



Management's Discussion and Analysis For the Year Ended 31 December 2015

The following Management's Discussion and Analysis ("MD&A"), prepared as of 1 June 2016, should be read together with the audited consolidated financial statements (the "Financial Statements") and related notes thereto of Minera IRL Limited ("Minera IRL", the "Group" or the "Company") for the fiscal year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information about Minera IRL 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 in United States ("US") dollars unless otherwise noted. References to "C\$" are to Canadian dollars and to "£" are to British pound sterling.

Background and Business of the Company

Minera IRL Limited is a Jersey registered company and together with its subsidiaries, engages in precious metals mining, development and mineral exploration in Latin America. The Company was privately funded from inception in 2000 until an initial public offering and admission of its ordinary shares on the AIM Market of the London Stock Exchange plc ("AIM") in April 2007. Subsequently, the Company listed on the Lima Stock Exchange in Peru, Bolsa de Valores Lima ("BVL"), in December 2007 under the trading symbol of "MIRL". In April 2010, the shares of the Company were listed on the Toronto Stock Exchange ("TSX") under the trading symbol "IRL".

The Company did not timely file its financial statements for the three and six month periods ended 30 June 2015 and trading in the Company's shares was suspended on AIM, BVL and TSX in September 2015. In October 2015 the Company applied for a voluntary delisting of its shares on TSX. Also in October 2015, both the Ontario Securities Commission ("OSC") and the British Columbia Securities Commission issued Cease Trade Orders (collectively, the "Cease Trade Order") which are still in effect. In March 2016, the Company requested a delisting from AIM. The listing on BVL remains suspended. The Company has undertaken to comply with all disclosure requirements in Canada and, once compliance is achieved, it intends to apply for revocation of the Cease Trade Order and apply for a new stock exchange listing in Canada.

In Peru, the Company operates the Corihuarmi Gold Mine and is advancing its flagship project, the Ollachea Gold Project, towards production. At Ollachea, the Company has completed a post-definitive feasibility study ("DFS") optimization and received the Environmental and Social Impact Assessment ("ESIA") and the Construction Permit from the Peruvian authorities. The Company is currently working towards financing the Ollachea Gold Project. In June 2015, the Company announced that it had secured a \$70 million bridge loan from a Peruvian state-

owned development and promotion bank. The loan is expected to be the first component of a senior debt facility of up to \$240 million, and this initial component was used to repay existing debt, including a \$30 million Macquarie Bank debt facility and the remaining Ollachea property payment due to Rio Tinto, and to advance many aspects of the project's development needed to commence major site construction. Additional detail on the bridge loan is provided below under the section entitled, "Ollachea Project, Peru - Development".

Operational, Project Development and Exploration Review

Corihuarmi Gold Mine, Peru

The Company's 100% owned Corihuarmi Gold Mine ("Corihuarmi") is located approximately 160 kilometres ("km") southeast of Lima, Peru, in the Central Andes at an altitude of almost 5,000 metres ("m"). The Company acquired the Corihuarmi leases in 2002, and the mine was brought into production in March 2008. As a result of the last year's exploration drill program, the life of the Corihuarmi Mine has been extended into the end of 2017.

The Corihuarmi Mine produced 23,917 ounces of gold during the year ended 31 December 2015.

Below is a summary of the key operating statistics for Corihuarmi for the three and twelve months ended 31 December 2015 and 2014:

Operating Parameters	Three Month Period Ended 31 December		Year Ended 31 December	
	2015	2014	2015	2014
Waste (tonnes)	143,187	77,228	825,985	291,609
Ore mined & stacked on heaps (tonnes)	778,038	656,387	2,965,576	2,660,039
Ore grade, mined and stacked (g/t)	0.30	0.34	0.33	0.32
Gold produced (ounces)	6,036	6,114	23,917	23,321
Gold sold (ounces)	6,987	6,166	24,056	23,654
Realized gold price (\$ per ounce)	1,098	1,194	1,143	1,260
Site operating cash costs (\$ per ounce) ¹	588	638	658	705
Total cash costs (\$ per ounce) ¹	771	831	789	874

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

Three months ended 31 December 2015

Gold production during the fourth quarter of 2015 was 6,036 ounces, compared to 6,114 ounces produced in the same period of the prior year, a small decrease of 1%. Site operating cash costs were \$588 per ounce of gold produced, compared to \$638 per ounce of gold produced in the same period of the prior year, a decrease of 8%. At Corihuarmi, site operating costs were lower in the fourth quarter of 2014 versus the comparative quarter in 2013 despite the year-over-year increase in tonnes of ore mined and stacked. This was due to a focus on cost control along with the impact of a weakening Peruvian sol relative to the U.S. dollar.

Total cash costs, which includes site operating cash costs and reflects certain non-site costs such as community, environmental and other costs, was \$771 per ounce of gold sold, compared to \$831 per ounce of gold sold in the same period of the prior year, a decrease of 7%.

Year ended 31 December 2015

Gold production during the year ended 31 December 2015 was 23,917 ounces, compared to 23,321 ounces produced in the same period of the prior year, a small increase of 2%. Site operating cash costs were \$658 per ounce of gold produced, compared to \$705 per ounce of gold produced in the same period of the prior year, a decrease of 7%. The decrease in per ounce costs is largely due to lower site operating costs.

Total cash costs, which includes site operating cash costs and reflects certain non-site costs such as community, environmental and other costs, was \$789 per ounce of gold sold, compared to \$874 per ounce of gold sold in the same period of the prior year, a decrease of 10%.

Ollachea Project, Peru - Development

Minera IRL's flagship Ollachea Gold Project is located in southern Peru, approximately 250km north of Lake Titicaca, on the eastern escarpment of the Andes Mountains. Infrastructure in close proximity to the project is excellent and well serviced with paved roads, transmission lines, and electricity generating facilities.

In June 2012, the Company announced that the 2007 5-year Surface Rights Agreement with the nearby Community of Ollachea had been extended for a period of 30 years. As part of this agreement, Minera IRL agreed to continue to sponsor community health, education, sustainability and community enterprise programs. The 2012 agreement also ratifies the commitment in the original 2007 Surface Rights Agreement to grant the Community of Ollachea a 5% equity participation in the subsidiary company Minera Kuri Kullu SA ("MKK"), which holds the Ollachea leases, upon the commencement of commercial production.

Between 2008, when drilling commenced, and the last drill hole in early 2013, the Company has completed 82,275m of drilling in 211 holes over a strike length of approximately 2km, resulting in the delineation of significant gold mineral resources at Ollachea. All defined zones of mineralization remain open-ended both along strike and down-dip at Ollachea.

In November 2012, the Company published a National Instrument 43-101 compliant technical report summarizing the results of a Definitive Feasibility Study ("Ollachea DFS") for a robust underground mining operation on the Minapampa Zone on the Ollachea Project that was prepared by AMEC (now Amec Foster Wheeler), a leading global mining consultancy firm. In June 2014, the Company completed an optimization study on Ollachea DFS in anticipation of the development of the Ollachea Gold Mine (the "Ollachea Optimization Study") that included an updated Mineral Reserve and Resource Statement for the Minapampa Zone, updated cost estimates, and an accelerated production profile.

The Ollachea Optimization Study reported an Indicated Mineral Resource (at a 2.0g/t Au cut-off) of 10.1 million tonnes grading 4.0g/t Au for approximately 1.3 million ounces of contained gold. Within the Indicated Mineral Resource, there is a Probable Mineral Reserve (at a 2.1g/t Au cut-off) of 9.2 million tonnes grading 3.4g/t Au for 1.0 million contained ounces of gold. In addition, there is an Inferred Mineral Resource (at a 2.0g/t Au cut-off) of 1.7 million tonnes grading 4.0g/t Au for 0.2 million contained ounces of gold at Minapampa. These estimates have an effective date of July 6, 2012

The Ollachea Optimization Study has scheduled production of 930,000 ounces over an initial nine-year mine life at an average total cash cost of \$587 per ounce of gold produced (from

\$583 per ounce in the Ollachea DFS). The projected capital costs required to construct the mine is \$165 million (from \$178 million in the Ollachea DFS) and including life-of-mine sustaining capital and closure costs is \$220 million (from \$223 million in the Ollachea DFS). The after-tax net present value on a 100% equity basis, using a base case gold price of \$1,300 per ounce and a 7% discount rate, is \$181 million (from \$155 million in the Ollachea DFS), with an after-tax internal rate of return of 28% (from 22% in the Ollachea DFS). The payback period from the start of construction is projected to be 3.1 years (from 3.7 years in the Ollachea DFS).

The aforementioned figures are based upon third quarter 2012 cost estimates and do not consider the financial impact of the 1% gross revenue royalty that was granted to Macquarie Bank that has a \$5 million buyback option. Nor do the figures consider the financial impact of the 0.9% net smelter royalty granted as part of the recently announced bridge loan financing. The financial results are on 100% project basis and exclude the agreement with the community for a 5% participation in MKK on commencement of production, and exclude the Second Additional Payment of \$14.2 million due to Rio Tinto in July 2016. The aforementioned figures have not been updated for changes in costs and exchange rates since 2012. Management expects to do this during the second half of 2016.

In addition to the 1.3 million ounces of Indicated Resources utilized in the Optimized Ollachea Study and the 0.2 million ounces of Inferred Resource, both at Minapampa, the Company has delineated an Inferred Resource (at a 2.0g/t Au cut-off) of 10.4 million tonnes grading 2.8g/t Au for 0.9 million contained ounces of gold at the Concurayoc Zone (with an effective date of August 31, 2011), which forms part of the Ollachea Gold Property. The potential addition of these inferred resources to the mine plan represents an opportunity to extend the life of mine beyond what is envisaged in the Ollachea DFS and could enhance the economics of the project. However, we caution the reader that there have been no mining studies carried out on the Concurayoc inferred mineral resource, and therefore it does not have any demonstrated economic viability.

In December 2012, as part of the permitting process, the Company submitted an Environmental and Social Impact Assessment (“ESIA”) report on the Ollachea Project to the Peruvian Ministry of Mines and Energy (“MEM”), the government agency responsible for ESIA approval. The ESIA report was the culmination of over three years of environmental baseline studies, the Ollachea DFS, archaeological studies, water management plan, flora and fauna studies, social baseline studies and comprehensive community public consultations. The approval of a mining project’s ESIA is a major milestone on the path towards production and is the key permit required to develop a mine in Peru.

In May 2013, the Ollachea ESIA received final approval from the Community of Ollachea; and, in September 2013, the MEM approved the ESIA. After approval of the ESIA, the Company submitted its application for a Construction Permit for the Ollachea Gold Mine, which was awarded in June 2014. The Construction Permit is the final significant permit required to commence construction of the Ollachea Gold Mine.

In June 2015, the Company announced that it had secured a \$70 million finance facility (the “Bridge Loan”) from the Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. (“COFIDE”), which was syndicated through Goldman Sachs Bank USA (“Goldman Sachs”). The Bridge Loan is expected to be the first component of a senior debt facility (“Senior Debt Facility”) of up to \$240 million to be structured by COFIDE to develop the Company’s Ollachea Gold Project.

During 2015, total expenditures on the Ollachea Gold Project were \$4.6 million, most of which was capitalized. Investments at Ollachea during 2015 were focussed on advancing the Construction Permit, maintaining the exploration tunnel, community development, and ongoing environmental and security costs.

Ollachea Project, Peru - Exploration

Over the three and one-half year period following commencement of drilling in October 2008, the Company completed 82,275m of drilling in 211 holes over a strike length of approximately 2km, resulting in the delineation of significant gold mineral resources and reserves at Ollachea. There is significant exploration upside at Ollachea, as all zones of known mineralization remain open-ended both along strike and down-dip.

On 29 August 2011, the Company announced that it had committed to the construction of a 1.2km exploration tunnel into the hanging wall of the Minapampa orebody at the Ollachea Gold Project. In addition to providing access for underground exploration drilling, the tunnel has been designed to later serve as a production tunnel, which is expected to facilitate rapid mine development project once financing is in place.

In January 2013, the exploration tunnel reached its planned 1.2km objective, and did so more than a month ahead of schedule and under budget. The speed and reduced cost associated with the completion of the tunnel, as well as the practical experience gained, indicates that certain technical considerations utilized in the DFS could be conservative. Specifically, the tunnel exhibits significantly better ground conditions, a much higher advance rate and minimal water infiltration; these factors could positively affect the project economics outlined in the Ollachea DFS, though the extent of their impact cannot be accurately predicted.

The Company commenced an underground drilling campaign in January 2013. The initial program consisted of three completed diamond drill holes, all of which intersected potentially ore grade gold mineralization:

- DDH13-T01 intersected 20m grading 4.48g/t gold;
- DDH13-T03 intersected 11m grading 5.47g/t gold; and
- DDH13-T04 intersected 9m grading 5.45g/t gold.

The eastern-most intersection (DDH13-T03) is located approximately 320m east of the defined Minapampa mineral resources upon which the Ollachea DFS is based upon. These drilling results indicate the presence of a significant extension to the strike length of the mineralized trend, which remains open-ended to the east. In addition, the average grade of these underground drill intercepts is substantially higher than the average grade of the Minapampa and Concurayoc mineral resources, further increasing the prospectivity of this zone of mineralization.

During the second half of 2016, using funds from the COFIDE Bridge Loan, the Company plans to undertake a 5,200m drill program on the eastern extension of the Minapampa ore zone as a continuation of the drilling campaign in 2013. The estimated cost of the drill program is \$1.2 million.

Exploration Projects

Bethania Prospect

The Bethania Project comprises three exploration licenses held for some years by Minera IRL plus an additional 0.14km² lease under option from Minera Monterrico Peru SAC to acquire 100% ownership for a total holding of 33km² that was amended in late 2012 and extended for five years. Bethania is located only 10km from Minera IRL's Corihuarmi Gold Mine in the high Andes of central Peru and, prior to being optioned by Minera IRL, had undergone limited exploration by Newcrest in 1998.

Between the third quarter of 2010 and the fourth quarter of 2011, the Company drilled 25 holes for a total of 7,678m at Bethania over the course of two exploratory drill programs to test portions of an extensive alteration zone, measuring approximately 3.5km by 1.2km, associated with an induced polarization chargeability/resistivity anomaly. The drilling programs encountered substantial intersections of low-grade gold, copper and molybdenum in a porphyry setting, often near or at surface. The encouraging tenor and consistency of grade distribution that has been intersected from surface justifies continued exploration work in this mineralized porphyry system, which is interpreted to form a minor part of a far larger hydrothermally altered lithocap that is known to extend for more than 15km along the Central Andean trend.

The Group was required to make an option payment of \$1,000,000 due in December 2015 to allow the Group to retain its option rights on the Bethania property. At the end of June 2015 the Group decided not to make the payment in order to preserve cash. In consequence the Group recorded a write off charge of \$3,034,000

Frontera Joint Venture

The Frontera project is a 35/65 joint venture with Teck Resources Limited ("Teck"), which is managed by Teck. The property consists of a 12km² package of tenements located in Region I of northern Chile, on the northwestern border with Peru and close to the eastern border with Bolivia.

No exploration activities are planned for 2016.

Quilavira Project

The Company signed an option agreement in February 2010 to acquire the Quilavira Gold Project from Newcrest Mining Ltd. The 51km² tenement package is in the Tacna district of southern Peru. The transaction was conducted through a surrogate local Peruvian company authorized to work within the Strategic Frontier Zone facing Chile that acquired the property from Newcrest on behalf of the Company. Once permission is granted to the Company to work in the Frontier Zone, the properties are expected to be transferred at nominal cost.

The main exploration target at Quilavira is an alteration zone approximately 1,200m by 300m in size. Sampling by Newcrest identified a 200m by 200m zone of anomalous gold mineralization (>1g/t gold rock chip samples) within the western part of the alteration zone.

No exploration activities are planned for 2016.

Summary of Quarterly Results

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

	Q1 Mar. '14	Q2 Jun. '14	Q3 Sep. '14	Q4 Dec. '14	Q1 Mar. '15	Q2 Jun. '15	Q3 Sep. '15	Q4 Dec. '15
Total revenue	7,592	7,590	7,294	7,390	6,609	7,434	5,872	7,669
Loss after-tax	(1,486)	(33,040)	(3,993)	(4,844)	(2,003)	(5,785)	(2,667)	(4,630)
Total comprehensive loss	(1,486)	(33,040)	(3,993)	(4,844)	(2,003)	(5,785)	(2,667)	(4,630)
Net loss per share								
Basic (US cents)	(0.7)	(14.4)	(1.7)	(2.1)	(0.9)	(2.5)	(1.2)	(1.9)
Diluted (US cents)	(0.7)	(14.4)	(1.7)	(2.1)	(0.9)	(2.5)	(1.2)	(1.9)

The business of the Company is not generally subject to seasonal influences. The variation in revenues and net profit and losses are due to a number of factors, among which are 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 impairment of exploration, development assets and mining assets, the level of administrative expenses and the incidence of corporation tax in Peru.

Over the last eight quarters, as forecasted, the Company's Corihuarmi Mine has experienced diminishing ore grades. The impact of the diminishing grades on gold production has been partially offset by an increase in tonnes mined and stacked on the heaps. The average London PM Fix during 2014 was \$1,266 per ounce, decreasing to \$1,160 per ounce in 2015.

During the three-month period ended 30 June 2014, the Company recorded a charge of \$30.7 million against its investment in the Don Nicolás joint venture. In July 2014, the Company announced that it had entered into an agreement with its joint venture partner, Compañía Inversora en Minas ("CIMINAS"), to sell its remaining interest in Minera IRL Patagonia for total consideration of \$11.5 million. As a result, the Company recorded a write down on its investment in the Don Nicolás joint venture to the expected proceeds on the sale. The write down was increased in the fourth quarter of 2014 with the write off of a \$1.4 million receivable outstanding from CIMINAS.

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

Overview of Financial Results

Data	Three Month Period		Twelve Month Period	
	2015	2014	2015	2014
Financial				
Revenue (\$'000)	7,669	7,390	27,584	29,866
Gross profit (\$'000)	2,041	1,688	6,527	6,765
Loss from continuing operations (\$'000)	(4,630)	(3,439)	(15,085)	(8,925)
Loss after-tax (\$'000)	(4,630)	(4,844)	(15,085)	(43,363)
Comprehensive loss (\$'000)	(4,630)	(4,844)	(15,085)	(43,363)
Loss per share				
Continuing operations (cents)	(2.0)	(1.5)	(6.5)	(3.9)
Discontinued operations (cents)	-	(0.6)	-	(15.2)

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

Results of Operations

During the fourth quarter of 2015 the Company reported a loss from continuing operations of \$4,630,000 compared with a loss of \$3,439,000 during the same period in the prior year. The higher loss was the result of a \$353,000 increase in gross profit offset by an increase of \$1,544,000 in expenses. During the year ended 31 December 2015 loss from continuing operations were \$15,085,000 compared with \$8,925,000 during the same period in the prior year. The higher loss was the result of a \$238,000 decrease in gross profit and a \$5,922,000 increase in expenses.

During the fourth quarter of 2014 and the year ended 31 December 2014 the Company reported a loss in discontinued operations of \$1,405,000 and \$34,438,000 respectively, related to the Don Nicolas Gold Project. For more information see Note 22 “Discontinued Operations” of the December 2015 financial statements.

During the fourth quarter of 2015, sales revenue increased by 4% compared to the same quarter in 2014. The increase was the result of a 13% increase in the number of gold ounces sold, partially offset by a 8% drop on the realized gold price for the period. During the year ended 31 December 2015 sales revenue decreased by 8%, due to a 9% drop in realized gold price, partially offset by a 2% increase in the number of gold ounces sold in the period.

Cost of sales during the fourth quarter of 2015 was \$5,628,000, compared with cost of sales of \$5,692,000 during the fourth quarter of 2014, a decrease of 1%. During the year ended 31 December 2015 cost of sales was \$21,057,000 compared with \$23,101,000 during the same period in 2014, a decrease of 9%. A period-over-period comparison for the cost of sales is provided in the table below.

Breakdown of Cost of Sales

	Three Months Ended 31 December			Year Ended 31 December		
	2015 (\$'000s)	2014 (\$'000s)	Change (%)	2015 (\$'000s)	2014 (\$'000s)	Change (%)
Site operating costs	4,325	3,889	11%	15,912	16,442	(3%)
Depreciation and amortization	244	708	(65%)	1,691	2,602	(35%)
Community and environmental costs	647	576	12%	2,079	2,418	(14%)
Other costs (royalties and taxes, selling expense, adjustments)	412	519	(20%)	1,375	1,639	(16%)
Total	5,628	5,692	(1%)	21,057	23,101	(9%)

Administration expenses during the fourth quarter of 2015 were \$3,517,000, compared with administration expenses of \$1,578,000 during the fourth quarter of 2014, an increase of 123%. During the year ended 31 December 2015 administration expenses were \$8,862,000 compared with \$6,625,000 during the same period in 2014, an increase of 34%. A period-over-period comparison for the administration expenses is provided in the table below.

Breakdown of Administration Expenses

	Three Months Ended 31 December			Year Ended 31 December		
	2015 (\$'000s)	2014 (\$'000s)	Change (%)	2015 (\$'000s)	2014 (\$'000s)	Change (%)
Depreciation	36	9	300%	82	55	49%
Director fees	33	18	83%	70	71	(1%)
Foreign exchange	278	263	6%	1,090	835	31%
Investor relations	102	69	48%	222	283	(22%)
Nomad and exchange fees	102	25	308%	203	158	28%
Office rent and administration	136	144	(6%)	479	496	(3%)
Professional and consulting fees	1,142	377	203%	2,006	1,456	38%
Salaries and wages	1,366	652	110%	3,037	2,757	10%
Telecommunication	34	56	(39%)	109	197	(45%)
Travel	102	195	(48%)	331	331	-
Amortization of deferred costs	-	-		980	-	100%
Other	186	(230)	(181%)	253	(14)	-
Total	3,517	1,578	123%	8,862	6,625	34%

Finance expenses during the fourth quarter of 2015 were \$3,057,000, compared with finance expenses of \$2,339,000 during the fourth quarter of 2014. During the year ended 31 December 2015 finance expenses were \$8,748,000 compared with \$7,790,000 during the same period in 2014.

Cash Flow

Cash provided by operating activities during the fourth quarter of 2015 was \$1,734,000, compared with \$1,921,000 provided in the fourth quarter of 2014. During the year ended 31 December 2015 cash provided by operating activities was \$2,932,000, compared with cash used of \$389,000 during the same period in 2014.

Investing activities during the fourth quarter of 2015 used \$3,738,000, compared with \$3,114,000 during the fourth quarter of 2014. During the year ended 31 December 2015 investment activities used \$10,123,000 compared with net cash provided of \$538,000 during the same period in 2014. A period-over-period comparison for the investing activities is provided in the table below.

Breakdown of Investment activities

	Three Months Ended 31 December		Year Ended 31 December	
	2015 (\$'000s)	2014 (\$'000s)	2015 (\$'000s)	2014 (\$'000s)
Acquisition of property, plant and equipment	1,134	1,253	2,714	2,248
Deferred exploration and development expenditures	1,300	1,861	4,140	8,164
Increase in restricted cash	1,304	-	3,269	-
Proceeds on sale of investment in joint venture	-	-	-	(9,803)
Proceeds on sale of exploration property	-	-	-	(1,125)
Other	-	-	-	(22)
Total	3,738	3,114	10,123	(538)

Restricted funds are cash left on deposit with a Peruvian bank as collateral for environmental performance guarantees provided by the bank, on the Company's behalf, to the government of Peru in regards to reclamation obligations the Company has at its Corihuarmi gold mine and at the Ollachea Gold Project.

Financing activities during the fourth quarter of 2015 used \$1,506,000, compared with \$426,000 during the fourth quarter of 2014. During the year ended 31 December 2015 financing activities provided \$18,962,000 compared with net cash provided of \$271,000 during the same period in 2014. A period over period comparison for the financing activities is provided in the table below:

Breakdown of Financing activities

	Three Months Ended 31 December		Year Ended 31 December	
	2015 (\$'000s)	2014 (\$'000s)	2015 (\$'000s)	2014 (\$'000s)
Receipt of loans	-	-	65,476	4,909
Payment of loans	-	-	(30,000)	-
Payment of long term liabilities	-	-	(12,000)	-
Finance expense paid	(1,506)	(421)	(4,514)	(3,063)
Proceeds on sale of exploration property	-	-	-	(1,125)
Other	-	(5)	-	(75)
Total	(1,506)	(426)	18,962	(271)

Selected Annual Information

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

Financial Data	2015	2014	2013
Revenue (\$'000)	27,584	29,866	35,706
(Loss) profit after-tax (\$'000)	(15,085)	(43,363)	(33,834)
(Loss) earnings per share			
Basic (cents)	(6.5)	(19.2)	(19.5)
Diluted (cents)	(6.5)	(19.2)	(19.5)
Total assets (\$'000)	170,178	154,349	190,482
Total liabilities (\$'000)	86,529	56,049	58,454

Revenue in 2015 was down 8% when compared to 2014 due to a 9% decline in the average realized price of gold sold partially offset by a 2% increase in the number of ounces sold. Revenue in 2014 was down 16% when compared to 2013 due to a 6% decline in number of ounces sold and a 11% decline in the average realized price of gold sold in the year. During 2014, the Company recorded a loss of \$32,119,000 on the disposal of Minera IRL Patagonia. During 2013, the Company recorded a \$13,700,000 impairment charge against the mining assets at its Corihuarmi mine along with a loss of \$12,517,000 on the deconsolidation of Minera IRL Patagonia.

Legal Actions Involving Company

The Company reported during the second half of 2015, in press releases, that legal proceedings had been commenced against the general manager of the subsidiary Minera IRL S.A.(the "General Manager") that, in one case, included other parties; as well as legal proceedings that had been commenced by the General Manager against certain directors and officers of the company. As announced on 5 February 2016 the Company and the General Manager have reached an agreement in principle that requires that all criminal complaints and lawsuits are withdrawn. This process is in progress.

The Company is not currently involved in any other legal proceedings nor was it involved in any other legal proceedings in the financial year ended 31 December 2015 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.

Outlook

In 2016, the Company is forecasting gold production of 22,000 ounces. Production is expected to come from the Cayhua and Laura zones, along with continued production from Susan, Diana, the Diana extension, plus nearby Scree Slope material.

The 2016 Corihuarmi capital budget is \$2.7 million for a heap leach pad and waste dump expansion. This expansion is to accommodate all of the material that is scheduled to be mined and stacked from mid 2016 until the first quarter of 2017. The 2017 capital budget is \$2.1 million for a heap leach pad to accommodate all of the material to be mined until the end of 2017 when mining operations are currently scheduled to cease.

Exploration activities at Corihuarmi are expected to continue to the end of 2016 and possibly during 2017, but the nature and extent of the activity will depend on the available financial resources.

The Company has signed a letter of mandate with COFIDE to structure a Senior Debt Facility for up to \$240 million, under which the Bridge Loan is expected to be refinanced. The Senior Debt Facility is expected to be in place by the end of 2016; however, the availability of the Senior Debt Facility is not guaranteed and its terms, including the facility's size, are still to be negotiated. If the Company is not able to secure the Senior Debt Facility it will not have the funds available to develop the Ollachea Gold Project and will be required to delay, scale back or eliminate various programs related to the Project. Additionally, an equity offering is expected to be required to supplement the Senior Debt Facility in funding the development of the Ollachea Gold Project and for corporate and working capital purposes.

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 and evaluation of its mineral properties, acquire additional exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. 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 to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

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

Liquidity and Capital Resources

As at 31 December 2015, the Company had cash of \$15,580,000, compared with \$3,809,000 as at 31 December 2014. The increase was the result of the net proceeds on the COFIDE Bridge Loan.

As at 31 December 2015, the Company had working capital of \$7,894,000, compared to a working capital deficit of \$26,919,000 as at 31 December 2014. Working capital is defined as current assets less current liabilities. The change in working capital is a result of the COFIDE Bridge Loan.

COFIDE Bridge Loan

In June 2015, the Company announced that it had secured a \$70 million finance facility (the "Bridge Loan") from the Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. ("COFIDE"), which was syndicated through Goldman Sachs Bank USA. The Bridge Loan is expected to be the first component of a senior debt facility of up to \$240 million to be structured by COFIDE to develop the Company's Ollachea Gold Project. The nature and terms of this Bridge Loan have been disclosed in detail in the Company's Management Discussion and Analysis for the three and six-month periods ended June 30, 2015, which have been filed on SEDAR and can be viewed at www.sedar.com.

During 2015, \$4,702,000 of effective interest was charged to finance expense.

The net proceeds from the Bridge Loan were applied towards the repayment of the \$30 million Macquarie Bank Finance Facility and the payment of \$12.0 million of the \$14.2 million outstanding to Rio Tinto under the Ollachea Mining Rights Transfer Contract. The remaining \$2.2 million outstanding has been converted into an unsecured promissory note payable by 31 December 2015, accruing interest at a rate of 7% per annum. The Group was not in a position to pay the amounts due under this promissory note on 31 December 2015, due to limitations on the manner in which the proceeds from the Bridge Loan can be spent, and is in discussions with Rio Tinto to extend the payment terms.

The Company signed a letter of mandate with COFIDE to structure a senior debt facility for up to \$240 million, under which the Bridge Loan is expected to be refinanced, but the availability of the Senior Debt Facility is not guaranteed and its terms, including the size of the facility, are still to be negotiated.

Ollachea Property Payment Due to Rio Tinto

On 11 July 2013, the Company and Rio Tinto agreed to an amount of \$21,500,000 as the amount due by the Company to Rio Tinto in connection with the final payment under the Mining Rights Transfer Contract for the Ollachea property. The payment was originally scheduled to be made in three separate instalments; however, the payment terms were subsequently amended to two instalments.

On 28 January 2014, the Company issued 44,126,780 ordinary shares of Minera IRL to Rio Tinto in settlement of the first instalment (\$7,310,000) plus accrued interest (\$128,000) for a total payment of \$7,438,000. Additionally, it was agreed that if Rio Tinto did not sell any ordinary shares that it received as consideration for the first instalment for a period of one year, Rio Tinto would be entitled to a cash Share Hold Incentive Payment. The Share Hold Incentive Payment, which was subject to certain qualifying exceptions, was equal to 10% of the market value of any ordinary shares provided as part of the payment of the first instalment. The Company made a provision of \$744,000 against this liability during 2014.

The final instalment of \$14,190,000, representing the remaining 66% of the total amount payable, was not due until July 2016, with interest accruing at 7% per annum and payable annually in July.

In June 2015, \$12,000,000 of the \$14,190,000 property payment, along with the \$744,000 Share Hold Incentive Payment and \$197,000 in accrued interest was paid from proceeds from the COFIDE Bridge Loan. Accrued interest of \$746,000 on the Rio Tinto property payment was forgiven. A promissory note for the balance of \$2,190,000 due under the Mining Rights Transfer Contract for the Ollachea property was issued by the Company to Rio Tinto. Additional details on the COFIDE Bridge Loan and the settlement of the amounts due to Rio Tinto are provided above under the section entitled, "COFIDE Bridge Loan".

Macquarie Bank Finance Facility

In August 2013, the Macquarie Bank Finance Facility (the "Finance Facility") was amended to increase the amount available by \$10,000,000, in two separate \$5,000,000 tranches ("Tranche 3" and "Tranche 4"), increasing the total amount available under the Finance Facility to \$30,000,000. The Finance Facility interest rate remained LIBOR plus 5.0%; however, as a condition of drawing down on each additional \$5,000,000 tranche, a 0.5% gross revenue

royalty on gold production from the Company's Ollachea gold project for the life of mine would be granted to Macquarie Bank (the "Macquarie Royalty"). Once granted, the Company would have the right to buyback and cancel each tranche of the Macquarie Royalty by paying a buyback fee (the "Macquarie Buyback Fee"). The Macquarie Buyback Fee would be calculated as the amount required to generate an internal rate of return ("IRR") to Macquarie Bank of 25% for each tranche, but shall not be less than \$2,500,000 for each 0.5% gross revenue royalty. The IRR would be calculated using the actual drawdown and actual repayment of each tranche, the upfront fee paid (1.5% of each tranche), the interest payments associated with each tranche paid and any payments made under the Macquarie Royalty.

In November 2013, Tranche 3, totalling \$5,000,000, was drawn by the Company and at the end of March 2014, the Company drew down on the remaining \$5,000,000 under the Finance Facility, bringing the total outstanding to \$30,000,000. The corresponding 0.5% gross revenue royalties were registered against the Ollachea property in favour of Macquarie Bank at each draw down.

In June 2014, it was announced that the Finance Facility, that was due to mature on 30 June 2014, had been extended by one year to 30 June 2015. In addition to the existing terms, which remained unchanged, there was an upfront fee of \$1,500,000, which was paid during the third quarter of 2014, and the Company issued 26,000,000 options. The existing 18,786,525 19 options held by Macquarie Bank were cancelled upon the issuance of the new options. The 26,000,000 options expire on 30 June 2016 and have an exercise price of \$0.176.

In June 2015, the \$30,000,000 due under the Finance Facility, along with \$300,000 in accrued interest, was paid from proceeds from the COFIDE Bridge Loan. Additional details on the COFIDE Bridge Loan and the settlement of the amounts due to Macquarie Bank are provided above under the section entitled, "COFIDE Bridge Loan".

Future Contractual Obligations

As at 31 December 2015, the Company had the following undiscounted future contractual obligations outstanding:

\$'000	Total	Less than 1 year	Year 2	Year 3	Year 4	Year 5	After Year 5
Debt repayments	76,773	4,515	72,258	-	-	-	-
Promissory note	2,267	2,267	-	-	-	-	-
Asset retirement obligation ⁺	8,305	583	712	623	1,110	2,358	2,919
Note: ⁺ This cost relates to the Corihuarmi mine rehabilitation costs and Ollachea exploration tunnel rehabilitation cost.							

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. 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. If adequate financing is not available when required, 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 such 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.

The Company has provided \$3,269,000 to a Peruvian bank as collateral against performance guarantees the bank has provided to the Peruvian Ministry of Energy and Mines relating to the future reclamation and rehabilitation of the Group's Corihuarmi mine site and Ollachea exploration tunnel site. The performance guarantees are provided in the form of letters of guarantee from a major Peruvian bank and are renewed on an annual basis.

As part of the bridge loan financing entered into with COFIDE, the Company signed a letter of mandate in regards to a larger senior debt facility for up to \$240,000,000. Additional details on the Bridge Loan can be found above under "COFIDE Bridge Loan" in the section entitled "Liquidity and Capital Resources". The mandate letter provides for a payment of \$1,440,000 from the Company to COFIDE in the event that the Company does not proceed with the Senior Debt Facility once COFIDE has achieved the approval of all the banks to be participants in the facility.

Financial Instruments

The Group's principal financial assets comprise of cash and cash equivalents, and loans and receivables. Loans and receivables and are measured at amortised cost.

The Group'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.

Liquidity risk

Liquidity risk is the risk that the Group 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 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.

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 Group is exposed to credit risk in so far as it deposits cash with its banks. However, the banks used are international institutions of the highest standing. In addition the Group 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 Group operates in Jersey and 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 Group 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 Group and may also affect the value of its assets and liabilities. The Group 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 Group has debt denominated in US dollars and is therefore exposed to movements in US dollar interest rates. This debt bears interest at 6.17% over LIBOR. A change in LIBOR of +/- 1% would not have a material effect on the financial results of the Group. It is the policy of the Group to settle trade payables within agreed terms so that no interest is incurred on those liabilities.

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 commodity prices. The commodity price for gold is impacted by world economic events that dictate the levels of supply and demand. The ability of the Group to mine, develop and explore its mineral properties and the future profitability of the Group are directly related to the market price of precious metals, specifically gold. The Group monitors commodity prices to determine appropriate actions to be undertaken. The Group has not entered into any agreements or purchased any instruments to hedge possible commodity price risk. The Group is also exposed to the risk that the cost of mining, development or construction activities for its planned activities might increase and cause some elements to be uneconomic.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the year ended 31 December 2015, the Company had no transactions with related parties with the exception of key management as disclosed in note 6 of the audited annual consolidated financial statements.

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 2015 filed on SEDAR on 1 June 2016.

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 Minera IRL. 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.

Estimation of recoverable gold contained on the leach pads

Valuations of gold on the leach pads require estimations of the amount of gold contained on the heaps. These estimations are based on the analysis of samples, historical operating data and prior experience. In addition, it requires an estimation of the costs associated with the gold on the leach pads.

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 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 ("NI 52-109") 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, as of 31 December 2015, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the

information required to be disclosed by the Company is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The Company's internal control over financial reporting includes policies and procedures that:

- require maintaining records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary for preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's internal control over financial reporting may not prevent or detect all misstatements, whether due to error or fraud, because of inherent limitations. A control system, no matter how well designed or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Additionally, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

There has been no change in the Company's internal control over financial reporting during the year ended 31 December 2015 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 also had 30,570,000 options issued and outstanding, of which 4,570,000 options were issued for the benefit of directors, employees and consultants of the Group under the Company's Share Option Plans and the balance were issued in connection with a finance facility. Additionally, 11,556,750 options were to be issued as part of the fees payable to Sherpa in regards to the COFIDE Bridge Loan financing. These options, which will have an exercise price of C\$0.20, are subject to regulatory approval. Each option entitles the holder to acquire one Ordinary Share at exercise prices detailed below.

Date of grant	Exercisable from	Exercisable to	Exercise prices	No. of options outstanding
Share Option Plan Issued Options				
3 April 2012	3 April 2012	3 April 2017	£0.8063	2,535,000
15 November 2013	15 November 2013	15 November 2018	£0.1500	2,035,000
Other Issued Options				
30 June 2014 ⁽¹⁾	30 June 2014	30 June 2016	\$0.176	26,000,000
Total				30,570,000

1. In connection with the one year extension of the Macquarie Finance Facility to 30 June 2015, Macquarie Bank was granted 26,000,000 options. On the grant of these options, the existing 18,786,525 options held by Macquarie Bank were cancelled.

Changes in Accounting Policies including Initial Adoption

The Company did not adopt any new accounting policies during the year ended 31 December 2015.

Subsequent Events

On 28 March 2016 Minera IRL Limited announced the appointment of Mr. Francis O’Kelly as a non-executive director of the Company and the resignation of Mr. Eric Olson to the position of Chief Operating Officer.

On 23 May 2016 Minera IRL Limited announced the appointment of Mr. Gerardo Perez as a non-executive director of the Company

Management and Board Changes

In January 2015, the Company announced that Mr. Napoleon Valdez had tendered his resignation as a non-executive director of Minera IRL Limited.

In March 2015, the Company announced that Mr. Courtney Chamberlain would be taking a leave of absence for an indeterminate period of time from his role as Executive Chairman and CEO to deal with personal health matters. He remained on the Board of Directors until his passing on 20 April 2015. The Board appointed Mr. Daryl Hodges, a Non-Executive Director, to the role of Executive Chairman with immediate effect on 6 March 2015.

On 5 May 2015, the Company announced the appointment of Mr. Robin Fryer as a non-executive director.

On 14 July 2015, the Company announced the appointment of Mr. Eric Olson as Chief Operating Officer.

On the date of its Annual General Meeting held on 27 August 2015, the Company announced that Mr. Daryl Hodges had not been re-elected as a director. The board announced the appointment of Mr. Jaime Pinto as a director the same day, and as Chairman on 3 September 2015.

On 1 October 2015 the Company announced the resignation of Mr. Brad Boland, Chief Financial Officer and Corporate Secretary of the Company

On the date of its Extraordinary General Meeting held on 16 December 2015, the Company announced that Mr. Jaime Pinto had not been re-elected as a director. The Company also announced that Mr. Julian Bavin and Mr. Jorge Ramos had been elected as non-executive directors

On 23 December 2015 the company announced the resignation of Mr. Jorge Ramos.

On 28 March 2016, the Company announced the appointment of Mr. Francis O'Kelly as a director of the Company and the resignation of Mr. Eric Olson to the position of Chief Operating Officer.

On 23 May 2016, the Company announced the appointment of Mr. Gerardo Perez as a director of the Company.

Risks

The Company operates in the resource industry, which is highly speculative, and has certain inherent operating, development and exploration 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 & 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. For details of risk factors, please refer to the Company's Annual Information Form filed on SEDAR at www.sedar.com.

Additional Information

Additional information regarding Minera IRL, including Minera IRL's Annual Information Form for the year ended 31 December 2015 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, 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. Director of the Company 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

“Site operating cash costs” and “total cash costs” are non-GAAP or non-IFRS measures that do not have a standardized meaning prescribed by GAAP or IFRS and may not be comparable to other similarly titled measures of other gold mining companies.

“Site operating cash costs” include costs such as mining, processing and administration, but are exclusive of royalties, workers’ profit participation cost, depreciation, amortization, reclamation, capital, development, exploration and other non-site costs (transport and refining of metals, and community and environmental). These costs are then divided by ounces produced to arrive at “site cash operating cost per ounce”.

“Total cash costs” includes “site operating cash costs” and reflects the cash operating costs allocated from in-process and doré inventory associated with ounce of gold in the period, plus applicable royalties, workers’ profit participation cost, and other non-site costs (transport and refining of metals, and community and environmental). These costs are then divided by the ounces sold to arrive at “total cash cost per ounce sold”.

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. “Total cash costs” is also influenced by the realized gold price 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 31 December		Year Ended 31 December	
	2015	2014	2015	2014
Cost of sales	5,628	\$5,702	\$21,057	\$23,101
Less:				
Depreciation	244	576	2,079	2,418
Total cash costs	\$5,384	\$5,126	\$18,978	\$20,683
<i>Ounces of gold sold</i>	6,987	6,166	24,056	23,654
Total cash costs per ounce sold	\$771/oz	\$831/oz	\$789/oz	\$874/oz
Total cash costs	5,384	\$5,126	\$18,978	\$20,683
Less:				
Royalties and Special Mining Tax	349	294	1,181	1,192
Community and environmental costs	647	708	1,691	2,602
Other costs - Provisions, transport & refinery, inventory adjustment	838	225	364	447
Adjusted site cash operating costs	3,550	\$3,899	\$15,742	\$16,442
<i>Ounces of gold produced</i>	6,036	6,114	23,917	23,321
Site cash operating costs per ounce	\$588/oz	\$638/oz	\$658/oz	\$705/oz