

Newsletter

**SECOND EDITION
NOVEMBER 2020**

Message from the CEO

Dear Friend of Minera IRL

Some of you will have read the press release that we disseminated last Monday, November 23. That press release started out in life as this newsletter but we realized that some of what we needed to say might not already be common knowledge for some of our newer shareholders, so we converted it into a press release to reach a bigger audience. But in converting it from newsletter to press release we lost some of the emotion, and we have decided to put out this newsletter to supplement that press release. So, for those that have already read the press release, some of what we will say in this newsletter will sound familiar and we apologize for the repetition. But there is more to this newsletter than there was in the press release, so please bear with us.

We tried to convey both the difficulty and the stress of the COFIDE story in Monday's press release by sharing with you that the settlement agreement with COFIDE was signed at midnight. What we didn't share with you was that when we learned of it, COFIDE had already publicly announced it (in Spanish and only in Peru). By the time we were informed (after midnight), it was too late for us to make our own announcement before the markets in Canada and the U.K. opened the next morning. The last time COFIDE issued a press release the night before (without coordinating with us), the Investment Industry Regulatory Organization of Canada (IIROC) halted all trading in our stock after the Canadian market opened because of unusual trading activity in our stock (due to COFIDE's overnight disclosure in Peru without equivalent overnight disclosure in Canada). So this time, we asked IIROC to halt the stock (at our request) before the market opened, to give us the time to put out our own announcement in English, in Canada. The halt was lifted that same day, as soon as we issued our press release.

The settlement agreement with COFIDE marks a turning point in a chapter of our company's history that started in 2015, under different management. When our co-founder, Courtney Chamberlain, passed away in April of 2015, our company began to suffer a series of painful events that led, in September and October of that year, to being cease-traded by the Canadian regulators and delisted from the AIM market in London and the Toronto Stock Exchange in Canada. Thus began five years of darkness. It took just over one year and a series of changes to our Board of Directors and management team before we were finally able to get our internal house in order with our other co-founder (Diego Benavides) back on the team - the Canadian cease trade orders were revoked in January, 2017 and we listed on CSE in February 2017 - but then in March of 2017 COFIDE rescinded its mandate to finance the development of Ollachea and we have been fighting with COFIDE ever since.

So when we say that we are ecstatic that we have put our settlement agreement with COFIDE behind us, we really mean it - now, for the first time in five years, we can finally get back to Ollachea.

As we said in the press release, development of Ollachea will have three components - technical work, financing and 'boots on the ground' at the mine. Since 2015, our only access to capital has been the revenue from our Corihuarmi gold mine. While this has kept the operation at Corihuarmi going all these years, most of what remained went to legal costs and what little that was left was only a little more than we needed in order to keep Ollachea on care and maintenance. What little money that was left over has been dedicated to internal studies into ways to improve on our plans for Ollachea, so our next step

is to redirect the money we have been spending on our lawyers to develop those internal studies into the kind of public technical reports that we will need in order to support a 'no holds barred' effort to finance and build Ollachea. This has already begun.

Once we received the arbitration award (in September of 2019), we started reaching out to potential lenders, investment banks and others in an effort to replace the money that COFIDE had originally agreed to provide. Although we have had some interest, the capital markets have largely been closed to us because of the situation with COFIDE. Now, with the certainty derived from the settlement agreement, we have begun to renew our efforts to raise the capital needed to fund construction of Ollachea. As part of this initiative, we hope to raise awareness of our company in the capital markets and that this might lead to more interest in our stock in the equity markets. We believe that it is reasonable to expect that an attractive financing structure for a public company like ours might include both a debt and an equity component, and we would prefer, for all of our sake, that any equity component be negotiated in context of a more robust market for our stock if for no better reason than to minimize dilution.

Once again I want to thank you for your understanding and patience.

We are doing our utmost and will continue to update you on progress.

Sincerely,

Diego Benavides
CEO

ANNUAL GENERAL SHAREHOLDERS MEETING

The 2020 Minera IRL AGM will take place on December 14 at 10:00 am in 1455 Quebec Street, Vancouver, British Columbia, Canada V6A 3Z7. The meeting materials have already been mailed to our shareholders.

In view of the current and rapidly evolving COVID-19 outbreak, we are encouraging you not to attend the Meeting in person. Instead, we are asking you to vote prior to the Meeting. If you need help with this, please reach out to us and we will be happy to assist you with this. Your vote is important!

This year, you are being asked to:

- Receive the audited financial statements for the year ended December 31, 2019 and the report of the directors and auditors thereon.
- Re-elect Michael Iannacone and Santiago Valverde to serve as directors.
- Appoint PKF Littlejohn LLP, as auditors for the ensuing year (ending December 31, 2020).

If you have not yet received the meeting materials, you can view them either on SEDAR at www.sedar.com or on our website at

<https://www.minera-irl.com/shareholder-meetings-and-proxies/>

If you need help with the process, please call the company's proxy advisor, Carson Proxy, at:

North American Toll-Free: 1-888-511-1228

Collect: 416-804-0825

Email: info@carsonproxy.com

The meeting materials don't really give you a comprehensive picture of who Michael Iannacone and Santiago Valverde really are, and what they contribute to the Company.

Santiago Valverde is a metallurgical engineer with over 30 years of experience in mining and a PhD in Environmental and Sustainable Development. He has served as President of the Metallurgical Engineering Chapter of the Peruvian Engineers Association, speaks frequently on environmental risks and monitoring, and serves as PHD head professor and Dean of the Faculty of Geological, Mining and Metallurgical Engineering of the National University of Engineering, one of the most prestigious universities in Peru for this field. In addition to his impressive technical skills, Santiago has mastered the Quechua language which enables him to communicate with the Ollachea and Corihuarmi communities in their own language, generating respect and admiration for him at the local level.

Santiago has been critically important to our company and our positive operating results at Corihuarmi. We look forward to his contributions in preparing the design and layout of the metallurgical plant as part of the upcoming development of Ollachea, as well as overseeing the budgets and production schedules, grade control and verification, monitoring of metallurgical parameters and proposing ongoing upgrades to help us meet our goals.

Moreover, we expect to see Santiago's technical contributions play a key role in helping us comply with operational, risk prevention, safety and environmental management standards, as well as risk reduction, supervision and application of corrective measures.

The Company believes that Santiago's experience will contribute to the assessment and continuous update of the professionals and technicians to be brought to Ollachea, and expects that he will provide valuable assistance with any queries arising from the metallurgical, environmental and mining processes.

Michael Iannacone is a Canadian chartered professional public accountant with over 40 years of experience in accounting, finance and financial reporting. He has been an instructor and lecturer for financial and management accounting courses with the British Columbia Institute of Technology and with the Institute of Chartered Accountants in British Columbia and he has served in various governance roles with many public companies. He chairs our Audit and Compensation Committees and regularly contributes to and oversees our corporate governance strategy and compliance strategies.

As we move closer to financing Ollachea, Michael's experience and qualifications will become even more important to our company, as we expect that he will play an important role in evaluating the financing alternatives, and in negotiating and implementing the selected financing strategy.

Corihuarmi

Progress at the Corihuarmi mine continues and we plan to provide you with a more detailed update in our next newsletter.

Our improvement plan for the pads and process plant at Corihuarmi saw its first dividends at the end of October with 200 ounces of gold added to our monthly production. This should enable us to reach our annual target of 22,500 ounces of production.

COVID-19 Surveillance Plan

Corihuarmi keeps its record of 0 Covid-19 infections since the declaration of National Emergency in March 2020. The medical team at the mine checks temperatures at the entrance of each area or office, while random detection counter-tests are taken, all according to the Surveillance Plan approved by the Ministries of Health and Energy and Mines. Masks are supplied, while the sleeping areas, dining room, offices and vehicles are all disinfected on a daily basis. Staff all receive COVID-19 prevention training.

Our offices in Lima will continue to be closed until next year.



Corihuarmi free of Covid- 19

Social Programs

We donated several motorcycles to the Huantan Community, which is located near Corihuarmi, to provide mobility for personnel accessing the mine area and the fish farm that we built two years ago to help generate sustainable self-sufficient activities in the community. The farm produces up to 20 tons of fish per annum, which last year generated a US\$68,000 income for the community.

The motorcycles will also help those who need to get to the community medical center. Minera IRL built the medical center in 2011 and donated it to the community. We continue to provide the personnel and medicine required to care for the population.



Motorcycle donation Huantan Community

AMARE Ollachea

The Association of Artisan Women of Ollachea - AMARE - promoted by Compañía Minera Kuri Kullu, a subsidiary of Minera IRL, continues its remote training in the art of knitting with alpaca wool. AMARE produces garments to be sold in the store that they opened last year and through social networks.

<https://www.facebook.com/watch/?v=2500584320020429>

Recently, the Company obtained a grant for AMARE from the Ministry of Culture to aid it during the COVID-19 emergency. Minera IRL matched the contribution, and, with the donation, the ladies of AMARE are preparing their collection of summer 2021 garments. The goal is for AMARE to be self-supporting.



Ollachea craftswoman

SHAREHOLDERS QUESTIONS:

Over the past week, we have had a number of questions from shareholders and potential shareholders. Those questions which we have not already answered, we answer below:

- **WHAT IS THE BACKGROUND TO THE STORY WITH COFIDE?**

In June 2015, COFIDE advanced Minera IRL a secured US\$70m bridge loan with a 24-month term that allowed us to begin the development of Ollachea while COFIDE worked with us under an exclusive Mandate to structure and source a senior facility of up to US\$240 million for the development of Ollachea. In March 2017 COFIDE unilaterally revoked its mandate to structure and source the senior facility. The bridge loan came due the following June but without the anticipated senior finance facility we were unable to repay it, and it went into default. We have been unable to refinance Ollachea, which is pledged as security for the bridge loan, because of the uncertainty surrounding the defaults under the mandate and the bridge loan.

We did not believe that COFIDE had the right to unilaterally revoke its mandate and we took the matter to arbitration in Lima in September, 2017. In September 2019, after two years of arbitration, the arbitration panel agreed with us, finding that COFIDE had defaulted under the mandate and awarding us damages in the amount of US\$34.2 million. However, the arbitration panel could not resolve the bridge loan because the bridge loan documents granted exclusive jurisdiction over disputes to the Courts of New York. As a result, the bridge loan remained outstanding and in default despite the arbitration award and financing to finish the construction of Ollachea, which was pledged as security for the bridge loan, remained out of reach. In the following months, COFIDE, then under new management, filed in the Peruvian Courts a motion for the annulment of the arbitration award, a process that could have taken as long as 48 months to resolve.

In an effort to resolve the matters that had not been resolved by the arbitration award, we approached COFIDE proposing to settle the debt, the interest and the arbitration award, and in January of this year we signed an MOU agreeing to try to negotiate such a settlement.

Over the course of the next months, we made numerous suggestions proposing different settlements. None were accepted. Shortly after we signed the MOU, COVID happened, but we did everything we could to get COFIDE to reach an agreement, which we finally signed on November 10th at midnight. Even then we were scared we wouldn't get the deal over the line, as about two hours earlier the President was dismissed by the Congress and government was paralyzed.

If we did not get the deal over the line, we would almost certainly have had to wait until after the April 2021 elections before moving forward, as it is unlikely that a temporary authority would have signed anything. In that instance, we would have had to take the case to New York for arbitration, which would have been both expensive and time-consuming.

In our calculations, to get the deal over the line, we also had to factor in the opportunity cost of more delays to Ollachea.

- **IS COFIDE ON THE LIST OF POTENTIAL FINANCIERS FOR OLLACHEA?**

No. We have no intention of a new financing deal with COFIDE. Our plan is to source financing from other sources and to use part of that financing to pay what is owed to COFIDE before the three year deadline expires.

- **WHEN IS YOUR TARGET DATE TO FINALIZE FINANCING?**

This is hard to predict at this stage, as we are still ramping this process up. We know that we will need to provide a significant amount of technical support during any due diligence review, and we may need to commission the production of new data and maybe new technical reports. We hope to close a deal within six months.

- **DO YOU HAVE COMPETENT PEOPLE WORKING WITH YOU FOR THE BEST SOLUTION?**

We believe so. We hired Peruvian group Capia as our financial advisors last year. Capia have a good knowledge of deals with the government, and good relations with investment banks in Peru. We are currently in discussions with a North American equivalent to help us access the capital markets in Canada and the United States.



Ollachea gold Project

- **DO YOU HAVE ANY POLITICAL INTERFERENCE SLOWING DOWN THE PROCESS?**

At the local level, we have an extremely good relationship with the communities of Ollachea. At a national level, the political events of the last 10 days in Peru (which are of course beyond management's control) have created significant concerns for the investor and banking community. However, over the last week things seem to have calmed a little. We hope the new president, Francisco Sagasti, will be able to safeguard power and assure that proper elections are held in April 2021. We expect greater stability now. The Peruvian people have put congress in check and this is positive.

- **DO YOU PLAN TO RE-LIST ON LONDON'S AIM MARKET**

We have not forgotten AIM or our loyal U.K. based shareholders. Our plan two years back was to secure financing for Ollachea then re-list, but unfortunately, this did not happen. We cannot give you a definitive time frame yet, but it is something we are working towards and will try to effect in 2021, now that the COFIDE negotiations are behind us.

Cautionary Statement on Forward-Looking Information

Certain information in this newsletter, including information about the Company's expectation that it can get back to focusing on financing Ollachea, that it can finance the needed technical work out of revenues from Corihuarmi, that it can raise awareness of the Company and interest in its stock and build a more robust market for its stock and, finally, that it can finance and build the Ollachea project and what the financing package might consist of all constitute "forward-looking statements". Forward-looking statements are based on assumptions. While management believes these assumptions and statements are reasonable in context, forward-looking statements are inherently subject to political, legal, regulatory, business and economic risks and competitive uncertainties and contingencies. The Company cautions readers that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Minera IRL's actual results and future performance to be materially different than those expected or estimated future results, performance or achievements and that forward-looking statements are not guarantees of future performance, results or achievements.

Minera IRL assumes no obligation, except as may be required by law, to update or revise them to reflect new events or circumstances. Risks, uncertainties and contingencies and other factors that might cause actual performance to differ from forward-looking statements include, but are not limited to, Peru's ability to contain the COVID-19 crisis and to legislative, political, social health or economic developments both within Peru and in general.