	<b>\$2,053</b>	\$1,889
Total cash costs (\$ per ounce produced) <sup>1</sup>	<b>\$1,531</b>	\$1,771

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

Ore mined and stacked during the first quarter of 2024 was 946,127 tonnes, an increase of 3% compared to the 915,075 tonnes mined and stacked during the first quarter of 2023.

Gold production during the first quarter of 2024 increased by 37% compared to gold production during the first quarter of 2023. It is worth highlighting the sustained and gradual increase that has been achieved over the last quarters, with increases of 47%, 25%, and 4% compared to the second, third, and fourth quarters of 2023, respectively.

Gold sold during the first quarter of 2024 was 5,516 ounces, a 39% increase compared to the 3,962 ounces sold during the first quarter of 2023. Likewise, the number of gold ounces sold has gradually risen, with increases of 44%, 22%, and 6% compared to the second, third, and fourth quarters of 2023, respectively.

The average realized gold price during the first quarter of 2024 was \$2,053, a 9% increase compared to the \$1,889 average gold price realized during the first quarter of 2023.

Total cash costs per ounce of gold produced during the first quarter of 2024 were \$1,531, a 14% decrease compared to total cash costs of \$1,771 per ounce of gold produced during the first quarter of 2023. The decrease was due to the combined effect of an 18% increase in cash costs, mainly mine site operating costs (\$1,054,000) and a 37% increase in gold ounces produced.

## ***Ollachea Project, Peru***

Expenditures capitalized during the first quarter of 2024 were \$0.2 million (\$0.2 million during the first quarter of 2023). These expenditures were related mainly to community development and environmental costs.

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

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

## ***Summary of Quarterly Results***

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

	<b>Q2 Jun. '22</b>	<b>Q3 Sep. '22</b>	<b>Q4 Dec. '22</b>	<b>Q1 Mar. '23</b>	<b>Q2 Jun. '23</b>	<b>Q3 Jun. '23</b>	<b>Q4 Dec. '23</b>	<b>Q1 Mar. '24</b>
Total revenue (\$'000)	9,675	8,501	9,392	7,484	7,421	8,547	10,155	11,327
(Loss) Profit after-tax (\$'000)	(3,044)	(6,762)	(5,111)	(4,198)	(4,894)	(7,775)	(3,638)	(2,181)
Total comprehensive (Loss) Income (\$'000)	(3,044)	(6,762)	(5,111)	(4,198)	(4,894)	(7,775)	(3,638)	(2,181)
Net (Loss) Earnings per share (US cents)	(1.3)	(2.9)	(2.2)	(1.8)	(2.1)	(3.4)	(1.6)	(0.9)

The business of the Company is not generally subject to seasonal influences. However, our performance in 2023 was impacted by unprecedented climatic phenomena that caused heavy rainfall and flooding throughout Peru, affecting all industries. In Corihuarmi, this prompted a series of risk prevention efforts in mining and processing operations, as well as an increase in gold production. Additionally, the Company invested in water treatment equipment and infrastructure, efforts that continued into the first quarter of 2024, to ensure optimal environmental management in accordance with the highest local and international standards. In addition, the variation in revenue, net profit and loss are generally 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 31 March	
	2024	2023
Revenue (\$'000)	11,327	7,484
Gold sold (ounces)	5,516	3,962
Realized gold price (\$ per ounce )	\$2,053	1,889
Gross (Loss) profit (\$'000)	2,358	(66)
Loss after-tax (\$'000)	(2,181)	(4,198)
Profit (Loss) per share (cents)	(0.9)	(1.8)

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

## Results of Operations

During the first quarter of 2024, the Company reported sales revenue of \$11,327,000 compared with sales revenue of \$7,484,000 during the first quarter of 2023, an increase of \$3,843,000. This 34% increase was due to the combined effect of an 8% increase in the average price per ounce of gold sold and a 28% increase in the number of gold ounces sold.

During the first quarter of 2024, the Company reported an after-tax loss of \$2,181,000 compared with an after-tax loss of \$4,198,000 during the first quarter of 2023. The \$2,017,000 decrease in losses was mainly due to the combined effect of a \$2,424,000 decrease in gross profit, in addition to a decrease of \$340,000 in administration expenses and an increase of \$781,000 in financial expenses, respectively.

Cost of sales during the first quarter of 2024 was \$8,969,000, compared with cost of sales of \$7,550,000 during the first quarter of 2023, an increase of \$1,419,000. The most significant changes between the two periods were increases of \$1,054,000 in mine site operating costs and \$133,000 in depreciation and amortization, respectively. Below is a period-by-period comparison of cost of sales.

## Breakdown of Cost of Sales

	Three-month period ended 31 March	
	2024 (\$'000s)	2023 (\$'000s)
Mine operating costs	7,063	6,009
Depreciation and amortization	626	493
Community and environmental costs	583	615
Other Costs (royalties and taxes, selling expense, other)	697	433
<b>Total</b>	<b>8,969</b>	<b>7,550</b>

Administration expenses during the first quarter of 2024 were \$1,022,000, compared with administration expenses of \$1,362,000 during the first quarter of 2023, a decrease of \$340,000. The most significant changes between the two periods were decreases of \$250,000 in investor relations expenses and \$120,000 in salaries and wages. Below is a period-by-period comparison of administration expenses.

#### Breakdown of Administration Expenses

	Three-month period ended 31 March	
	2024 (\$'000s)	2023 (\$'000s)
Depreciation	10	10
Director fees	30	27
Foreign exchange (gain) loss	41	(48)
Investor relations	-	250
Public company expenses	46	100
Office rent and administration	98	88
Professional and consulting fees	141	206
Salaries and wages	512	632
Telecommunication	6	8
Travel	20	64
Other expenses	118	25
<b>Total</b>	<b>1,022</b>	<b>1,362</b>

Finance expenses during the first quarter of 2024 were \$3,481,000 compared to \$2,700,000 during the first quarter of 2023, an increase of \$781,000. The most significant changes between the two periods were an increase of \$799,000 in interest related to the COFIDE loan, and an increase of \$91,000 in other finance expenses.

#### Breakdown of finance expenses

	Three-month period ended 31 March	
	2024 (\$'000s)	2023 (\$'000s)
COFIDE Loan interest	2,718	1,919
Other loans interest	125	234
Other finance expenses	638	547
<b>Total</b>	<b>3,481</b>	<b>2,700</b>

## **Cash Flow**

Cash balance decreased \$110,000 during the first quarter of 2024, from \$997,000 to \$887,000. Operating activities during this quarter generated \$2,928,000 whereas investment activities and finance activities used \$609,000 and \$2,428,000, respectively.

Investing activities during the first quarter of 2024 used \$609,000, compared with \$618,000 used during the first quarter of 2023, a decrease of \$9,000. The change was due to the combined effect of an increase of \$101,000 in acquisitions of property, plant, and equipment, and a decrease of \$110,000 in deferred development expenditures. A period-over-period comparison for the investing activities is provided in the table below.

### **Breakdown of Investment activities**

	<b>Three-month period ended 31 March</b>	
	<b>2024 (\$'000s)</b>	<b>2023 (\$'000s)</b>
Acquisition of property, plant and equipment	<b>416</b>	<b>315</b>
Deferred exploration and development expenditures	<b>193</b>	<b>303</b>
Proceeds from sale of property, plant and equipment	<b>-</b>	<b>-</b>
<b>Total</b>	<b>609</b>	<b>618</b>

Financing activities during the first quarter of 2024 used \$2,428,000 compared to \$1,280,000 used during the first quarter of 2023, an increase of \$1,148,000. The change was due to the combined effect of a \$390,000 increase in repayment of loans, and increase of \$944,000 in payment of financial lease liabilities and a decrease of \$186,000 in payment of financial expenses. A period-over-period comparison for the financing activities is provided in the table below.

### **Breakdown of Financing Activities**

	<b>Three-month period ended 31 March</b>	
	<b>2024 (\$'000s)</b>	<b>2023 (\$'000s)</b>
Repayment of loans	<b>140</b>	<b>(250)</b>
Payment of lease liabilities	<b>2,214</b>	<b>1,270</b>
Payment of finance expenses	<b>74</b>	<b>260</b>
<b>Total</b>	<b>2,428</b>	<b>1,280</b>

## ***Legal Actions Involving the Company***

The Company is not currently involved in any legal proceedings nor was it involved in any legal proceedings during the quarter ended 31 March 2024 and nor, to the knowledge of management, are there any legal proceedings currently contemplated which may materially affect the business and affairs of the Company or that would likely be considered important to a reasonable investor in making an investment decision.

## ***Outlook***

At 31 March 2024, the Company had a working capital deficit of \$124,604,000 (defined as current assets less current liabilities).

In 2024, the Company forecasts a production of 21,000 ounces of gold at the Corihuarmi Gold Mine (“Corihuarmi”). The capital budget for Corihuarmi in 2024 includes \$1.7 million for the construction of Heap Leach Pad 5F, \$0.3 million for processing plant upgrades, and \$0.4 million for other capital expenditures.

Additionally, the Company is working on a new Mineral Resource Estimate update for Corihuarmi in accordance with the Canadian National Instrument NI 43-101. It is anticipated that this report will be completed during the first half of 2024, with the expectation to confirm the existence of sufficient mineral resources to continue gold production at Corihuarmi.

The Company anticipates maintaining positive gold production levels throughout 2024, based on the increases recorded throughout 2023 and the first quarter of 2024. This is supported by scheduled maintenance and upgrades at the processing plant and the construction of the new Heap Leach Pad 5F, which are expected to yield enhanced gold recoveries.

The Company is currently engaged in advanced due diligence and negotiations with potential investors, aiming to complete a transaction that enables the development of the Ollachea Gold Project and the repayment of the debt with COFIDE. The ongoing negotiations with these investors consider both traditional and alternative financing options or a strategic alliance that creates value for all stakeholders.

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

### **Ollachea and the COFIDE Bridge Loan**

Please refer to Note 1 “Basis of preparation and going concern” on page 6 of the Interim Consolidated Financial Statements (Unaudited) for the three-month period ended 31 March 2024 filed on SEDAR together with this report.

## ***Capital Management***

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



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

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

### ***Liquidity and Capital Resources***

As at 31 March 2024, the Company had cash of \$887,000, compared to \$997,000 as at 31 March 2023.

As at 31 March 2024, the Company had a working capital deficit of \$124,604,000. 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.

#### **Going Concern Basis**

The consolidated financial statements have been prepared on a going concern basis. The Company's future plans and expectations are based on the assumption that the Company will be able to continue in operation for the foreseeable future and will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company is committed to sustaining the positive production levels recently reached at Corihuarmi, while continuing to lower operational costs and streamline mining and processing operations. In addition, the Company aims to confirm the continuity of gold mineralization as part of its plan to further extend the estimated life of Corihuarmi through an updated Mineral Resource Estimate, in accordance with Canadian National Instrument 43-101. Advanced due diligence and discussions with interested parties are currently underway, with the goal of completing a transaction that enables the development of the Ollachea Gold Project and repayment of the debt with COFIDE. Although there can be no assurance that these parties will continue to be interested upon completion of their due diligence, the Management and Board are optimistic about closing a transaction in the short term.

### ***Commitments and Contingent Liabilities***

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

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

During 2023, the Group received a tax reassessment from the Peruvian Tax Authority for the year ended 31 December 2016 concerning the deductibility of expenses and interest related to the COFIDE Bridge Loan. This reassessment amounts to approximately \$4,505,000, including taxes, penalties, and interest.

The Group has challenged the arguments presented by the Tax Authority and has filed an appeal providing the relevant legal proof to support its position.

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

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

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

## ***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.

Additionally, there are risks specifically related to the COFIDE Bridge Loan. For further information, please refer to Note 1 "Basis of preparation and going concern" on page 6 of the Interim Consolidated Financial Statements (Unaudited) for the three-month period ended 31 March 2024, and section 5, Risk Factors of the Company's 2022 Annual Information Form filed on SEDAR at [www.sedar.com](http://www.sedar.com).

**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.

**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 31 March 2024, the Company entered into transactions with directors and key management as disclosed on Note 4 of the consolidated financial statements (unaudited) for the quarter ended 31 March 2024. As at 31 March 2024, the Company owed \$511,000 to directors and key management. Also, during the quarter ended 31 March 2024, certain parties related to directors and key management personnel received \$45,000 as salaries and professional fees on normal market terms.

## ***Significant Accounting Policies***

The Company follows the accounting policies described in the audited consolidated financial statements for the year ended 31 December 2022 which have been filed on SEDAR [www.sedar.com](http://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 31 March 2024 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 31 March 2024.

### ***Subsequent Events***

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

### ***Management and Board Changes***

There were no Management and Board Changes during the first quarter of 2024.

### ***Additional Information***

Additional information regarding Minera IRL, including Minera IRL's Annual Information Form for the year ended 31 December 2022 is available on the Company's website at [www.minera-irl.com](http://www.minera-irl.com) or on SEDAR at [www.sedar.com](http://www.sedar.com)

## ***Cautionary Statement on Forward-Looking Information***

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

## ***Qualified Person***

Pursuant to National Instrument 43-101, Mr. Martin Mount FGS CGeol – Fellow No.16658 of the Geological Society of London, and FIMMM CEng – Fellow No.47566 of the Institute of Materials, Minerals and Mining, is the Qualified Person ("QP") responsible for the technical disclosure in this MD&A.



## ***Non-IFRS Measures***

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

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 31 March	
	2024	2023
Cost of sales	<b>\$8,969</b>	\$7,550
Less:		
Depreciation	<b>626</b>	493
Cash costs	<b>8,343</b>	\$7,057
<i>Ounces of gold produced</i>	<b>5,448</b>	3,985
<b>Total cash costs per ounce produced</b>	<b>1,531</b>	\$1,771/oz

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

<sup>1</sup>. Excluding expenses related to the negotiations with COFIDE.