

Corporate Update on the Memorandum of Understanding with COFIDE

LIMA, PERU— (October 6, 2020). Further to its press release of September 29th, 2020, **Minera IRL Limited** (the "**Company**") (BVL: MIRL) (CSE: MIRL) wishes to provide additional context for its decision to enter into, and to extend, its Memorandum of Understanding (the "**MOU**") with Corporación Financiera de Desarrollo S.A., ("**COFIDE**") which has recently been extended until October 28, 2020.

The MOU is not a path to a new COFIDE mandate to finance the Ollachea project - it is a path to the orderly resolution, on mutually agreeable terms, of two debts. The MOU provides a framework for the parties to reach common ground on two fundamental issues: (i) how the Company will repay the Bridge Loan of US\$70 million (plus interest), and (ii) how COFIDE will pay the September, 2019 arbitration award of US\$34.2 million (plus interest).

The Company's primary goal is to finance the Ollachea project, but the shadow of the Bridge Loan creates barriers to progress because the amounts payable remain uncertain and because COFIDE has a security interest in the project. The Company has signed no fewer than fifteen (15) Confidentiality Agreements with sources interested in financing the project, but a resolution of the Bridge Loan is a necessary step before a permanent financing to develop and initiate operations at Ollachea can be arranged.

The Company analyzed various economic and legal scenarios, and determined that an agreement with COFIDE was and is the most viable solution to protect the Ollachea Project. The alternative to resolving the pending issues with COFIDE would have been to begin new legal processes, both in Peru and in New York, which would add substantial delay and risk and which would require additional financial resources.

Here is a reminder of the background. In June 2015, COFIDE advanced Minera IRL a Bridge Loan of US\$70m with a 24-month term to advance the development of Ollachea. As part of an Exclusive Structuring Mandate, the Bridge Loan was expected to be the first step towards a senior project credit finance facility of up to US\$240 million. In March 2017 COFIDE revoked this mandate. Over two years of court proceedings followed, resulting in the September 2019 arbitration award declaring that COFIDE did not comply with its obligations under the mandate and awarding US\$34.2 million to the Company. However, the arbitration panel did not resolve the Bridge Loan because the Bridge Loan documents granted exclusive jurisdiction over disputes to the Courts of New York. As a result, matters did not reach a conclusion.

In November/December 2019, COFIDE, under new management, filed in Peruvian Courts a motion for the annulment of the arbitration award, a process that could take as long as forty-eight (48) months to resolve. Immediately thereafter, in an effort to resolve the matters that had not been resolved by the arbitration award, the parties entered into the MOU.

The parties undertook to negotiate in good faith within a 90-day term their respective obligations under the Bridge Loan and the Award, to define the conditions of any remaining debt and agreed to a standstill on any additional legal action. The MOU also provided that, once the parties reached agreement, COFIDE would withdraw its filing for annulment of the Arbitration Award that is still pending before the Courts in Peru.

The onset of Covid-19, the declaration of National Emergency by the Peruvian Government and the closing of all non-essential activities in Peru made it impossible to achieve the original deadline. In June 2020, the parties signed an extension to the MOU for ninety (90) additional days, ending September 28, and they achieved important progress, but given the continuing National Emergency and other circumstances of local political nature (not attributable to the Company), the MOU deadline has now been extended until October 28th, 2020.

The Company has sought a term of no less than two years for final maturity, with a sufficient grace period to be able to obtain third-party financing for the development and construction of the Ollachea Project. The possibility to pre-pay the remaining debt is a priority for both parties. However, desire for a two-year extension of the Bridge Loan is one of the primary reasons for the last extension of the MOU, as COFIDE desires to confirm that the Ollachea project is still financially sound given the passage of time and that there has been a request for extension of the Bridge Loan. The Company believes, given considerably higher gold prices, that the financial viability of Ollachea has actually improved.

Commenting on developments, Director and CEO Diego Benavides said: “As stated in our previous release, we are taking steps to better communicate our progress to shareholders and potential shareholders, and we will keep them updated of developments in negotiations in the coming months as best we can.

“We appreciate the frustrations many of our investors have been feeling. We feel the same way. We deeply appreciate the trust shareholders have shown and their understanding of our risk mitigation policies that seek to avoid further legal confrontation. Our actions are aimed at achieving efficient use of time, managerial effort and economic resources to achieve a favorable solution that guarantees the execution of the project and the generation of value on the considerable investments made.”

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No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.

Cautionary Statement on Forward-Looking Information

Certain information in this news release, including information about the Company's expectation that it can reach agreement with COFIDE and the terms of that agreement, that it can finance the Ollachea project, and that the financial viability of the project has improved, constitute "forward-looking statements". Forward-looking statements are based upon 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.