MINERA IRL LIMITED

Interim Consolidated Financial Statements
For the three and nine month periods ended
30 September 2019

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.

NOTICE TO READER

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

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the three and nine month periods ended 30 September 2019 and 2018

	Notes	Three Months Ended		Nine Months Ended	
		30 September 2019	30 September 2018	**30 September 2019**	30 September 2018
Revenue from contracts with customers		$ **9,331**	$ 7,133	$ **23,098**	$ 21,281
Cost of sales		**(6,654)**	(5,913)	**(18,191)**	(17,704)
Gross profit		**2,677**	1,220	**4,907**	3,577
Administration expenses		**(1,274)**	(1,065)	**(3,148)**	(3,963)
Exploration costs		**(92)**	(84)	**(224)**	(170)
Loss on disposal of property, plant and equipment		**(63)**	-	**(63)**	-
Write-off of intangible asset		**(69)**	-	**(69)**	(173)
Operating Profit / (Loss)		**1,179**	71	**1,403**	(729)
Finance expense	3	**(2,166)**	(1,893)	**(6,449)**	(5,733)
Loss before tax		**(987)**	(1,822)	**(5,046)**	(6,462)
Income tax expense		**-**	-	**(200)**	-
Loss for the period attributable to the equity shareholders of the parent		**(987)**	(1,822)	**(5,246)**	(6,462)
Total comprehensive loss for the period attributable to the equity shareholders of the parent		$ **(987)**	$ (1,822)	$ **(5,246)**	$ (6,462)
Earnings per ordinary share (US cents)					
Basic and diluted		**(0.4)**	(0.8)	**(2.3)**	(2.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2019 and 31 December 2018

	Notes	30 September 2019 US$000	31 December 2018 US$000
Assets			
Property, plant and equipment	**6**	**8,898**	9,829
Right-of-use assets	**7**	**4,923**	-
Intangible assets	**8**	**144,382**	143,393
Other receivables and prepayments	**9**	**7,935**	7,839
Total non-current assets		**166,138**	161,061
Inventory	**10**	**2,331**	2,181
Other receivables and prepayments	**9**	**1,667**	1,441
Current tax recoverable		**984**	127
Cash and cash equivalents	**11**	**2,432**	2,299
Total current assets		**7,414**	6,048
Total assets		**$ 173,552**	**$** 167,109
Equity			
Share capital	**12**	**159,012**	159,012
Share option reserve	**12**	**433**	433
Accumulated losses		**(96,623)**	(91,377)
Total equity attributable to equity shareholders of the parent		**$ 62,822**	**$** 68,068
Liabilities			
Trade and other payables	**17**	**1,124**	-
Right-of-use liabilities	**15**	**1,164**	-
Provisions	**16**	**4,443**	3,800
Total non-current liabilities		**6,731**	3,800
Finance lease liabilities	**13**	**-**	147
Interest bearing loans	**14**	**87,859**	82,992
Trade and other payables	**17**	**10,124**	12,102
Right-of-use liabilities	**15**	**6,016**	-
Total current liabilities		**103,999**	95,241
Total liabilities		**$ 110,730**	**$** 99,041
Total equity and liabilities		$ **173,552**	**$** 167,109

The consolidated financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

"*Gerardo Pérez*"

Gerardo Pérez
Chairman
Lima, Peru
14 November 2019

"*Carlos Ruiz de Castilla*"

Carlos Ruiz de Castilla
Chief Financial Officer
Lima, Peru
14 November 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the periods between 1 January 2018 and 30 September 2019

		Share capital		Reserves		
	Notes	**Number of Shares**	**Amount**	**Share option**	**Accumulated losses**	**Total equity**
Balance at 1 January 2018		231,135,028	$ 159,012	$ 479	$ (85,443)	$ 74,048
Loss for the period		-	-	-	(6,462)	(6,462)
Total comprehensive loss		-	-	-	(6,462)	(6,462)
Balance at 30 September 2018		231,135,028	159,012	479	(91,905)	67,586
Profit for the period		-	-	-	482	482
Total comprehensive profit		-	-	-	482	482
Expiry/lapse of share options		-	-	(46)	46	-
Balance at 31 December 2018		**231,135,028**	**$ 159,012**	**$ 433**	**$ (91,377)**	**$ 68,068**
Loss for the period	**5**				**(5,246)**	**(5,246)**
Total comprehensive loss					**(5,246)**	**(5,246)**
Balance at 30 September 2019		**231,135,028**	**$ 159,012**	**$ 433**	**$ (96,623)**	**$ 62,822**

CONSOLIDATED CASH FLOW STATEMENT
For the three and nine month periods ended 30 September 2019 and 2018

		Three Months Ended		Nine Months Ended	
		30 September	30 September	**30 September**	30 September
	Notes	**2019**	2018	**2019**	2018
Cash flows from operating activities					
Loss before tax		**$ (987)**	$ (1,822)	**$ (5,046)**	$ (6,462)
Finance expense	**3**	**2,166**	1,893	**6,449**	5,733
Depreciation	**6-7**	**2,109**	1,123	**6,279**	2,631
Loss on sale of property, plant and equipment		**63**	(4)	**63**	(4)
Write-off of intangible asset		**69**	-	**69**	173
(Increase) decrease in inventory	**10**	**(78)**	36	**(150)**	467
(Increase) decrease in other receivables and prepayments	**9**	**(68)**	(487)	**(337)**	(167)
(Decrease) increase in trade and other payables		**(630)**	610	**(1,826)**	1,132
Payment of mine closure costs		**(139)**	(16)	**(205)**	(38)
Cash generated from operations		**2,505**	1,333	**5,296**	3,465
Income tax paid		**(243)**	(203)	**(1,057)**	134
Net cash from operating activities		**2,262**	1,130	**4,239**	3,599
Cash flows from investing activities					
Acquisition of property, plant and equipment	**6**	**(352)**	(553)	**(702)**	(1,479)
Deferred exploration and development expenditures	**8**	**(302)**	(601)	**(1,058)**	(2,101)
Disposal of property, plant and equipment		**32**	4	**32**	4
Net cash outflow from investing activities		**(622)**	(1,150)	**(1,728)**	(3,576)
Cash flows from financing activities					
Payment of liabilities for right-of-use	**15**	**(764)**	-	**(2,057)**	-
Payment of other finance expenses		**(91)**	(28)	**(189)**	(193)
Payment of finance lease liabilities	**13**	**-**	(132)	**(132)**	(397)
Net cash outflow from financing activities		**(855)**	(160)	**(2,378)**	(590)
Net decrease in cash and cash equivalents		**785**	(180)	**133**	(567)
Cash and cash equivalents at beginning of period		**1,647**	2,889	**2,299**	3,276
Cash and cash equivalents at end of period		**$ 2,432**	$ 2,709	**$ 2,432**	$ 2,709

Note 1 – Basis of preparation and going concern

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

These consolidated financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies. They include the financial statements of the Parent and its subsidiaries (the “Group”).

At 30 September 2019, the Group had a working capital deficit of $96,585,000 (defined as current assets less current liabilities). On 8 June 2015, the Group announced that it had arranged a $70,000,000 secured finance facility (the "Bridge Loan") structured by the Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. ("COFIDE") and syndicated through Goldman Sachs Bank USA. The Bridge Loan was part of a senior project credit finance facility of up to $240,000,000 described in a letter of mandate signed by COFIDE and Minera IRL (“Senior Project Debt Facility”). The Senior Project Debt Facility was to be structured by COFIDE, in conjunction with Minera IRL, to build the Ollachea Gold Project (the “Ollachea Project”).

In March 2017 COFIDE terminated the letter of mandate without providing any reason for their decision.

On 6 June 2017 the Group announced it had obtained an order from the Superior Court of Justice of Lima as a precautionary measure to protect its assets and investments in the Ollachea Project; and its intention to initiate an arbitration process. The order temporarily suspends any enforcement proceedings against the Group regarding non repayment of the $70,000,000 Bridge Loan granted by COFIDE as well as the last interest instalment of approximately $1,240,000, both of which were due for payment on 5 June 2017.

On 20 June 2017 the Group announced it had filed a request for an arbitration against COFIDE with the Arbitration Centre of the Lima Chamber of Commerce. The intention to commence the Arbitration had been previously announced by the press release on 6 June 2017.

On 4 October 2017 the Group announced the Superior Council of Arbitration of the Chamber of Commerce of Lima rejected the arguments submitted by COFIDE in opposition to beginning the Arbitration requested in June, 2017. The Council admitted the Group’s claims despite COFIDE’s objections, and decided that the Arbitration should continue.

On 24 September 2018 the Group released an update on the arbitration process against COFIDE. From February to August 2018, three documents have been submitted to the Court of Arbitration:
1.- The Group’s Complaints submitted in February
2.- COFIDE’s jurisdictional objections, Answer and Counterclaim submitted in May, and
3.- The Group’s Reply submitted in August.

On 16 September 2019 the Group announced that the Court of Arbitration had issued its Final Arbitration Award. The Award provides that COFIDE must pay aggregate amount of $34.2 million for damages. The Court of Arbitration declared that it did not have jurisdiction to require repayment of the Bridge Loan because the Bridge Loan facility expressly provides that it is subject to the jurisdiction of the courts of New York.

On 30 October 2019 the Group announced that the Court of Arbitration had rejected COFIDE’s request to modify the Final Arbitration Award issued in September 2019. COFIDE has the right to apply for annulment of the Final Award based on due process and formality grounds.

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

The Bridge Loan is secured by the Ollachea Project's assets, mining reserves, mining concessions and rights and a pledge of the shares of the Group's subsidiary, Compañia Minera Kuri Kullu S.A., which holds the Ollachea Project. If the arbitration ruling is not in favour of the Group, or the Group is not able to secure an alternative source of funds to refinance the debt with COFIDE it may have to relinquish its ownership of the subsidiary, Campañia Minera Kuri Kullu S.A. and therefore the Ollachea Project. All net assets associated with the Ollachea Project would be fully impaired as a result. The assets of the Corihuarmi Mine are not included as a guarantee of the Bridge Loan.

The Group is currently evaluating its options and seeking an alternative source of financing its Ollachea Project.

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

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

The financial information contained in these interim consolidated financial statements does not constitute statutory accounts as defined by the Companies (Jersey) Law 1991. No statutory accounts for the period have been delivered to the Jersey Registrar of Companies.

These interim consolidated financial statements have been prepared by management and reported in thousands of United States dollars in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual Financial Statements for the year ended 31 December 2018. The disclosures provided below are incremental to those included with the annual Financial Statements. Certain information and disclosures normally included in the notes to the annual Financial Statements have been condensed or have been disclosed on an annual basis only. Accordingly, these interim consolidated financial statements should be read in conjunction with the annual Financial Statements for the year ended 31 December 2018 prepared in accordance with IFRS as issued by the IASB.

The Group has adopted IFRS 16, which is effective for annual reporting periods beginning on or after 1 January 2019.

The objective of IFRS 16 is to report information that properly represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Note 2 – Segment reporting

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

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

	Peru US$000	**Jersey US$000**	**Total US$000**
For the nine months ended 30 September 2019			
Revenue	**23,098**	**-**	**23,098**
Administration expenses	**2,245**	**903**	**3,148**
Operating profit (loss)	**2,306**	**(903)**	**1,403**
After tax Loss	**(4,343)**	**(903)**	**(5,246)**
For the nine months ended 30 September 2018			
Revenue	21,281	-	21,281
Administration expenses	(2,909)	(1,054)	(3,963)
Operating profit (loss)	325	(1,054)	(729)
After tax Loss	(5,408)	(1,054)	(6,462)

Group's Assets	**Peru US$000**	**Jersey US$000**	**Total US$000**
As at 30 September 2019			
Non-current assets	**156,787**	**9,351**	**166,138**
Current	**7,394**	**20**	**7,414**
Total assets	**164,181**	**9,371**	**173,552**
As at 31 December 2018			
Non-current assets	151,710	9,351	161,061
Current	6,015	33	6,048
Total assets	157,725	9,384	167,109

Group's Liabilities	**Peru US$000**	**Jersey US$000**	**Total US$000**
As at 30 September 2019			
Non-current liabilities	**6,731**	**-**	**6,731**
Current	**103,807**	**192**	**103,999**
Total liabilities	**110,538**	**192**	**110,730**
As at 31 December 2018			
Non-current liabilities	3,800	-	3,800
Current	94,939	302	95,241
Total liabilities	98,739	302	99,041

Note 3 – Finance expense

The following table details the finance expenses incurred during the three and nine month periods ended 30 September 2019 and 2018.

	Three Months Ended		**Nine Months Ended**	
	30 September 2019	30 September 2018	**30 September 2019**	30 September 2018
	US$000	U$000	**US$000**	U$000
COFIDE bridge loan interest	**1,639**	1,640	**4,867**	4,867
Other	**527**	253	**1,582**	866
	2,166	1,893	**6,449**	5,733

Note 4 – Remuneration of key management personnel

	Salary & Fees US$000	**Other Benefits US$000**	**Total Remuneration US$000**
Cumulative to 30 September 2019			
Directors (1)	**645**	**53**	**698**
Non-Directors (2)	**216**	**-**	**216**
TOTAL	**861**	**53**	**914**

(1) Directors include Messrs. Gerardo Perez, Diego Benavides, Michael Iannacone, Jesus Lema and Santiago Valverde.
(2) Non-Directors include the CFO and the Corihuarmi Mine Manager.

	Salary & Fees US$000	Other Benefits US$000	Total Remuneration US$000
Cumulative to 30 September 2018			
Directors (1)	645	71	716
Non-Directors (2)	263	8	271
TOTAL	908	79	987

(1) Directors include Messrs. Gerardo Perez, Diego Benavides, Michael Iannacone, Jesus Lema and Santiago Valverde.
(2) Non-Directors include the CFO and the Corihuarmi Mine Manager.

Note 5 – Earnings (loss) per share

The calculation of the basic earnings or (losses) per share is based on the loss attributable to ordinary shareholders for the three month period ended 30 September 2019 of $987,000 (30 September 2018: loss of $1,822,000) and the weighted average number of ordinary shares in issue during the three month period ended 30 September 2019 of 231,135,028 (30 September 2018: 231,135,028).

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

Note 5 – Earnings (loss) per share (continued)

	2019 Loss US$000	**2019 Number of shares '000**	**2019 Earnings per share (US$ cents)**	2018 Loss US$000	2018 Number of shares '000	2018 Earnings per share (US$ cents)
Basic earnings (losses)	**(987)**	**231,135**	**(0.4)**	(1,822)	231,135	(0.8)
Dilutive effects-options				-	-	-
Diluted earnings (losses)	**(987)**	**231,135**	**(0.4)**	(1,822)	231,135	(0.8)

As at 30 September 2019 and 2018, all options were excluded from the calculation of diluted loss per share because they were non-dilutive.

Note 6 – Property, plant and equipment

	Mining assets & deferred development costs US$000	Land & Buildings US$000	Motor Vehicles US$000	Computers & Other Equipment US$000	Total US$000
Cost					
Balance – 1 January 2018	61,189	427	2,359	4,208	68,183
Additions	1,609	97	43	47	1,796
Adjustment to mine closure provision (1)	(3,776)	-	-	-	(3,776)
Other adjustment (2)	-	-	-	(449)	(449)
Reclassification from intangibles (see note 8)	1,476	-	-	-	1,476
Disposal	-	-	(67)	-	(67)
Balance – 31 December 2018	60,498	524	2,335	3,806	67,163
Balance – 1 January 2019	**60,498**	**524**	**2,335**	**3,806**	**67,163**
Dump trucks additions	**-**	**-**	**1,695**	**-**	**1,695**
Other additions	**653**	**-**	**35**	**14**	**702**
Disposals	**(2)**	**-**	**(1,670)**	**-**	**(1,672)**
Reclassifications	**(25)**	**-**	**-**	**25**	**-**
Balance – 30 September 2019	**61,124**	**524**	**2,395**	**3,845**	**67,888**
Accumulated Depreciation					
Balance – 1 January 2018	53,183	350	806	2,859	57,198
Depreciation for the year	2,356	19	525	115	3,015
Adjustment to mine closure provision (1)	(2,812)	-	-	-	(2,812)
Disposals	-	-	(67)	-	(67)
Balance – 31 December 2018	52,727	369	1,264	2,974	57,334
Balance – 1 January 2019	**52,727**	**369**	**1,264**	**2,974**	**57,334**
Depreciation	**2,110**	**26**	**325**	**93**	**2,554**
Disposals	**(2)**	**-**	**(897)**		**(899)**
Other adjustment	**1**	**-**	**-**	**-**	**1**
Balance – 30 September 2019	**54,836**	**395**	**692**	**3,067**	**58,990**
Carrying Amounts					
Balance - 1 January 2018	8,006	77	1,553	1,349	10,985
Balance – 31 December 2018	7,771	155	1,071	832	9,829
Balance – 30 September 2019	**6,288**	**129**	**1,703**	**778**	**8,898**

(1) At the end of 2018, the Group reassessed the mine closure provisions of the Corihuarmi Mine and the Ollachea Project. The result of the reassessment was a net reduction of $964,000 in the carrying value of the correspondent asset account.

(2) During the last quarter of 2018 the Group terminated an agreement with a supplier of electrical equipment intended for the Ollachea Project. As a result the Group recorded a reversal of $449,000.

Note 7 – Right-of-use assets

	Mining Assets	Land & Buildings	Motor Vehicles	Total
	US$000	US$000	US$000	US$000
Cost				
Balance - 1 January 2019	**5,619**	**1,046**	**1,525**	**8,190**
Additions	**-**	**458**	**-**	**458**
Balance - 30 September 2019	**5,619**	**1,504**	**1,525**	**8,648**
Accumulated Depreciation				
Balance - 1 January 2019	-	-	-	-
Depreciation for the year	**2,796**	**208**	**721**	**3,725**
Balance - 30 September 2019	**2,796**	**208**	**721**	**3,725**
Carrying amounts				
Balance - 1 January 2019	**5,619**	**1,046**	**1,525**	**8,190**
Balance - 30 September 2019	**2,823**	**1,296**	**804**	**4,923**

The Group adopted IFRS16 effective 1 January 2019. The initial recognition of right-of-use assets resulted in an increase of $8,190,000. These assets are depreciated during the life of their respective lease agreements.

Note 8 – Intangible assets

Carrying values of deferred exploration	**Ollachea US$000**	**Other Peru US$000**	**Total US$000**
Balance – 1 January 2018	140,272	2,052	142,324
Additions	2,225	493	2,718
Reclassifications (see note 6)	-	(1,476)	(1,476)
Write-off of intangible assets	-	(173)	(173)
Balance – 31 December 2018	**142,497**	**896**	**143,393**
Additions	**922**	**136**	**1,058**
Write-off	**-**	**(69)**	**(69)**
Balance - 30 September 2019	**143,419**	**963**	**144,382**

The Ollachea property will require significant project financing in order to bring it into production and convert it into mining assets. The carrying values of the deferred exploration and development costs for the Ollachea property and the Group's other exploration properties in Peru at 31 December 2018 have been assessed for indications of impairment and the results of these assessments have been sufficiently encouraging to justify the retention of the deferred exploration and development assets on the consolidated statements of financial position.

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

Note 9 – Other receivables and prepayments

	30 September 2019 US$000	31 December 2018 US$000
Non-current assets		
Other receivables	**7,935**	7,839
Balance as at 30 September2019 and 31 December 2018	**7,935**	7,839
Current assets		
Other receivables	**930**	1,070
Prepayments	**737**	371
Balance as at 30 September 2019 and 31 December 2018	**1,667**	1,441

Included in other receivables and prepayments is an amount of $8,404,000 (31 December 2018: $8,425,000) relating to sales tax paid on the purchase of goods and services in Peru. Of the $8,404,000 sales tax recoverable, $7,935,000 (31 December 2018: $7,839,000) relates to purchases for the Ollachea project which is only recoverable upon commencement of metal sales from that project. Commercial production is not expected to commence in 2020, therefore this element has been included in non-current assets.

Note 10 – Inventory

	30 September 2019 US$000	31 December 2018 US$000
Gold in process	**1,521**	1,408
Mining materials	**810**	773
Balance as at 30 September 2019 and 31 December 2018	**2,331**	2,181

Note 11 – Cash and cash equivalents

	30 September 2019 US$000	31 December 2018 US$000
Bank balances as at 30 September 2019 and 31 December 2018	**2,432**	2,299

Note 12 – Capital and reserves

As at 30 September 2019 and 31 December 2018, Minera IRL Limited's share capital is made up of no par shares. There is no upper limit on the value of shares to be issued.

Issued share capital	**Ordinary Shares**	**US$000**
Shares in issue 31 December 2018	231,135,028	159,012
Shares in issue 30 September 2019	**231,135,028**	**159,012**

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

(Unaudited – Expressed in United States Dollars)

Note 12 – Capital and reserves (continued)

Share Options

Group Share Option Scheme

Minera IRL Limited has a share option scheme for the benefit of directors, employees and certain consultants of the Group. The purpose of the scheme is to provide incentives to those people whose efforts and skills are most important to the success of the Group, and to ensure that the interests of the management of the Group are fully aligned with the interests of shareholders. The terms of the scheme allow the directors to decide at the date of grant when the option becomes exercisable. Options granted before 17 November 2009 allow for the exercise of half of the options after one year from the date of grant and half after two years. Options granted on or after 17 November 2009 allow immediate exercise. The options lapse on the fifth anniversary of the date of grant and have no performance conditions.

	30 September 2019		31 December 2018	
	Number of Options	**Weighted Average Exercise Price (£)**	Number of Options	Weighted Average Exercise Price (£)
Outstanding – beginning of period	-	-	700,000	0.15
Expired	-	-	(700,000)	(0.15)
Outstanding, end of period	-	-	-	-
Exercisable, end of period	-	-	-	-

On the expiry and lapsing of 700,000 options during the year ended 31 December 2018, a total of $46,000 was transferred from share option reserve to accumulated losses.

Other Share Options

	30 September 2019		31 December 2018	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	**11,556,751**	**0.16**	11,556,751	0.16
Outstanding – end of period	**11,556,751**	**0.16**	11,556,751	0.16
Exercisable – end of period	-	-	-	-

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

All outstanding share options have an exercise price of $0.16 (2018: $0.16).

Share Option Reserve

The share option reserve includes a credit of $433,000 (31 December 2018: $433,000) based on the fair value of share options issued and remaining in issue at 30 September 2019.

Note 12 – Capital and reserves (continued)

Accumulated losses

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

Capital Maintenance

The directors manage the capital resources of the Group to ensure that there are sufficient funds available to continue in business. There are no externally imposed capital requirements. No requirements are incorporated into the management of capital.

	30 September 2019 US$000	31 December 2018 US$000
Total interest bearing debt	**87,859**	82,992
Total equity	**62,822**	68,068
Debt-to-equity ratio as at 30 September 2019 and 31 December 2018	**139.9%**	121.9%

Note 13 – Finance lease obligations

During the second quarter of 2017 the Group replaced a significant part of its dump truck fleet (10 units) at the Corihuarmi Mine through a leasing contract. The acquisition cost of the new units was $1,501,000 and the old units were sold for $458,000. The balance was financed through a two year lease term with an interest rate of 14.33%. This lease was fully paid during the third quarter of 2019.

During the third quarter of 2019 these dump trucks were sold for $678,000. At the date of sale the net book value of these trucks was $700,000.

The following is a schedule of lease payments due under the capital lease contract

Lease Obligations	**30 September 2019 US$000**	31 December 2018 US$000
Balance - 1 January	**147**	677
Paid during the period	**(147)**	(530)
Balance as at 30 September 2019 and 31 December 2018	**-**	147

The following is a reconciliation between present value and gross future minimum lease payments:

	30 September 2019 US$000	31 December 2018 US$000
Present value	**-**	144
Interest	-	3
Total gross future minimum lease payments	**-**	147

Note 13 – Finance lease obligations (continued)

The following is the presentation Statement of Financial Position Presentation:

	30 September 2019 US$000	31 December 2018 US$000
Lease obligations – not later than one year	**-**	147

Note 14 – Interest bearing loans

	30 September 2019 US$000	31 December 2018 US$000
Current liabilities		
Promissory note	**1,516**	1,516
Bank Loan	**86,343**	81,476
Balance as at 30 September 2019 and 31 December 2018	**87,859**	82,992

The increase in the carrying value of the Bank Loan during the nine month period ended 30 September 2019 is due to accrued interest on the COFIDE Bridge Loan of $4,867,000 (see Note 3).

<u>COFIDE Bridge Loan</u>
On 8 June 2015, the Group announced that it had arranged a $70,000,000 secured finance facility (the "Bridge Loan") structured by the Peruvian state-owned development and promotion bank, Corporación Financiera de Desarrollo S.A. ("COFIDE") and syndicated through Goldman Sachs Bank USA. The Bridge Loan was part of a senior project credit finance facility of up to $240,000,000, described in a Mandate Letter signed by COFIDE and Minera IRL ("Senior Project Debt Facility"). The Senior Project Debt Facility was to be structured by COFIDE, in conjunction with Minera IRL, to build the Ollachea Project.

The length of the loan was for 24 months, at an interest rate of LIBOR plus 6.17%. The Bridge Loan terms included financing fees of 2.25% ($1,575,000) paid to COFIDE along with an upfront fee of $300,000 to Goldman Sachs. In addition, the Group paid certain fees to the financial advisor, Sherpa, including a 3% fee ($2,100,000) paid in cash as well as a 0.9% net smelter return royalty on the Ollachea Project. Sherpa would also be entitled to 11,556,751 share options, each of which is exercisable to purchase one ordinary share of Minera IRL Limited at a price of C$0.20 per share at any time on or prior to the date that is 360 days after the commencement of commercial production from the Ollachea Project (subject to receipt of all regulatory and shareholder approval). During the Annual General Meeting held on 30 November 2016 the resolution granting the directors the authority to allot shares was not passed, consequently, these options have not been granted.

The 0.9% net smelter return royalty granted to Sherpa is subject to a buyback at the Group's option. Details on the royalty buyback are provided in Note 19.

The total cost of the Bridge Loan, including the estimated value of the share options and the Sherpa Royalty Buyback, was deferred and expensed over the two-year life of the loan on an effective interest basis.

The net proceeds from the Bridge Loan were applied towards the repayment of the $30,000,000 Macquarie Bank debt facility and the payment of $12,000,000 of the $14,190,000 outstanding to Rio Tinto under the Ollachea Mining Rights Transfer Contract. The remaining $2,190,000 outstanding to Rio Tinto has been converted into an unsecured promissory note payable by 31 December 2015, accruing interest at a rate of

Note 14 – Interest bearing loans (continued)

7% per annum. The promissory note was recorded as an interest bearing loan on the statement of financial position under current liabilities. The Group had negotiated the option of settling the $2,190,000 promissory note with cash or the issuance of Minera IRL Limited ordinary shares, subject to shareholder approval. However, the resolution to approve the issuance of ordinary shares in settlement of the promissory note at the annual general meeting, held on 27 August 2015, was not approved by shareholders. The Group repaid $700,000 of the principal plus interest during 2016. The balance of $1,516,000 as at 30 September 2019 is comprised of $1,490,000 of principal and $26,000 of interest.

In March 2017 COFIDE terminated the letter of mandate without providing any reason for their decision.

On 6 June 2017 the Group announced it had obtained an order from the Superior Court of Justice of Lima as a precautionary measure to protect its assets and investments in the Ollachea Project; and its intention to initiate an arbitration process. The order temporarily suspends any enforcement proceedings against the Group regarding the repayment of the $ 70,000,000 Bridge Loan granted by COFIDE as well as the last interest instalment of approximately $1,240,000, both of which were due on 5 June 2017.

On 20 June 2017 the Group announced it had filed a request for an arbitration against COFIDE with the Arbitration Centre of the Lima Chamber of Commerce. The intention to commence the Arbitration had been previously announced by the press release of 6 June 2017.

On 4 October 2017 the Group announced that the Superior Council of Arbitration of the Chamber of Commerce of Lima rejected the arguments submitted by COFIDE in opposition to beginning the Arbitration requested in June, 2017. The Council admitted the Group's claims despite COFIDE's objections, and decided that the Arbitration should continue. The Group is currently awaiting the outcome of the Arbitration process.

On 24 September 2018 the Group released an update on the arbitration process against COFIDE. From February to August of this year, three documents have been submitted to the Court of Arbitration:
1.- The Group's Complaints submitted in February
2.- Answer to COFIDE's jurisdictional objections and Counterclaim submitted in May, and
3.- The Group's Reply submitted in August.

On 16 September 2019 the Group announced that the Court of Arbitration had issued its Final Arbitration Award. The Award provides that COFIDE must pay aggregate amount of $34.2 million for damages. The Court of Arbitration declared that it did not have jurisdiction to require repayment of the Bridge Loan because the Bridge Loan facility expressly provides that it is subject to the jurisdiction of the courts of New York.

On 30 October 2019 the Group announced that the Court of Arbitration had rejected COFIDE's request to modify the Final Arbitration Award issued in September 2019. COFIDE has the right to apply for annulment of the Final Award based on due process and formality grounds.

The Bridge Loan is secured by the Ollachea Project's assets, mining reserves, mining concessions and rights and a pledge of the shares of the Group's subsidiary, Compañia Minera Kuri Kullu S.A., which holds the Ollachea Project. If the Group is unsuccessful in the Arbitration process or not able to secure an alternative source of funds to refinance the debt with COFIDE, it may have to relinquish its ownership of the subsidiary, Campañia Minera Kuri Kullu S.A. and therefore the Ollachea Project. All net assets associated with the Ollachea Project would be fully impaired as a result. The assets of the Corihuarmi Mine are not included as a guarantee of the Bridge Loan.

Note 14 – Interest bearing loans (continued)

The Group is currently evaluating its options for the repayment of the Bridge Loan and accrued interests as well as seeking alternative sources of financing its Ollachea Project.

Group – Net debt reconciliation	Cash	Finance leases due within 1 year	Finance leases due after 1 year	Borrowings due within 1 year	Total
	US$000	US$000	US$000	US$000	US$000
Net debt as at 1 January 2018	3,276	(530)	(147)	(76,483)	(73,884)
Cash flows	(977)	530	-	-	(447)
Accrued interest	-	-	-	(6,509)	(6,509)
Other changes	-	(147)	147	-	-
Net debt as at 31 December 2018	**2,299**	**(147)**	**-**	**(82,992)**	**(80,840)**
Cash flows	**133**	**147**	**-**	**-**	**280**
Accrued interest	**-**	**-**	**-**	**(4,867)**	**(4,867)**
Net debt as at 30 September 2019	**2,432**	**-**	**-**	**(87,859)**	**(85,427)**

Note 15 – Right-of-use liabilities

The following is a schedule of future lease payments due under the capital lease contract.

Lease Obligations	30 September 2019 US$000	31 December 2018 US$000
Balance - 1 January	**8,190**	-
Additions	**458**	
Unwinding of the discount	**604**	-
Paid during the period	**(2,057)**	-
Foreign exchange adjustment	**(15)**	-
Balance as at 30 September 2019 and 31 December 2018	**7,180**	-

The current and non-current portions are as follows:

	30 September 2019 US$000	31 December 2018 US$000
Current portion	**6,016**	-
Non-current portion	**1,164**	-
Balance as at 30 September 2019 and 31 December 2018	**7,180**	-

The Group adopted IFRS16 effective 1 January 2019. The initial recognition of right-of-use assets resulted in $8,190,000 recorded as liabilities.

Note 16 – Provisions

The Group has a provision of $4,443,000 (31 December 2018: $3,800,000) against the present value of the cost of restoring the Corihuarmi Mine site and Ollachea exploration tunnel site. This provision is an estimate of the cost of reversing the alterations to the environment that had been made to date. The timing and cost of this rehabilitation is uncertain and depends upon the duration of the mine life and the quantity of ore that will be extracted from the mine. At the end of 2018, management estimated that the remaining mine life at Corihuarmi is approximately 31 months. The directors have currently estimated the rehabilitation of the Ollachea exploration tunnel to begin in 10 years' time on the assumption that commercial production does not proceed.

	30 September 2019 US$000	31 December 2018 US$000
Balance brought forward	**3,800**	7,269
Unwinding of the discount	**848**	895
Unused amounts reversed	**-**	(4,316)
Amounts used	**(205)**	(48)
Balance as at 30 September 2019 and 31 December 2018	**4,443**	3,800

At the end of 2018, the Group hired an independent consultant to reassess the mine closure provisions of the Corihuarmi Mine and the Ollachea Project. The result of the reassessment was a reduction of $4,316,000 in the carrying value of the provision and a net reduction of $964,000 in the carrying value of the correspondent asset account (see Note 6). The reduction in the carrying value was due mainly to lower budgeted closure costs in order to fulfil the Group's obligations at the Corihuarmi Mine and an extension of the period until expected closure of the Ollachea Project, following an extension to that projects Environmental Impact Assessment. The combined effect of a gain due to the decrease in the provision and a loss due to the decrease in net assets was recorded within the Statement of Comprehensive Income as at 31 December 2018 as a gain on adjustment of the mine closure provisions of $3,351,000.

The revised rehabilitation provisions are subject to agreement by the Ministry of Mines.

Note 17 – Trade and other payables

	30 September 2019 US$000	31 December 2018 US$000
Non-current		
Trade payables	**1,124**	-
Balance as at 30 September 2019 and 31 December 2018	**1,124**	-
Current		
Trade payables	**6,837**	7,783
Other payables	**3,287**	4,319
Balance as at 30 September 2019 and 31 December 2018	**10,124**	12,102

Note 18 – Financial instruments and financial risk management

Financial instruments

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

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

Risk management

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

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

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

	30 September 2019 US$000	31December 2018 US$000
Peruvian nuevos soles	**374**	255
United States dollars	**2,058**	2,044
Balance as at 30 September 2019 and 31 December 2018	**2,432**	2,299

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

	30 September 2019 US$000	31 December 2018 US$000
Pounds sterling	**(18)**	(109)
Canadian dollars	**(8)**	(22)
Peruvian nuevos soles	**657**	(2,172)
United States dollars	**(87,090)**	(85,032)
Balance as at 30 September 2019 and 31 December 2018	**(86,459)**	(87,335)

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

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

	30 September 2019	31 December 2018
	US$000	US$000
10% weakening of the US dollar	**63**	(230)
20% weakening of the US dollar	**126**	(461)
10% strengthening of the US dollar	**(63)**	230
20% strengthening of the US dollar	**(126)**	461

Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient cash and cash equivalents as well as an adequate amount of committed credit facilities. Management of the Group safeguards its cash resources and makes regular forecasts of the requirements to use those resources. If necessary, management adapts its plans to suit the resources available.

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

30 September 2019 **Financial assets measured at amortised cost**	**Due in less than 3 months US$000**	**Due between 3 months to 1 year US$000**	**Due between 1 to 5 years US$000**	**Total US$000**
Receivables	**1,297**	**984**	**7,935**	**10,216**
Cash and cash equivalents	**2,432**	**-**	**-**	**2,432**
Total	**3,729**	**984**	**7,935**	**12,648**

31 December 2018 Financial assets measured at amortised cost	Due in less than 3 months US$000	Due between 3 months to 1 year US$000	Due between 1 to 5 years US$000	Total US$000
Receivables	1,063	-	7,839	8,902
Cash and cash equivalents	2,299	-	-	2,299
Total	3,362	-	7,839	11,201

30 September 2019 **Financial Liabilities measured at amortised cost**	**Due in less than 3 months US$000**	**Due between 3 months to 1 year US0000**	**Due between 1 to 5 years US$000**	**Total US$000**
Trade payables	**6,837**	**1,124**	**-**	**7,961**
Other payables	**3,287**	**-**	**-**	**3,287**
Interest bearing loan	**87,859**	**-**	**-**	**87,859**
	97,983	**1,124**	**-**	**99,107**

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

31 December 2018 Financial Liabilities measured at amortised cost	Due in less than 3 months US$000	Due between 3 months to 1 year US$000	Due between 1 to 5 years US$000	Total US$000
Trade payables	7,783	-	-	7,783
Other payables	4,319	-	-	4,319
Finance lease liabilities	147	-	-	147
Interest bearing loan	82,992	-	-	82,992
	95,241	-	-	95,241

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

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

Credit risk
The Group is exposed to credit risk in so far as it deposits cash with its banks as detailed in Note 14. 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, as detailed in Note 8, by the government of Peru.

Interest rate risk
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.

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.

Note 19 – Capital commitments and contingent liabilities

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

During 2013, the Group was issued tax reassessments by the Peruvian tax authorities for the years ended 31 December 2008, 2009 and 2011 related to the deductibility of depreciation claimed by the Group. The appeal filed by the Group with the tax authorities was unsuccessful and the Group subsequently filed an appeal with the Peruvian Tax Court. If the Group is unsuccessful in its appeal of the reassessments, taxes in the amount of approximately $1,403,000 would be payable.

Note 19 – Capital commitments and contingent liabilities (continued)

The Company entered into a contract with a legal firm in connection with the arbitration process described on paragraph "Background and Business of the Company" on page 3. This contract includes a success fee on the damages awarded by the Arbitration Tribunal.

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

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

Note 20 – Related parties

During the quarter ended 30 September 2019, the Group did not enter into transactions with related parties with the exception of directors and key management as disclosed in Note 4. As at 30 September 2019, the Group owed $84,000 to directors and key management.

Note 21 – Subsequent events

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

By order of the Board

"Gerardo Pérez"

Gerardo Perez
Chairman
Minera IRL Limited
14 November 2019