



Interim Consolidated Financial Statements (Unaudited)

**For the three and nine month periods ended
30 September 2022**

All figures are in United States dollars (\$) unless otherwise noted.

References to "C\$" are to Canadian dollars.

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 2022 and 2021

	Notes	Three Months Ended		Nine Months Ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
Revenue from contracts with customers		\$ 8,501	\$ 11,110	\$ 27,601	\$ 32,264
Cost of sales		(9,687)	(7,764)	(26,514)	(22,837)
Gross profit		(1,186)	3,346	1,087	9,427
Administrative expenses		(1,800)	(1,883)	(4,637)	(4,721)
Exploration costs		(50)	(95)	(301)	(205)
Gain on disposal of property, plant and equipment		(122)	-	(109)	-
Write-off of asset		-	-	(15)	-
Operating profit		(3,158)	1,368	(3,975)	4,501
Finance expense	3	(3,604)	(3,654)	(6,913)	(6,315)
Loss before tax		(6,762)	(2,286)	(10,888)	(1,814)
Income tax recovery	6	-	-	-	117
Income (loss) for the period attributable to the equity shareholders of the parent		(6,762)	(2,286)	(10,888)	(1,697)
Total comprehensive Income (loss) for the period attributable to the equity shareholders of the parent		\$ (6,762)	\$ (2,286)	\$ (10,888)	\$ (1,697)
Earnings (loss) per ordinary share (US cents)					
Basic and diluted	5	(2.9)	(1.0)	(4.7)	(0.7)

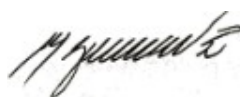
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2022 and 31 December 2021

		30 September 2022	31 December 2021
	Notas	US\$000	US\$000
Assets			
Property, plant and equipment	7	5,002	6,274
Right-of-use assets	8	12,222	4,626
Intangible assets	9	147,855	146,541
Other receivables and prepayments	10	7,063	6,982
Total non-current assets		172,142	164,423
Inventory	12	4,450	4,164
Other receivables and prepayments	10	1,804	1,825
Current tax recoverable	11	3,905	3,740
Cash and cash equivalents	13	2,485	4,483
Total current assets		12,644	14,212
Total assets		\$ 184,786	\$ 178,635
Equity			
Share capital	14	159,012	159,012
Share option reserve	14	510	433
Accumulated losses		(91,886)	(80,998)
Total equity attributable to the equity shareholders of the parent		\$ 67,636	\$ 78,447
Liabilities			
Interest bearing loans	15	79,351	74,132
Lease liabilities	16	4,809	719
Provisions	17	4,963	4,892
Trade and other payables	18	-	1,397
Total non-current liabilities		89,123	81,140
Interest bearing loans	15	3,316	1,516
Lease liabilities	16	11,485	6,187
Trade and other payables	18	13,226	11,345
Total current liabilities		28,027	19,048
Total liabilities		\$ 117,150	\$ 100,188
Total equity and liabilities		\$ 184,786	\$ 178,635

The consolidated financial statements were approved and authorised for issue by the Board and were signed on its behalf on 14 November 2022.



Gerardo Pérez
Chairman



Carlos Ruiz de Castilla
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the periods between 1 January 2021 and 30 September 2022

	Share capital		Reserves		Total equity
	Number of Shares	Amount	Share option	Accumulated losses	
Balance at 1 January 2021	231,135,028	\$ 159,012	\$ 433	\$ (80,614)	\$ 78,831
Income for the period	-	-	-	(1,697)	(1,697)
Total comprehensive income	-	-	-	(1,697)	(1,697)
Balance at 30 September 2021	231,135,028	159,012	433	(82,311)	77,134
Loss for the period	-	-	-	1,313	1,313
Total comprehensive loss	-	-	-	1,313	1,313
Balance at 31 December 2021	231,135,028	159,012	433	(80,998)	78,447
Options granted	-	-	77	-	77
Loss for the period	-	-	-	(10,888)	(10,886)
Total comprehensive loss	-	-	-	(10,888)	(10,886)
Balance at 30 September 2022	231,135,028	159,012	\$ 510	(91,886)	67,636

CONSOLIDATED CASH FLOW STATEMENT
For the three and nine month periods ended 30 September 2022 and 2021

	Notes	Three months ended		Nine months ended	
		30 September 2022	30 September 2021	30 September 2022	30 september 2021
Cash flows from operating activities					
Income (loss) before tax		\$ (6,762)	\$ (2,286)	\$ (10,888)	\$ (1,814)
Finance expense	3	3,604	3,654	6,913	6,315
Depreciation	7,8	3,342	2,382	8,204	6,634
Share-based payments	14	38	-	77	-
Loss on sale of property, plant and equipment		122	-	109	-
Write-off of assets		-	-	15	-
(Increase) decrease in inventory	12	155	31	(286)	(186)
Decrease (increase) in other receivables and prepayments		304	941	(60)	1,109
Increase in trade and other payables		660	332	408	34
Payment of mine closure costs		(191)	(45)	(416)	(119)
Cash generated from operations		1,272	5,009	4,076	11,973
Income tax paid (net)		(333)	(378)	(138)	(1,444)
Net cash from operating activities		939	4,631	3,938	10,529
Cash flows from investing activities					
Acquisition of property, plant and equipment	7	(318)	(736)	(1,357)	(1,458)
Deferred exploration and development expenditures	9	(663)	(499)	(1,555)	(1,285)
Proceeds on sale of property, plant and equipment		916	-	936	-
Net cash outflow from investing activities		(65)	(1,235)	(1,976)	(2,743)
Cash flows from financing activities					
Net proceeds from loan	15	-	-	2,000	700
Repayment of loan		(200)	(300)	(200)	(2,200)
Payment of lease liabilities	16	(2,120)	(2,278)	(5,360)	(5,341)
Payment of finance expenses		(205)	(93)	(400)	(281)
Net cash inflow (outflow) from financing activities		(2,525)	(2,671)	(3,960)	(7,122)
Net increase (decrease) in cash and cash equivalents		(1,651)	725	(1,998)	664
Cash and cash equivalents at beginning of period		4,136	2,871	4,483	2,932
Cash and cash equivalents at end of period		\$ 2,485	\$ 3,596	\$ 2,485	\$ 3,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of preparation and going concern

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

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

At 30 September 2022, the Group had a working capital deficit of \$15,383,000 (defined as current assets less current liabilities).

Current Situation

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

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

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

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

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

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

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

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

On September 14, 2022, we announced the preliminary results of the diamond drill program that was started in July 2022:

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

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

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

The Directors have 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.

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 2022			
Revenue	27,601	-	27,601
Administration expenses	(3,135)	(1,502)	(4,637)
Operating loss	(2,473)	(1,502)	(3,975)
After tax loss	(9,386)	(1,502)	(10,888)
For the nine months ended 30 September 2021			
Revenue	32,264	-	32,264
Administration expenses	(3,738)	(983)	(4,721)
Operating profit (loss)	5,484	(983)	4,501
After tax Loss	(714)	(983)	(1,697)

Group's Assets	Peru US\$000	Jersey US\$000	Total US\$000
As at 30 September 2022			
Non-current assets	162,791	9,351	172,142
Current	12,614	30	12,644
Total assets	175,405	9,381	184,786
As at 31 December 2021			
Non-current assets	155,072	9,351	164,423
Current	14,182	30	14,212
Total assets	169,254	9,381	178,635

Group's Liabilities	Peru US\$000	Jersey US\$000	Total US\$000
As at 30 September 2022			
Non-current liabilities	89,123	-	89,123
Current	27,881	146	28,027
Total liabilities	117,004	146	117,150
As at 31 December 2021			
Non-current liabilities	81,140	-	81,140
Current	18,817	231	19,048
Total liabilities	99,957	231	100,188

Note 3 – Finance expense

The following table details the finance expenses incurred during the three and nine month periods ended 30 September 2022 and 2021.

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

Note 4 – Remuneration of key management personnel

	Salary & Fees US\$000	Other Benefits US\$000	Total Remuneration US\$000
Cumulative to 30 September 2022			
Directors ⁽¹⁾	644	47	691
Non-Directors ⁽²⁾	209	-	209
TOTAL	853	47	900

⁽¹⁾ Directors include Messrs. Gerardo Perez, Diego Benavides, Michael Iannaccone, Jesus Lema, Santiago Valverde and Martin Mount.

⁽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 2021			
Directors ⁽¹⁾	644	50	694
Non-Directors ⁽²⁾	209	-	209
TOTAL	853	50	903

⁽¹⁾ Directors include Messrs. Gerardo Perez, Diego Benavides, Michael Iannaccone, Jesus Lema and Santiago Valverde.

⁽²⁾ Non-Directors include the CFO and the Corihuarmi Mine Manager.

Note 5 – Loss per share

The calculation of the loss per share is based on the loss attributable to ordinary shareholders for the nine months ended 30 September 2022 of \$10,888,000 (30 September 2021: loss of \$1,697,000) and the weighted average number of ordinary shares in issue during the nine month period ended 30 September 2022 of 231,135,028 (30 September 2021: 231,135,028).

Diluted loss per share assumes that dilutive options have been converted into ordinary shares. The calculation as at 30 September 2022 and 2021 are as follows:

	2022 Loss US\$000	2022 Number of shares '000	2022 Earnings per share (cents)	2021 Loss US\$000	2021 Number of shares '000	2021 Earnings per share (cents)
Basic losses	(10,888)	231,135	(4.7)	(1,697)	231,135	(0.7)
Dilutive effects-options	-	-	-	-	-	-
Diluted losses	(10,888)	231,135	(4.7)	(1,697)	231,135	(0.7)

As at 30 September 2022 and 2021, all options were excluded from the calculation of diluted loss per share because they were non-dilutive.

Note 6 – Income tax (recovery) expense

	30 September 2022 US\$000	30 September 2021 US\$000
Tax recovery	-	(117)
Income tax recovery	-	(117)

Note 7 – 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 at 1 January 2021	44,028	524	2,960	3,566	51,078
Additions	1,371	-	206	349	1,926
Adjustment to mine closure provision ⁽¹⁾	(417)	-	-	-	(417)
Disposals	-	-	(60)	-	(60)
Write off	(61)	-	(174)	-	(235)
Reclassifications ⁽²⁾	982	-	-	(21)	961
Balance - 31 December 2021	45,903	524	2,932	3,894	53,253
Balance at 1 January 2022	45,903	524	2,932	3,894	53,253
Additions	1,112	-	138	107	1,357
Disposals	-	-	(2,109)	-	(2,109)
Write off	-	-	(264)	-	(264)
Reclassifications from intangibles	241	-	-	-	241
Balance - 30 September 2022	47,256	524	697	4,001	52,478
Depreciation					
Balance - 1 January 2021	38,905	428	1,362	3,205	43,900
Depreciation for the year	2,909	26	470	207	3,612
Adjustment to mine closure provision ⁽¹⁾	(368)	-	-	-	(368)
Disposals	-	-	(42)	-	(42)
Write off	(61)	-	(62)	-	(123)
Balance - 31 December 2021	41,385	454	1,728	3,412	46,979
Balance - 1 January 2022	41,385	454	1,728	3,412	46,979
Depreciation for the period	1,345	17	293	155	1,810
Disposals	-	-	(1,064)	-	(1,064)
Write off	-	-	(249)	-	(249)
Reclassifications	320	-	(320)	-	-
Balance - 30 September 2022	43,050	471	388	3,567	47,476
Carrying amounts					
Balance - 1 January 2021	5,123	96	1,598	361	7,178
Balance - 31 December 2021	4,497	70	1,204	503	6,274
Balance - 30 September 2022	4,206	53	309	434	5,002

⁽¹⁾ At the end of 2021 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 \$49,000 in the carrying value of the corresponding asset account.

⁽²⁾ During 2021 the Group reclassified \$961,000 from intangibles, see note 9.

Note 8 – Right-of-use assets

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

	Mining Assets US\$000	Land & Buildings US\$000	Motor Vehicles US\$000	Total US\$000
Cost				
Balance - 1 January 2021	8,609	884	1,255	10,748
Additions	-	41	2,632	2,673
Adjustments ⁽¹⁾	586	(715)	(223)	(352)
Balance – 31 December 2021	9,195	210	3,664	13,069
Balance - 1 January 2022	9,195	210	3,664	13,069
Additions	3,460	1,092	11,991	16,543
Adjustments⁽¹⁾	(4,966)	-	(4,966)	(9,932)
Balance – 30 September 2022	7,689	1,302	10,689	19,680
Accumulated Depreciation				
Balance - 1 January 2021	2,201	551	504	3,256
Depreciation for the year	4,185	270	1,399	5,854
Adjustments ⁽¹⁾	306	(715)	(258)	(667)
Balance - 31 December 2021	6,692	106	1,645	8,443
Balance - 1 January 2022	6,692	106	1,645	8,443
Depreciation for the period	3,599	309	2,486	6,394
Adjustments⁽¹⁾	(5,154)	-	(2,225)	(7,379)
Balance - 30 September 2022	5,137	415	1,906	7,458
Carrying amounts				
Balance - 1 January 2021	6,408	333	751	7,492
Balance - 31 December 2021	2,503	104	2,019	4,626
Balance - 30 September 2022	2,552	887	8,783	12,222

⁽¹⁾ The adjustments during 2022 and 2021 correspond to terminations and changes in the terms of lease contracts

Note 9 – Intangible assets

Deferred Exploration Costs	Ollachea US\$000	Other Peru US\$000	Total US\$000
Balance – 1 January 2021	144,492	1,219	145,711
Additions	1,489	302	1,791
Reclassifications to property, plant and equipment (see note 11)	-	(961)	(961)
Balance – 31 December 2021	145,981	560	146,541
Additions	1,097	458	1,555
Reclassifications to intangibles	-	(241)	(241)
Balance - 30 September 2022	147,078	777	147,855

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 30 September 2022 have been assessed for indications of impairment. The Group have determined that at the end of the reporting period there are no material indications of impairment.

As disclosed in Note 1 'Basis of Preparation and Going Concern', the Group has signed an Asset Trust Agreement transferring the ownership in trust over the shares held by the Group in its Peruvian subsidiary Compañía Minera Kuri Kullu S.A., as well as the Ollachea Project's mining concessions own by the subsidiary. For additional information please refer to Note 1.

Note 10 – Other receivables and prepayments

	30 September 2022 US\$000	31 December 2021 US\$000
Non-current assets		
Other receivables	7,063	6,982
	7,063	6,982
Current assets		
Other receivables	1,589	1,602
Prepayments	215	223
	1,804	1,825

Included in other receivables and prepayments is an amount of \$7,605,000 (2021: \$7,521,000) relating to sales tax paid on the purchase of goods and services in Peru. Of the \$7,605,000 sales tax recoverable, \$7,063,000 relates to purchases for the Ollachea project which is only recoverable upon commencement of metal sales from that project. Commercial production is not expected within the next 12 months, therefore this element has been included in non-current assets.

Note 11 - Current tax recoverable

	30 September 2022 US\$000	31 December 2021 US\$000
Income tax recoverable 2020	1,997	1,665
Income tax recoverable 2021	908	1,148
Income tax recoverable 2022	745	
Income tax recoverable - other	255	927
	3,905	3,740

Note 12 - Inventory

	30 September 2022 US\$000	31 December 2021 US\$000
Gold in process	2,716	2,943
Mining materials	1,734	1,221
	4,450	4,164

Note 13 – Cash and cash equivalents

	30 September 2022 US\$000	31 December 2021 US\$000
Bank balances as at	2,485	4,483

Note 14 – Capital and reserves

As at 30 September 2022 and 31 December 2021, Minera IRL Limited's share capital is made up of shares with no par value. There is no upper limit on the value of shares to be issued.

Issued and fully paid share capital	Ordinary shares	US\$000
Shares in issue 31 December 2021	231,135,028	159,012
Shares in issue 30 September 2022	231,135,028	159,012

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

Share Options**Share options granted to directors and employees**

Minera IRL Limited does not have a share option scheme for the benefit of directors and employees of the Group. All share options granted to directors and employees during the past years have lapsed.

Note 14 – Capital and reserves (continued)

Share Options granted to consultants

On 1 April 2022, Minera IRL Limited granted 4,600,000 stock options to Maxwell Mercantile Inc. at an exercise price of C\$0.085 (\$0.066). The options vest over a period of thirteen months upon being granted. The options were fair valued with a Black-Scholes option pricing model using the following assumptions:

Date of Grant	1 April 2022
Share price on date of grant	C\$0.085
Exercise price	C\$0.085
Expected volatility	73.1%
Expected option life	1.5 yrs
Risk-free rate of return	0.75%
Expected dividends	Nil
Fair Value	C\$0.03

The fair value of this option grant resulted in a total share based payment expense of \$110,000 of which, according the vesting schedule, \$77,000 have been recognized in the financial statements as at 30 September 2022.

	2022	
	Number of share options	Weighted average exercise price (\$)
Outstanding - beginning of year	-	-
Granted on 1 April 2022	4,600,000	0.062
Outstanding as at 30 September 2022	4,600,000	0.062
Exercisable as at 30 September 2022	1,380,000	-

Other Share Options

	30 September 2022		31 December 2021	
	Number of share options	Weighted average exercise price (\$)	Number of share options	Weighted average exercise price (\$)
Outstanding entitlement - beginning of year	11,556,751	0.16	11,556,751	0.16
Outstanding entitlement - end of the year	11,556,751	0.15	11,556,751	0.16
Exercisable - end of the year	-	-	-	-

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. Each option would be exercisable to purchase one ordinary share of the Group at a price of C\$0.20 (\$0.15) 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. These options have not yet been granted however the entitlement remains.

Note 14 – Capital and reserves (continued)

Share Option Reserve

The share option reserve includes a credit of \$433,000 (31 December 2021: \$433,000) based on the fair value of the share options that Sherpa is entitled to, as part of the fees in connection with the Bridge Loan; and a credit of \$77,000 based on the fair value of the share options granted to Maxwell Mercantile Inc. on 1 April 2022.

Note 15 –Interest bearing loans

	30 September 2021 US\$000	31 December 2021 US\$000
Non-Current liabilities		
COFIDE Loan payable	79,351	74,132
Current liabilities		
Promissory note	1,516	1,516
Other loans	1,800	-
	3,316	1,516

COFIDE Loan payable

In 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 facility of up to \$240,000,000 described in a letter of mandate signed by COFIDE and Minera IRL. This senior project credit facility was to be structured by COFIDE, in conjunction with Minera IRL, to build the Ollachea Gold Project (the "Ollachea Project").

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 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 quarterly interest. The balance as at 30 September 2022 is \$1,516,000.

In March 2017 COFIDE terminated the letter of mandate without providing any reason for their decision. The Bridge Loan was originally due for repayment in 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.

On 16 September 2019 the Group announced that the Court of Arbitration had issued its Arbitration Award. The Award provided that COFIDE must pay an aggregate amount of \$34.2 million for damages. The Court of Arbitration declared that it did not have jurisdiction to require repayment of the Bridge Loan because the Bridge Loan facility expressly provides that it is subject to the jurisdiction of the courts of New York, United States. Subsequently, COFIDE filed a lawsuit for annulment of the Arbitration Award. No amount for the damages awarded was recognised in the 2019 financial statements given the uncertainty at that year-end over its recoverability.

Note 15 –Interest bearing loans (continued)

On 31 December 2019 the Group signed a Memorandum of Understanding (“MOU”) with COFIDE which was extended several times until 7 November 2020. During this period both the collection of damages by the Group and the collection of the debt and/or interests by COFIDE remained suspended. The objective of the MOU was to allow both parties to reach an agreement in settlement of the obligations imposed by the Arbitration Award announced on 16 September 2019 as well as related matters, including repayment of the Bridge Loan.

On 12 November 2020 the Group announced it had settled its dispute with COFIDE. The summary of the settlement agreement is that the Group owes COFIDE US\$70 million in principal and US\$31.9 million of accrued interest (calculated to 10 November 2020), however, COFIDE has yet to provide the invoices to support the tax deductibility of these interests. Also, it was agreed that COFIDE owed the Group US\$34.2 million pursuant to the September 2019 Arbitration Award, plus interest from 17 July 2017 to 10 November 2020. The amounts due and receivable have been offset and the Group will pay the net balance to COFIDE within 36 months. To guarantee the full repayment of the balance owed to COFIDE, Corporate Trusts contracts have been assigned over the Ollachea Project’s mineral concessions, the shares of the Peruvian subsidiary Compañía Minera Kuri Kullu S.A. and over future cash flows from the same Project. COFIDE withdrew its legal claim for annulment of the Arbitration Award once the Trust contracts were registered at the public registry. Also, as per the terms of this agreement certain penalties are applicable while the balance of the debt owed to COFIDE is not fully repaid. These penalties are based on percentages applicable over the amount of the Arbitration Award according the following timetable:

- \$2,053,000 (6% on the Arbitration Award amount) if the balance of the debt is not repaid before 15 November 2021. This amount was accrued in the third quarter of 2021.
- An additional penalty of \$1,369,000 (4% on the Arbitration Award amount) if the balance of the debt is not repaid before 15 November 2022. This amount was accrued in the third quarter of 2022. These penalties are added to the amount owed to COFIDE and will be paid within the 36 months term established for the full payment of any outstanding debt with COFIDE.

On 24 June 2021 the Group announced that through formalizing the terms agreed on 12 November 2020, four inter-related agreements between COFIDE and the Group had been signed:

- A Cash Flow Trust Agreement, which creates a trust over the cash flows generated from the Ollachea Project, to guarantee the payment obligations of the Group to COFIDE by channeling those cash flows through a revenue account to be managed by La Fiduciaria;
- An Asset Trust Agreement, which creates a trust over the shares held by the Group in its Peruvian subsidiary Compañía Minera Kuri Kullu S.A., as well as the Ollachea Project’s concessions owned by the subsidiary to guarantee the payment obligations of the Group to COFIDE by transferring ownership of the securities and mortgages to La Fiduciaria in trust;
- A Refinancing of the Credit Agreement, which establishes the terms and conditions for the payment of the principal and accrued and accruing interest on the Group’s debt with COFIDE; and
- A Compensation Agreement, which establishes the terms and conditions for the payment of consequential damages to the Group by COFIDE pursuant to the September 2019 Arbitration Award, plus accrued and accruing interest.

Neither the assets of nor the cash flows generated by the Corihuarmi mine are included in these Trust Agreements.

Note 15 –Interest bearing loans (continued)

If the Group is not able to secure an alternative source of funds to repay the debt with COFIDE, the Group will have to relinquish its ownership of the subsidiary, Compañía 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.

Other loans

On 29 April 2021 the Group entered into an unsecured loan arrangement with an unrelated party for \$700,000 in order to be able to reduce a significant amount owed to its former arbitration lawyers. The loan is payable within a year after disbursement and includes a \$30,000 structuring commission and interest of 4% monthly applicable to the unpaid balance. The loan was repaid during 2021 and \$40,000 of interest has been expensed as finance expense.

On 13 May 2022 the Group entered into an unsecured loan arrangement with an unrelated party for \$2,000,000 to afford its working capital needs, which includes advancing potential mineralized areas and current processing infrastructure at Corihuarmi. The loan is payable within a year after disbursement and includes a \$40,000 structuring commission and interest of 3% monthly applicable to the unpaid balance. As at 30 September 2022, \$268,000 has been expensed as finance expenses.

	Cash	Borrowings due within 1 year	Borrowings due after 1 year	Total
Group – Net debt reconciliation	US\$000	US\$000	US\$000	US\$000
Net debt as at 1 January 2021	2,932	(2,505)	(68,549)	(68,122)
Net cash flows	1,551	1,618	-	3,169
Accrued interest	-	(340)	(3,806)	(4,146)
Accrued penalty	-	-	(2,053)	(2,053)
Adjustment to prior year	-	-	(13)	(13)
Reclassification	-	(289)	289	-
Net debt as at 31 December 2021	4,483	(1,516)	(74,132)	(71,165)
Net cash flows	(1,998)	(1,722)	-	(3,720)
Accrued interest	-	(78)	(3,850)	(3,928)
Accrued penalty	-	-	(1,369)	(1,369)
Net debt as at 30 September 2022	2,485	(3,316)	(79,351)	(80,182)

Note 16 – Lease liabilities

From 1 January 2019, leases are recognised as a right of use asset (see Note 8) and a corresponding liability at the date at which the leased asset is available for use by the Group. The following is a schedule of future lease payments due under the capital lease contracts.

Lease Obligations	30 September 2022 US\$000	31 December 2021 US\$000
Balance - 1 January	6,906	10,165
Additions	16,543	2,673
Unwinding of the discount	753	776
Paid during the period	(5,360)	(7,389)
Adjustments	(2,548)	681
	16,294	6,906

The current and non-current portions are as follows:

	30 September 2022 US\$000	31 December 2021 US\$000
Current portion	4,809	719
Non-current portion	11,485	6,187
	16,294	6,906

Note 17 – Provisions

The Group has a provision of \$4,963,000 (2021: \$4,892,000) 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 have 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 30 September 2022 management estimates that the remaining mine life at Corihuarmi was approximately 23 months. The directors have currently estimated the rehabilitation of the Ollachea exploration tunnel to begin in 8 years' time on the assumption that commercial production does not proceed.

	30 September 2022 US\$000	31 December 2021 US\$000
Balance brought forward	4,892	4,895
Unwinding of the discount	487	560
Additional provision	-	(417)
Amounts used	(416)	(146)
	4,963	4,892

At the end of 2021, the Group hired an independent consultant to reassess the mine closure provision of the Corihuarmi Mine. The result of the reassessment was a decrease of \$417,000 in the carrying value of the provision and in the carrying value of the corresponding asset account.

Note 18 – Trade and other payables

	30 September 2022 US\$000	31 December 2021 US\$000
Non-current		
Trade payables	-	1,397
Current		
Trade payables	9,830	7,855
Other payables	3,396	3,490
	13,226	11,345

Note 19 – 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 2021 US\$000	31 December 2021 US\$000
Peruvian nuevos soles	80	118
United States dollars	2,405	4,365
	2,485	4,483

Note 19 – Financial instruments and financial risk management (continued)

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

	30 September 2022	31 December 2021
	US\$000	US\$000
Pounds sterling	-	(109)
Canadian dollars	(3)	(10)
Peruvian nuevos soles	(2,726)	(2,059)
United States dollars	(82,027)	(73,160)
	(84,756)	(75,338)

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:

	30 September 2022	31 December 2021
	US\$000	US\$000
10% weakening of the US dollar	(273)	(218)
20% weakening of the US dollar	(546)	(435)
10% strengthening of the US dollar	273	218
20% strengthening of the US dollar	546	435

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 may differ from the amount included in the statement of financial position because the amount in that statement is based on discounted cash flows. Moreover, 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.

Note 19 – Financial instruments and financial risk management (continued)

30 September 2022	Due in less than 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Total
Financial assets measured at amortised cost	US\$000	US\$000	US\$000	US\$000
Receivables	1,589	-	7,063	8,652
Cash and cash equivalents	2,485	-	-	2,485
	4,074	-	7,063	11,137

31 December 2021	Due in less than 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Total
Financial assets measured at amortised cost	US\$000	US\$000	US\$000	US\$000
Receivables	1,587	-	6,982	8,569
Cash and cash equivalents	4,483	-	-	4,483
	6,070	-	6,982	13,052

30 September 2022	Due in less than 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Total
Financial Liabilities measured at amortised cost	US\$000	US\$000	US\$000	US\$000
Trade payables	9,626	204	-	9,830
Other payables	3,396	-	-	3,396
Interest bearing loan	1,516	1,800	79,351	82,667
	14,538	2,004	79,351	95,893

31 December 2021	Due in less than 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Total
Financial Liabilities measured at amortised cost	US\$000	US\$000	US\$000	US\$000
Trade payables	7,651	204	1,397	9,252
Other payables	3,490	-	-	3,490
Interest bearing loan	1,516	-	74,132	75,648
	12,657	204	75,529	88,390

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. However, the banks used are institutions of the highest standing. In addition the Group is exposed to sovereign risk in so far as it is owed recoverable sales tax.

Interest rate risk

The Group has debt denominated in US dollars and is therefore exposed to movements in US dollar interest rates.

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 20 – 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.

On 12 November 2020 the Group announced it had settled its dispute with COFIDE. As per the terms of this settlement the Group owed COFIDE US\$31.9 million of accrued interest at that date. Also, as per the terms of this agreement certain penalties are applicable while the balance of the debt owed to COFIDE is not fully repaid. These penalties are based on percentages applicable over the amount of the Arbitration Award according the following timetable:

- \$2,053,000 (6% on the Arbitration Award amount) if the balance of the debt is not repaid before 15 November 2021. This amount was accrued in the third quarter of 2021.
- An additional penalty of \$1,369,000 (4% on the Arbitration Award amount) if the balance of the debt is not repaid before 15 November 2022. This amount was accrued in the third quarter of 2022. These penalties are added to the amount owed to COFIDE and will be paid within the 36 months term established for the full payment of any outstanding debt with COFIDE.

During 2019, the Group was issued a tax reassessment by the Peruvian Tax Authority for the year ended 31 December 2017 related to the deductibility of interest relative to the COFIDE Bridge Loan and the write off of leaching pads. The Group has appealed this tax reassessment before the Tax Court with reasonable expectation of a successful outcome. If the Group is unsuccessful in this appeal, an aggregate amount of \$5,260,000 would be payable, including tax, penalties and interest calculated as at 30 September 2022.

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

Note 20 – Capital commitments and contingent liabilities

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 has the right to buyback and cancel this royalty from Sherpa by paying a buy-back fee of \$5,566,000.

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

Note 21 – Related parties

During the quarter ended 30 September 2022, the Group entered into transactions with directors and key management as disclosed on Note 7 of these consolidated financial statements (unaudited) for the quarter ended 30 September 2022. As at 30 September 2022, the Group owed \$122,000 to directors and key management. Also, during the quarter ended 30 September 2022, certain related parties of directors and key management received \$51,000 as salary and professional fees on normal commercial terms.

Note 22 – 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 Perez
Chairman
Minera IRL Limited
14 November 2022