

# Newsletter

**FOURTH EDITION  
MARCH 2021**

## Message from the CEO

Dear Friends of Minera IRL

As we enter our second year of the COVID-19 pandemic, I think about the challenges we have individually and collectively faced in our fight to stay safe and healthy and to keep our families, our colleagues and our communities protected. At Minera IRL, we have increased our health and safety protocols throughout the last year and continue to work diligently to maintain safe working conditions while also continuing to successfully progress the company and support our communities through these unprecedented times.

Despite the continued fight against COVID-19, we entered 2021 with renewed energy and focus, having settled our dispute with Corporación Financiera de Desarrollo S.A. ("COFIDE") in November 2020 and

having put many of the struggles of the past decade behind us. While we look ahead to progressing our Ollachea project, I pause to reflect on where we have been.

**We entered 2021 with renewed energy and focus, having settled our dispute with COFIDE and having put many of the struggles of the past decade behind us.**

This edition of the newsletter provides you, our community of shareholders, with a deeper look into our history and why we are excited to now move ahead and execute on our corporate strategy.

We are committed to creating long term value for our shareholders, our company and the communities in which we work, and we remain available to discuss our plans with you. Please feel free to reach out at any time.

Sincerely,

**Diego Benavides  
CEO**

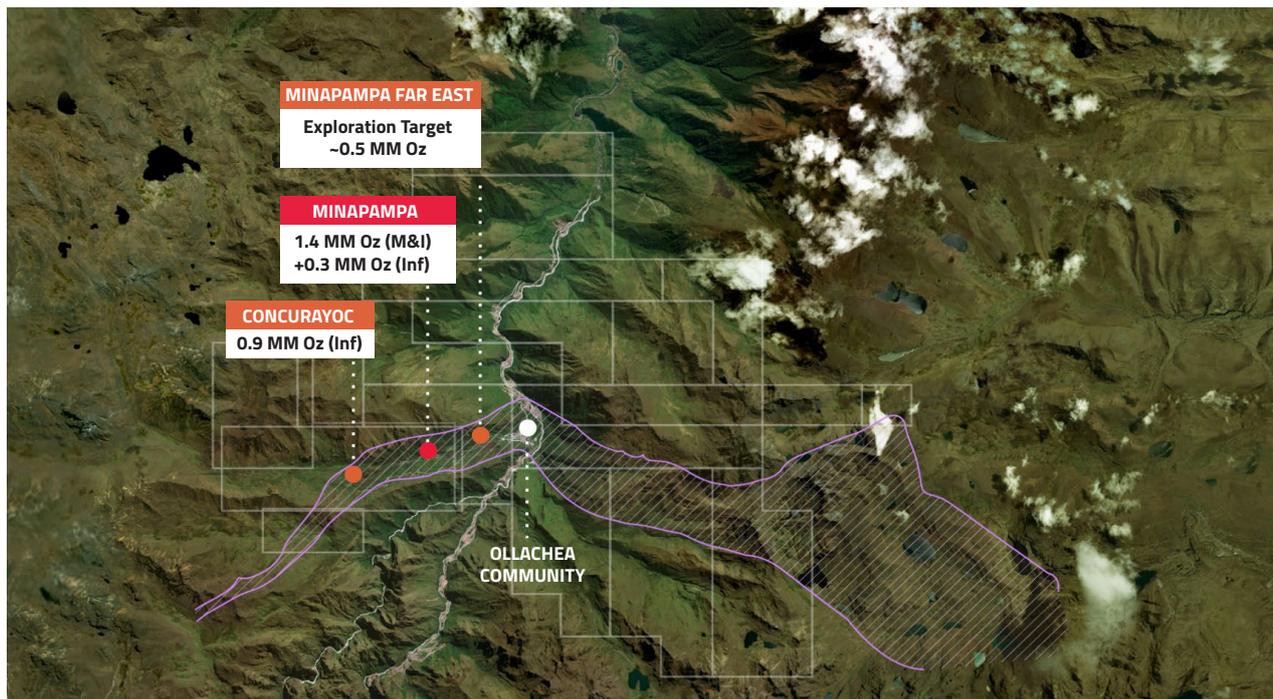
For more information please write to me at [diego.benavides@irl.com.pe](mailto:diego.benavides@irl.com.pe)



## OLLACHEA GOLD PROJECT

Our flagship Ollachea gold project is located approximately 1.5 kilometers from the village of Ollachea (population approximately 2,000), in the Puno region of southeastern Peru. Over the four years following our acquisition of Ollachea in 2008, we worked hard to define a resource, design a mine and form solid ties with the local community. On December 19, 2012, we filed a National Instrument 43-101 ("NI 43-101") compliant feasibility study (the "AMEC Report") titled Ollachea Gold Project, Ollachea, Peru prepared by AMEC Australia Pty Ltd ("AMEC") and Coffey Mining Pty Ltd. with an effective date of November 29, 2012.

### The AMEC Report



The AMEC Report contemplated an underground mine at Ollachea that would process 1.1 million tonnes of ore and produce approximately one million ounces of gold, both on a per annum basis over a nine-year life of mine ("LOM"). Based on an indicated mineral resource for the Minapampa zone at Ollachea of 10.6 million tonnes with an average grade of 4.0 g/t Au (containing 1.4 million ounces of gold), the AMEC Report measured a probable mineral reserve of 9.3 million tonnes grading 3.4 g/t Au and containing 1.0 million ounces of gold, with a measurement effective date of November 29, 2012.

The AMEC Report also refers to an inferred mineral resource at the Minapampa zone of 3.3 million tonnes with an average grade of 3.3 g/t Au (containing 0.3 million ounces of gold), and an inferred mineral resource of 10.4 million tonnes grading 2.8 g/t (containing 0.9 million ounces) at the Concurayoc zone (located approximately 400 meters west of the Minapampa zone), but these inferred resources were not included in the reported mineral reserve.

As stated in the AMEC Report, these results were based on an aggregate of **208 diamond drill holes (81,073 meters)**, on the application of "appropriate" mining factors, and relevant processing, metallurgical, economic, marketing, legal, environmental, socio-economic and government factors, including a prevailing gold price of US \$1,300/oz, an exchange rate of 2.65 Peruvian Nuevo Soles to the U.S. dollar, average operating costs of US \$499/oz and average metallurgical recovery of 91% over the nine-year LOM. The mine described in the AMEC Report had an estimated up-front capital cost (CAPEX) of US \$177.5 million and overall CAPEX (including sustaining and closure) of US \$223.3 million.



**81,073**  
meters drilled

Aggregate of 208 diamond  
drill holes completed.

## 2013 - 2016

In 2012 we used a large part of the gross proceeds from a CDN \$33 million public offering to build an exploration and development tunnel at Ollachea, produce the AMEC Report, and fund drill programs at Ollachea. When the AMEC Report was filed in December of 2012, we expected to begin construction of Ollachea in 2013. Later that month, we applied for construction permits and requested approval of our Environmental and Social Impact Assessment ("ESIA") and began to look for financing. We finished the exploration and development tunnel at Ollachea (this was a 1.2 kilometer by five meter production tunnel that terminated very close to the Minapampa ore body) at a total cost of US \$13.8 million, as well as a 1,200 meter drill program in February of 2013.

The ESIA was approved in September of 2013 and most of the construction permits were in place by the end of 2014, but the mining industry was still trying to rehabilitate its position in the capital markets and we were still chasing financing. Then, in March of 2015, our co-founder and Chairman, Courtney Chamberlain, fell ill. We appointed Diego Benavides (who co-founded our company with Mr. Chamberlain), as interim CEO and we appointed a new Chairman. In June of 2015, we refinanced our outstanding debt with a US \$70 million bridge loan from the Peruvian state-owned development and promotion bank COFIDE, and secured COFIDE's commitment to structure a US \$240 million senior debt facility that would retire the bridge loan and fund construction of Ollachea.

The summer of 2015 was a difficult one for Minera. Under new leadership, our Board of Directors began to fight with our Interim CEO over the direction the company should take. On August 26, 2015, our new Chairman, appointed to replace Mr. Chamberlain on March 6, 2015, was removed by our shareholders after the Board accused Mr. Benavides of misconduct and removed him from his office as Interim CEO. The new Chairman, elected on August 26, 2015 (the third Chairman in less than a year), was himself removed by the shareholders on December 16, 2015. During these dark days, our efforts to finance Ollachea stalled and we were delisted from the Toronto Stock Exchange and the AIM market of the London Stock Exchange, suspended by the Bolsa de Valores de Lima (BVL) stock exchange in Peru, and cease traded by the securities commissions across Canada.

### Struggles with COFIDE

At the annual general meeting of shareholders held November 30, 2016, only one of six nominees for election to the Board of Directors (Gerardo Perez) was elected. Mr. Perez quickly appointed Diego Benavides to the Board and, after over a year of internal struggle, it appeared that Minera's internal governance struggles were over. Unfortunately, in March of 2017, COFIDE revoked its mandate to structure the senior debt facility and declared that we were in default for failure to repay the bridge loan (which all parties, including COFIDE, had expected would be repaid out of the proceeds of the senior debt facility) and we spent another four years fighting with COFIDE in a struggle that only just ended in November of last year.

Despite the years of struggle, our mine at Corihuarmi has been the gift that keeps on giving and it has continued to produce the revenue needed to carry our operations and our legal costs. We are truly grateful for the role that Corihuarmi – and the people that work there – have played throughout this period.

### 2021 - Onward and Upward

The turmoil of the last few years is behind us, and we have finally (and thankfully) turned our attention (and our energy) back to Ollachea. We have initiated two parallel initiatives – first, an effort to improve the mining project and second, of course, an effort to finance its construction.

Since we filed the AMEC Report in 2012, the world has changed. Costs have increased, but so has the price of gold. As early as 2016, we had begun to look for ways to optimize the proposed mine and, in June of 2016, we announced plans to conduct a new drill program and update the AMEC Report. Although preparation of a new NI 43-101 compliant technical report is expensive (and has taken a back seat to funding and settling our dispute with COFIDE for the past few years), we had been actively looking at ways to optimize the original project 'in-house'. Now, with the need to fund the expensive COFIDE arbitration behind us, we are once again in a position to pay for a new report.

#### OLLACHEA FIRST STEPS



Exploration tunnel completed in

2013

1.2 km

in length @ 2,765 m.a.s.l.

1,200 meter drill program  
completed in Q1 2013

ESIA and construction  
permits in place



## Preparation of a New Technical Report

NI 43-101 is a set of rules adopted by the Canadian securities regulators intended, among other things, to standardize disclosure of technical information by mining companies. We have recently retained Mining Plus, an Australia-based mining consulting firm that provides geology, geotech and mining services to companies like ours, to work with us, Sepro Mineral Systems Corp. and others to prepare a new 43-101 compliant preliminary economic analysis, or scoping study, to consider a low CAPEX start-up for Ollachea (gravity-only processing with an option for Lixiviation processing at a later date). Because NI 43-101 severely limits our ability to discuss our ideas without having an NI 43-101 compliant report to rely on, we cannot disclose any particulars until we have a solid draft of this proposed study to demonstrate that our ideas are feasible. However, we are hoping that, when complete, this study would support our desire to build a mine at Ollachea at a substantially lower CAPEX than the mine proposed in the 2012 AMEC Report. Our expectation is that the study will be complete this summer. We ask for your patience as we work with Mining Plus towards this goal.

## Corihuarmi Mine



While we work towards a new technical report at Ollachea, our Corihuarmi mine continues to generate the capital needed to operate our business. Corihuarmi has been in production since 2006.

Corihuarmi is a 9,830 hectare mining project located in the high Andes of Central Peru (approximately 5,000 meters above sea level), straddling the regions of Lima, Junin and Huancavelica, approximately 160 kilometers southeast of the city of Lima. The project has been the subject of a series of NI 43-101 compliant technical reports, the most recent of which was prepared by Mining Plus and filed on SEDAR on July 4, 2018. We have recently retained Mining Plus to update this 2018 report, with the goal of identifying additional resources and extending the life of mine.

We look forward to sharing more information about our 2021 Corihuarmi Mine Improvement Plan in future editions of our newsletter.

## COVID-19

As we continue to navigate a world inclusive of COVID-19, the Company has maintained safety protocols for the protection of our workers and their families. In addition to the measures outlined in our last newsletter, we have implemented antigen testing for COVID-19 as part of the protocol for each worker prior to their return to work. This increased safety measure provides an additional layer of protection against COVID-19, particularly with the introduction of a more aggressive variant strain of the virus that has been detected in Peru in recent weeks.

In February 2021, we conducted approximately 500 COVID-19 tests on our employees, suppliers and contractors. To date, there have been no known or confirmed cases of COVID-19 at our work sites.

We continue to require all workers to use face masks or face covering when at work and have maintained a reduced capacity on our buses that transport workers to and from our site. We have continued to provide training and information to our workers with respect to safe practices, including posters and informational brochures on COVID-19 and COVID-19 vaccinations. Peru's vaccination campaign began in February 2021 with rollout focused on healthcare workers.

We will continue to be vigilant in our fight against COVID-19 and take the necessary safety precautions to keep our workers and the community as safe as possible.

### Cautionary Statement on Forward-Looking Information

*Certain information in this newsletter, including information about our expectation that we can optimize our Ollachea project and identify additional resources and life of mine for Corihuarmi, that Mining Plus can complete the proposed scoping study for Ollachea and the updated report for Corihuarmi and the timing of both of those efforts, and our expectation that we can finance and develop the Ollachea project, 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, changes in the capital markets, the studies to be conducted by Mining Plus, Sepro Mineral Systems Corp. and others in order to produce a PEA, and changes to legislative, political, social, health or economic developments both within Peru and in general.*