RECO S.A.C

PACOCOCHA TAILINGS

AUGUST 2021

PROJECT DESCRIPTION

The project consists of the reuse of the environmental liability (tailings) of the ex-mine La Virreyna having as its main objective the removal of the tailings located on the beach of the lagoon and contribute to its rehabilitation, and in the process extract the residual gold and silver contents that are in the tailing material, to finally deposit the waste in a distant area of the lagoon with all the technical standards to prevent this process from generating any negative environmental impact.

PROJECT OVERVIEW

GENERAL

SITE

The project is located in the Department of Huancavelica, Province of Castrovirreyna, Pacococha District in the town of the same name.

LOCATION

The tailings containing gold and silver are located in the peasant community of Pacococha, province of Castrovirreyna, department of Huancavelica,

PROJECT OVERVIEW

with altitudes of 4,300 meters above sea level on the surface side of the Lagoon of Pacococha in an area of 42 hectares.

Deposit

The Deposit is a body of tailings with an approximate age of 70 years and are the result of the mining activities of the company La Virreyna, which ceased to operate more than 60 years ago.

In the intervention zone there are no protected natural areas and/or buffer zones and this area has been granted by the peasant community.

COMPANY DESCRIPTION

RECO - EMPRESA DE RECCICLAJE ECOLOGICO COMERCIAL SERVICIOS GENERALES S.A.C, acquires the rights over the environmental liability as the first reuse in 2012.

In 2013 the Right of Usufruct Surface and Servitude of the Castrovirreyna Peasant Community of Pacococha Annex is granted.

In 2019 the Environmental Certification to the EIA, and the he Benefit Authorization Resolution are approved.

During the year 2020, the semi-industrial stage begins, processing around 7,000 MT with recoveries higher than the initial estimates.

OBJECTIVES

- ✓ Process and treatment of tailings through cyanide leaching by metallurgical extraction, Merryl Crowe process, to obtain zinc precipitates with high gold and silver content.
- ✓ Remediation of environmental liabilities, substantially improving the water quality of the lagoon Pacococha that pours its waters to the city of Pisco.

THE PROJECT WAS DIVIDED INTO THREE STAGES, WE ARE CURRENTLY IN STAGE 3:

- ✓ Stage 1 – Construction: the facilities and infrastructure necessary for the development of the project were built.
- ✓ Stage 2 - Semi-industrial (pilotage): approximately 7,000 MT (September 15, 2020 to January 25, 2021).
- ✓ Stage 3 - Industrial: Initial annual industrial production 2021 is estimated at 1,372 ounces of gold and 74,550 ounces of silver.

SHAREHOLDERS

Alberto Menacho Quesada – Chairman of the Board

Entrepreneur. Architect by the Architectural Association of London. General Manager TQ Producciones SAC. General Manager of Promotora CAMI SAC. Chairman of the Board of Directors of the Teresa Quesada Cultural Association. He has been General Manager of Constructora GHV and founding partner of Arkinka (architecture magazine).

Manuel Talledo Carrasco

Entrepreneur. Business administrator. Post-graduate in finance, Six Sigma and others. Expert in business development with more than 25 years of experience in sectors of mass consumption, financial services, transport, education, mining, etc. Experience in Mining: Plagos Contratistas (own company): company dedicated to mining exploitation, worked with Volcan mining company 1999 – 2003. Finaris: mining company dedicated to the exploitation of gold, position Deputy General Manager. 2012-2014. Pacococha, tailings exploitation from 2015 to date. Owner of mines in Cocachacra and San Bartolome (ex PERUBAR).

Jorge Quintana Veramendi

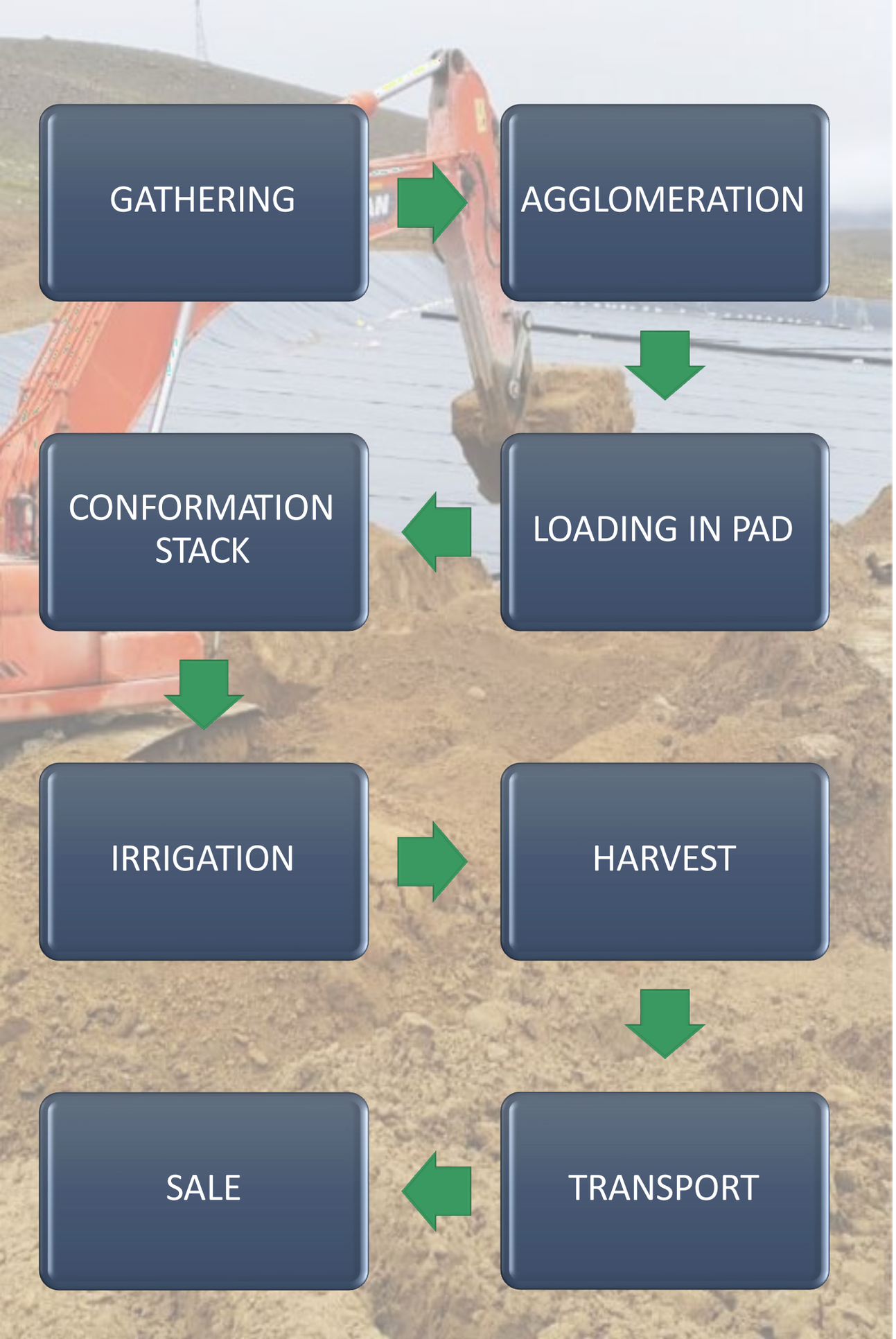
Entrepreneur. Mining technician. He has worked at the Banco Minero del Perú in exploration work. He has been superintendent of leaching plants. Owner of TISUR, a company specialized in mineral waste in port. General Manager of RECO E.I.R.L, owner of gold and copper mines in Huancavelica and Lima.

Jose Antonio Talledo Carrasco

Entrepreneur. Mechanical engineer. Expert in engine mechanics (England). He currently owns a mechanical workshop (British Motors) Mining Experience: Plagos Contractors: company dedicated to mining, in charge of the maintenance area of machinery 1999 – 2003.

Carlos Moscoso Luque – General Manager

Economist. Master in Business Administration. PhD in Accounting and Finance (C). He is currently General Manager of RECO SAC. He has worked in various management and executive level positions in the areas of Planning and Finance in the sectors of AFP, industry, marketing, mining and entertainment activities, as well as consulting. With experience in university teaching at the Universidad San Martin de Porres and at the postgraduate level at Newmann Business School and EUCIM Business School.



RECO S.A.C

BUSINESS CYCLE

The Pacococha process is comprised by 8 stages :

- ✓ GATHERING
- ✓ AGGLOMERATION
- ✓ LOADING IN PAD
- ✓ CONFORMATION STACK
- ✓ IRRIGATION
- ✓ HARVEST
- ✓ TRANSPORT
- ✓ SALE

RECO S.A.C

GATHERING

It consists of the extraction of the material from the tailing deposits, transport it and place it in the agglomeration zone.

This stage of the cycle takes place between April and November of yearly.

RECO S.A.C

AGGLOMERATION

It consists of mixing the tailing material with cement and lime to form a porous mass that allows the filtration of the reactive solvents at the time watering the agglomerated tailings with reagents in the leach pads.

This process takes place between April and September of each year.

RECO S.A.C

ON-COURT LOAD

At this stage, the agglomerated material is placed in the leaching field (PAD), accommodating it to form a cuneiform or truncated pyramid known as a cell.

The load takes place between April and September

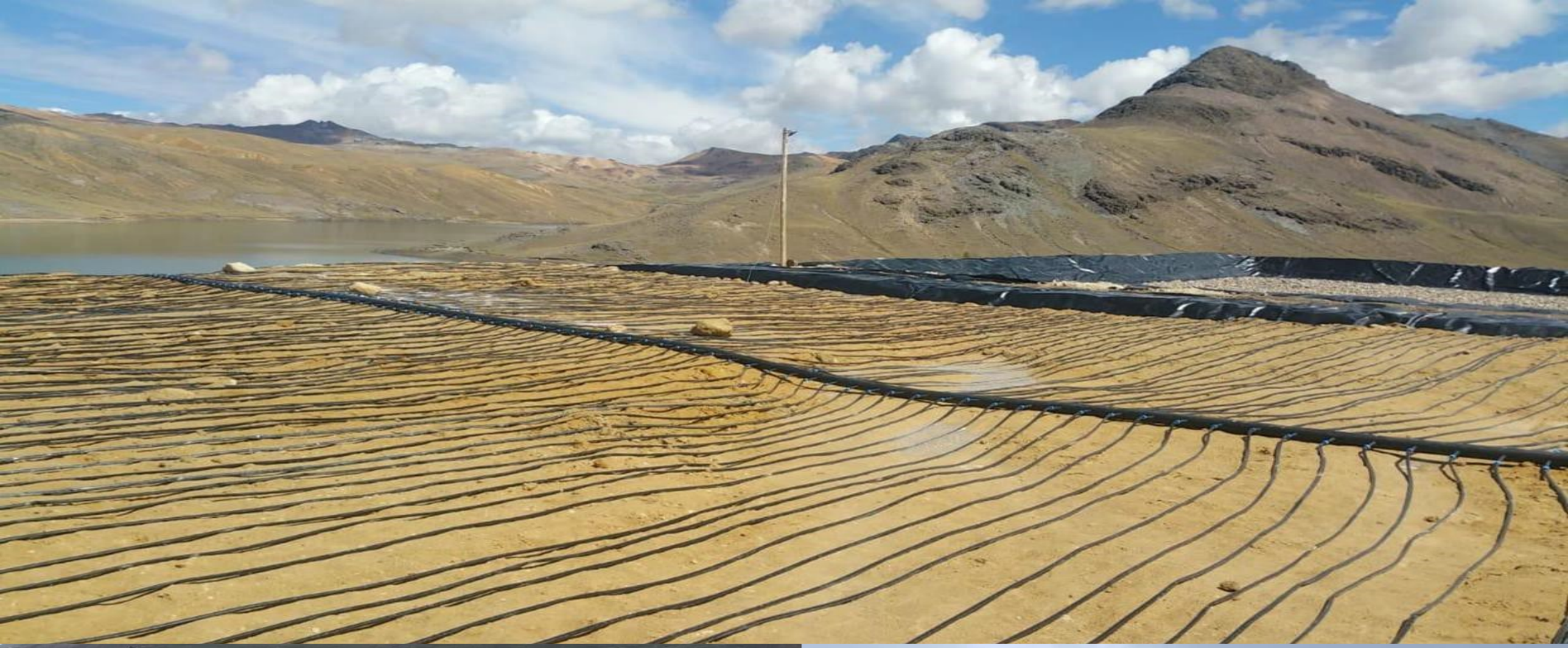
New PAD of 10,000 m2 completed with material load

RECO S.A.C

IRRIGATION

At this stage a network of hoses is placed over the crown of the pad and watered with reactive solvents to dissolve the minerals contained in the agglomerated material.

Irrigation takes place between April and November.



RECO S.A.C

HARVEST

Merryl-Crowe plant

Rich solution sample

At this stage the rich solution deposited in the collection pools is extracted and by gravity hoses.

The solution is flowed to the Merryl-Crowe processing plant, where it is precipitated by a vacuum process and combined with zinc powder. As a result we obtain a material known as "zinc precipitate" with high gold and silver content.

RECO S.A.C

PACKAGING

Zinc precipitate with high gold and silver content.

RECO S.A.C

SALES

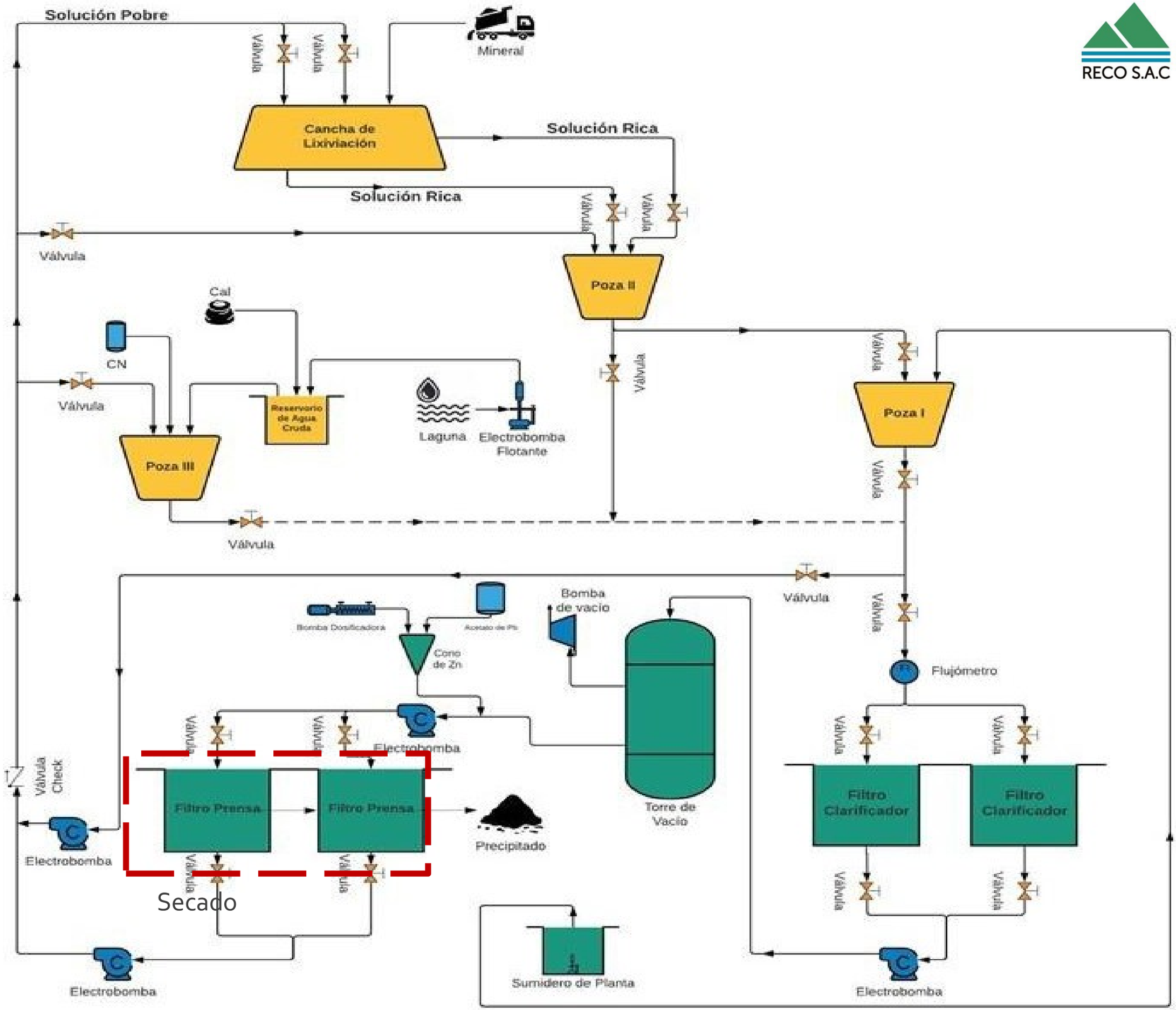
TRANSFER

The zinc precipitate is transported from Pacococha directly to the refining plant AURICA https://auricasac.pe/ which is located in Lima, where the ore is obtained.

SALES

Amongst our clients/buyers we have AURICA https://auricasac.pe/ and Open Mineral AG https://openmineral.com/ with ongoing operations in 40 countries in Latin America, Asia and Europe.

FLOWCHART PACOCHA PLANT



HARVEST & RECOVERY 2020

Concentrate			Weight wet	Humidity	Weight dry	Grade (gr/kg)		Total Contents (gr)		Metallic	% Recovery	
Harvest	Lote	Date + 3d L	(Kg)	%	(Kg)	Au	Ag	Au	Ag	Content (%)	Au	Ag
#1	1	15-Set-20	42.660	2.4%	41.657	2.06	72.00	85.85	2,999.26	7.2%	2.6%	1.3%
#2	1	18-Set-20	59.970	4.3%	57.403	2.03	60.96	116.30	3,499.04	6.0%	3.5%	1.5%
#3	1	21-Set-20	55.170	4.4%	52.731	2.40	67.92	126.51	3,581.76	6.7%	3.8%	1.5%
#4	1	23-Set-20	57.530	6.8%	53.618	2.43	68.13	130.36	3,653.14	6.6%	3.9%	1.5%
#5	2	25-Set-20	46.900	6.7%	43.758	2.10	60.67	91.91	2,654.99	5.9%	2.7%	1.1%
#6	2	28-Set-20	53.430	7.8%	49.262	1.79	55.02	87.98	2,710.55	5.2%	2.6%	1.1%
#7	3	2-Oct-20	61.120	12.7%	53.352	2.20	72.08	117.61	3,845.34	6.5%	3.5%	1.6%
#8	3	5-Oct-20	55.340	11.0%	49.247	2.01	63.55	98.99	3,129.47	5.8%	3.0%	1.3%
#9	4	8-Oct-20	55.370	9.0%	50.392	2.14	67.88	107.72	3,420.65	6.4%	3.2%	1.4%
#10	4	12-Oct-20	36.290	14.6%	30.984	2.58	86.86	80.05	2,691.19	7.6%	2.4%	1.1%
#11	5	15-Oct-20	59.170	15.7%	49.898	2.10	70.07	104.68	3,496.41	6.1%	3.1%	1.5%
#12	5	26-Oct-20	43.570	12.7%	38.024	2.44	80.62	92.59	3,065.41	7.2%	2.8%	1.3%
#13	6	11-Nov-20	72.140	18.2%	59.011	2.91	92.71	171.79	5,470.67	7.8%	5.1%	2.3%
#14	7	20-Nov-20	51.370	15.5%	43.433	3.41	111.63	148.19	4,848.33	9.7%	4.4%	2.0%
#15	8	27-Nov-20	60.590	10.5%	54.240	1.89	61.31	102.58	3,325.67	5.7%	3.1%	1.4%
#16	9	9-Dic-20	60.080	13.4%	52.017	2.35	79.53	122.02	4,137.14	7.1%	3.6%	1.7%
#17	10	18-Dic-20	68.440	9.3%	62.055	2.01	67.20	125.01	4,169.85	6.3%	3.7%	1.8%
#18	11	28-Dic-21	55.000	17.3%	45.485	1.80	65.32	81.78	2,971.23	5.6%	2.4%	1.3%
#19	12	11-Ene-21	47.630	17.3%	39.376	1.52	60.17	59.83	2,369.41	5.1%	1.8%	1.0%
#20	13	26-Ene-21	55.440	17.0%	45.999	1.20	46.31	55.15	2,130.10	3.9%	1.6%	0.9%
Total			1,097.210	11.4%	971.942	2.17	70.37	2,106.88	68,169.61	6.4%	62.9%	28.8%

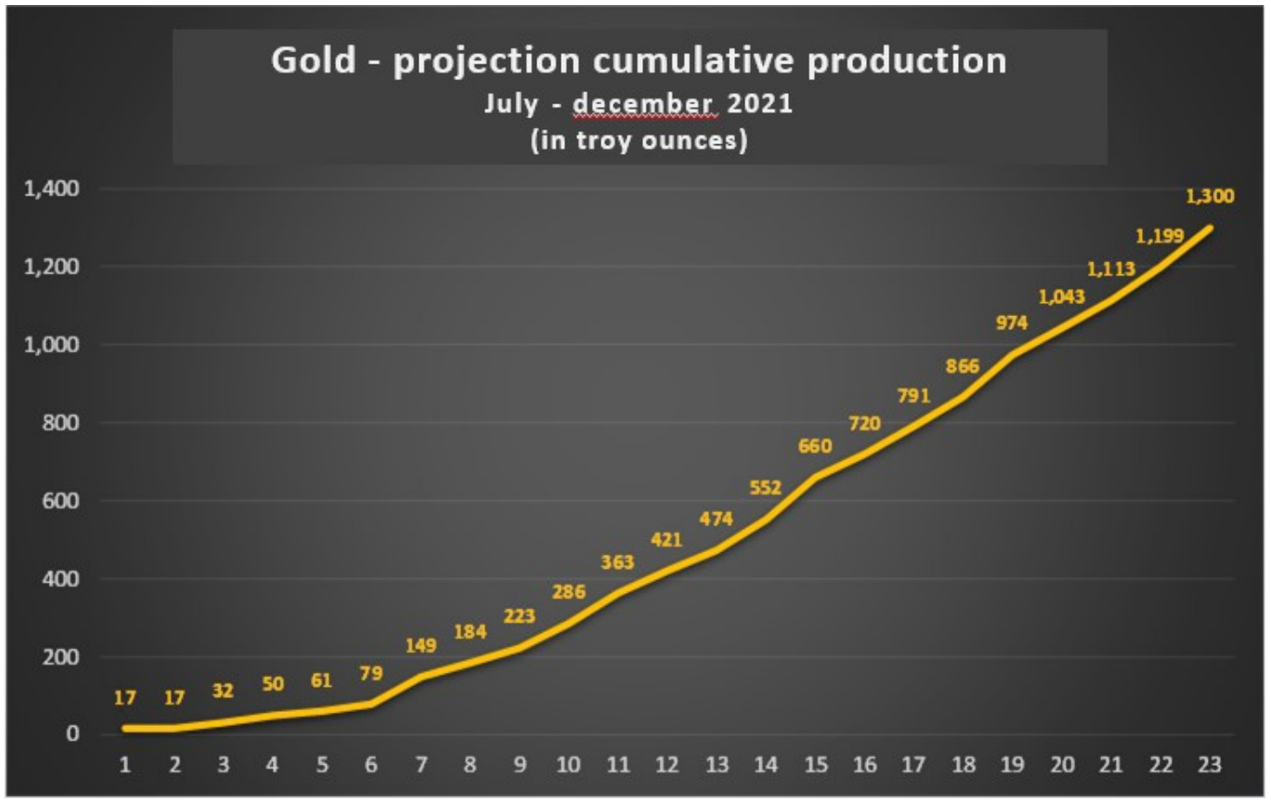
The results for 2020 correspond to the pilot test prior to the industrial stage

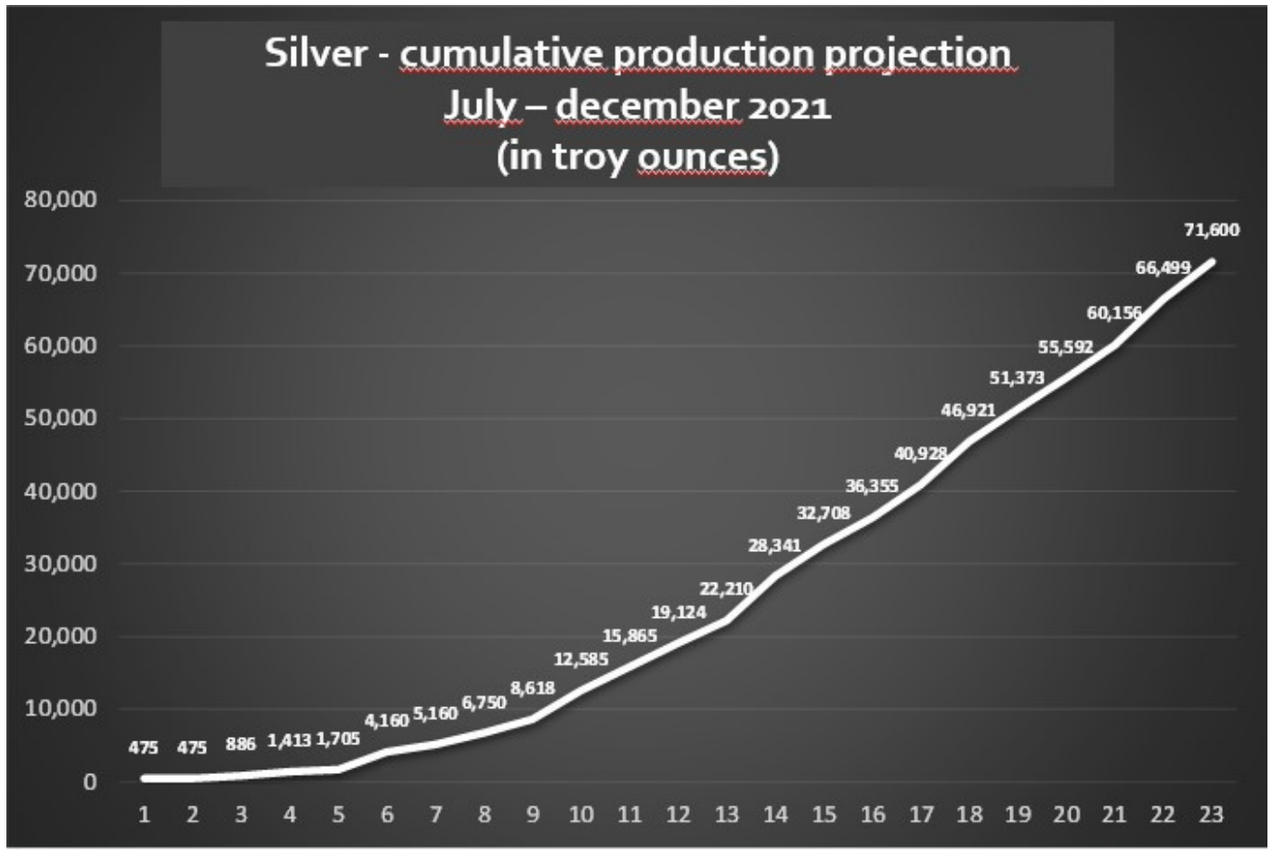
HARVEST & RECOVERY TO DATE

Concentrate			Weight wet	Humidity	Weight dry	Grade (gr/kg)		Total Contents (gr)		Metallic	% Recovery	
Harvest	Lote	Date + 3d L	(Kg)	%	(Kg)	Au	Ag	Au	Ag	Content (%)	Au	Ag
#1	1	23-Mar-21	28.160	22.5%	21.816	2.230	34.766	48.65	758.45	3.7%	0.1%	0.0%
#2	2	17-Abr-21	126.260	9.0%	114.909	1.658	59.146	190.52	6,796.42	6.1%	0.5%	0.2%
#3	3	4-May-21	30.840	24.5%	23.293	5.266	191.146	122.66	4,452.45	19.6%	0.3%	0.1%
#4	3	4-May-21	77.580	13.9%	66.815	6.177	221.047	412.71	14,769.24	22.7%	1.0%	0.4%
#5	4	14-May-21	69.890	12.2%	61.363	5.060	181.982	310.52	11,167.02	18.7%	0.8%	0.3%
#6	4	14-May-21	58.730	14.4%	50.255	5.073	186.135	254.93	9,354.27	19.1%	0.6%	0.2%
#7	5	24-May-21	85.980	22.4%	66.686	5.465	221.121	364.46	14,745.67	22.7%	0.9%	0.4%
#8	6	3-Jun-21	95.680	24.4%	72.325	4.574	152.936	330.84	11,061.04	15.8%	0.8%	0.3%
#9	7	17-Jun-21	90.810	7.8%	83.709	7.648	261.970	640.16	21,929.16	27.0%	1.6%	0.6%
#10	8	30-Jun-21	67.500	7.2%	62.640	7.923	265.114	496.29	16,606.76	27.3%	1.2%	0.4%
#11	8	30-Jun-21	30.500	16.0%	25.614	4.648	146.027	119.05	3,740.31	15.1%	0.3%	0.1%
#12	9	13-Jul-21	40.020	7.1%	37.183	9.357	273.168	347.90	10,157.08	28.3%	0.9%	0.3%
#13	9	13-Jul-21	45.590	13.4%	39.485	7.703	205.645	304.16	8,120.01	21.3%	0.7%	0.2%
#14	10	23-Jul-21	72.730	18.4%	59.377	9.665	266.696	573.85	15,835.55	27.6%	1.4%	0.4%
#15	11	2-Ago-21	118.400	6.1%	111.189	5.834	173.649	648.69	19,307.88	17.9%	1.6%	0.5%
#16	12	9-Ago-21	48.860	5.5%	46.163	4.746	130.549	219.07	6,026.50	13.5%	0.5%	0.2%
#17	12	9-Ago-21	33.140	3.5%	31.980	5.879	145.876	188.00	4,665.13	15.2%	0.5%	0.1%
#18	13	19-Ago-21	24.320	17.5%	20.059	10.210	269.774	204.80	5,411.44	28.0%	0.5%	0.1%
#19	14	26-Ago-21	28.330	2.4%	27.664	11.805	367.062	326.58	10,154.50	37.9%	0.8%	0.3%
Total			1,173.320	12.9%	1,022.526	5.943	190.367	6,103.83	195,058.88	17.1%	15.0%	5.1%

The results shown in 2021 are partial since the harvest season has not finished yet.

RECO S.A.C





ECONOMIC VIABILITY

The company has projected sales of US$4,300,000 for the first year of operation, assuming operating costs representing 50% of the net income. Over the next 19 years, net sales are estimated at approximately US$ 8,500,000 per year, allowing for a reduction in operating costs to 30% of net sales.

Our commitment is the viability in economic, ecological and social terms by resolving environmental liabilities, as well as to the Pacococha community and to our shareholders and staff.

RECO S.A.C

ECOLOGICAL & SOCIAL IMPACT

ENVIRONMENTAL COMMITMENT

The tailings is adjacent to the Pacococha lagoon, which feeds its waters to the Pisco River and feeds the middle seedlings and valleys southern Andean region.

The processes and activities of RECO SAC in the Pacococha lagoon are riskless because it is eco-friendly to the environment, therefore fulfilling a fundamental task cleaning the waters of the lagoon described above. Remediation of Environmental Liabilities

ECOLOGICAL & SOCIAL IMPACT

COMMITMENT TO OUR COMMUNITY

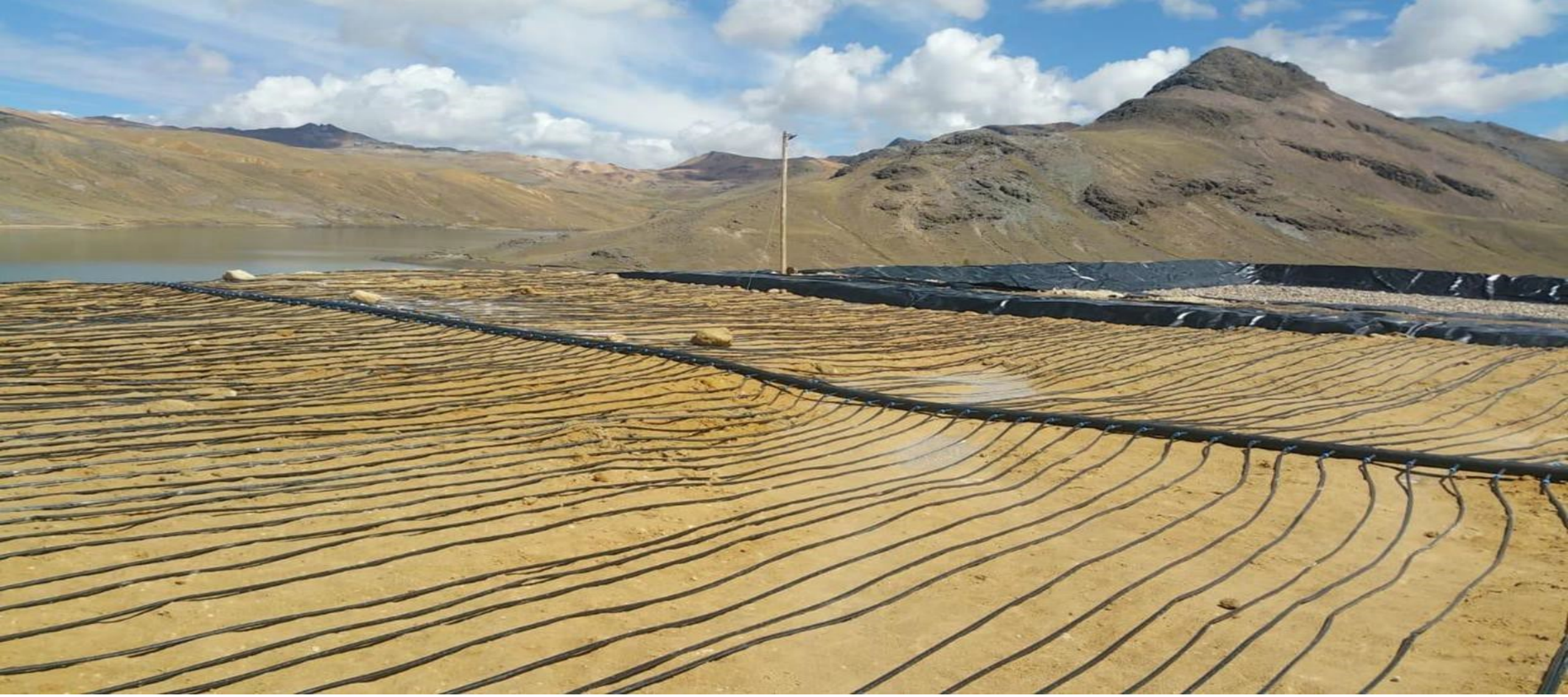
The reduction of tailings in the Pacococha lagoon will allow an improvement in water quality in Pisco – Peru.

SUPPORT FOR THE DEVELOPMENT SUSTAINABILITY OF THE PACOCOCHA COMMUNITY

It is the company's commitment to contribute to the development and sustainability of the Community of Pacococha, through the development and implementation of projects for the aforementioned high Andean community.

To this end, we will make available our engineers and technical staff for the design, development and implementation of the three initial projects suggested by the members of the community (to be developed in the years 2022-2023)

- ✓ Conditioning and improvement of the communal fish farm
- ✓ Farm project for the breeding of guinea pigs for marketing
- ✓ Implementation and development of alpacas shearing center



RECO S.A.C

PACOCOCHA TAILINGS