



**UNSOLICITED PROPOSAL FOR PROJECTS IN ASSETS:
"SOCIAL MANAGEMENT, DESIGN, AND EXECUTION OF
HYDRAULIC INFRASTRUCTURE PROJECTS,
CONSTRUCTION, IMPLEMENTATION, AND OPERATION
OF THE MINING CONCESSIONS OF THE TG-3 DEPOSIT
IN EL ALGARROBO PROJECT."**

PROJECT "EL ALGARROBO"

Eng. Rogger Incio Sánchez

November, 2024

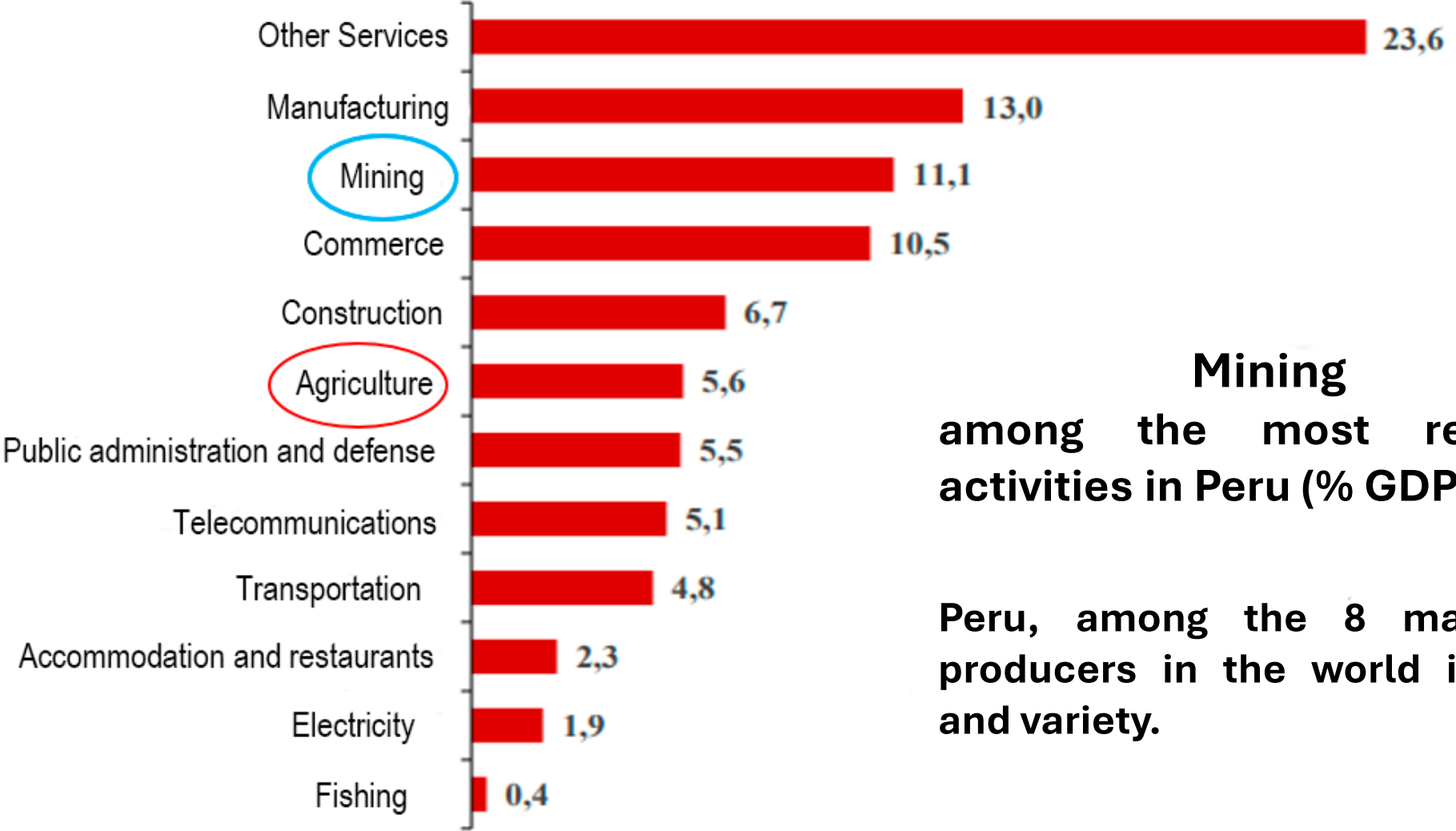
Special Projects Division

Mining





Peru: GDP structure at constant prices by economic activity, 2021
(Percentage)



Mining
among the most relevant activities in Peru (% GDP).

Peru, among the 8 main mining producers in the world in quantity and variety.

Source:
Study of the current economic labor dynamics and trends in Peru.- Ministry of Labor

Year	sector / subsector				GDP
	Mining(1)	Hydrocarbons(2)	Electricity(3)	Others(4)	
2018	56 339	10 090	9 862	458 335	534 626
2019	55 747	10 525	10 292	470 041	546 605
2020	47 924	9 313	9 627	419 979	486 843
2021	53 459	8 770	10 488	479 145	551 862
2022	53 728	9 031	10 895	493 249	566 903
2023	58 807	9 092	11 295	484 590	563 784
I Quarter	13 403	2 299	2 818	117 397	135 917
II Quarter	14 838	2 379	2 819	122 703	142 739
III Quarter	14 706	2 133	2 797	120 190	139 826
IV Quarter	15 860	2 281	2 861	124 300	145 302
Participation	10,4%	1,6%	2,0%	86,0%	100,0%

**MINING SUBSECTOR
GDP**

Statistical Magazine
In Figures

Source: National Institute of Statistics and Informatics

(*) In millions of soles of 2007

(1) Extraction of minerals and related services

(2) Extraction of crude oil, natural gas and related services

(3) Electricity, gas, and water

(3) Construction, manufacturing, fishing and aquaculture, transportation, etc

GDP: total value of goods and services produced in different sectors of the economy

	AGRICULTURE	MINING	MANUFACTURE
% of GDP	5 to 7 %	10 to 13 %	11 to 16 %

Source:
Monthly Mining Report – Statistical Magazine –
January 2024 - Ministry of Energy and Mines



MOQUEGUA

- **2nd highest GDP per capita,**
 - **1st mining investment destination**
 - **3rd best score in the HDR.**
 - **Poverty: 12.8%**
 - **Extreme poverty: 3.2%**
-
- **1st producer and exporter of refined copper,**
 - **4th of molybdenum**
 - **7th copper (concentrate).**
 - **Minerals represent almost the entirety of the region's exports (96% of the total), mainly copper (89%).**



Source:

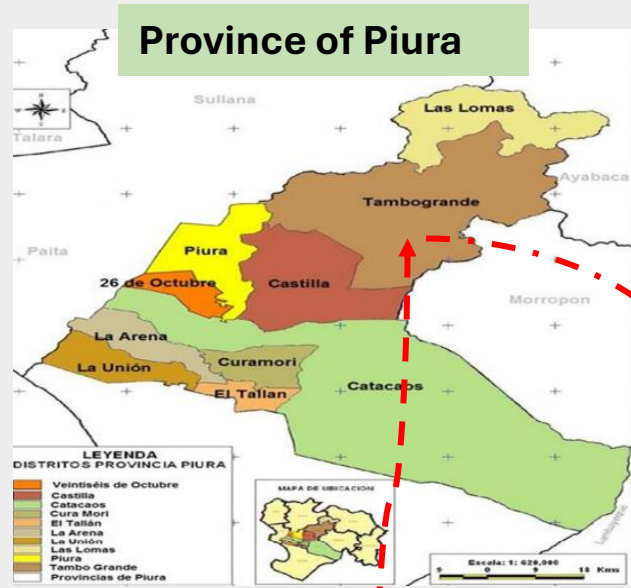
2019 annual report of the Ministry of Economy and Finance (MEF), - **Ministry of Energy and Mines**



Tambogrande District

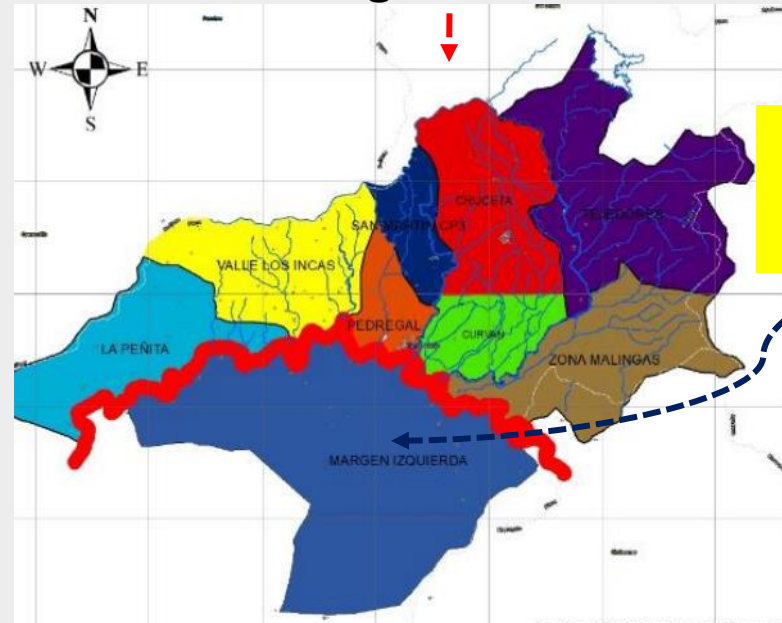
- Surface: 1,442.81 km²
- Population: 128,000 inhabitants
- Population density: 80.31h/km²
- Rural communities: 202
- Delegated municipalities: 10
- Poverty: 38% - 3rd poorest of the Province of Piura
- HDR: 0.45 (6th place)
- Monetary poverty index: 9.01% (ranked 797th nationally)

- Public water supply: 58.7%
- Public drainage network: 18.8%
- Public lighting 84%
- 52.80% of children under 5 years old have chronic child malnutrition (CCM)



Department of
PIURA

District of Tambogrande



LOCUTO
(Project influence
area)

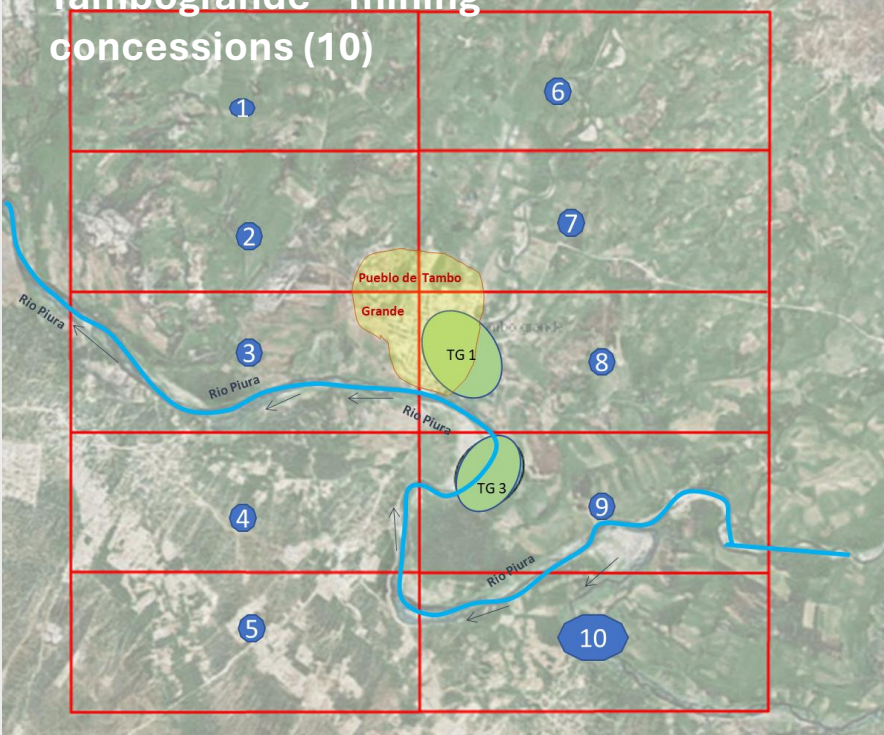


Rural Community of LOCUTO

For decades, the population has lacked water for agricultural activities and human consumption.

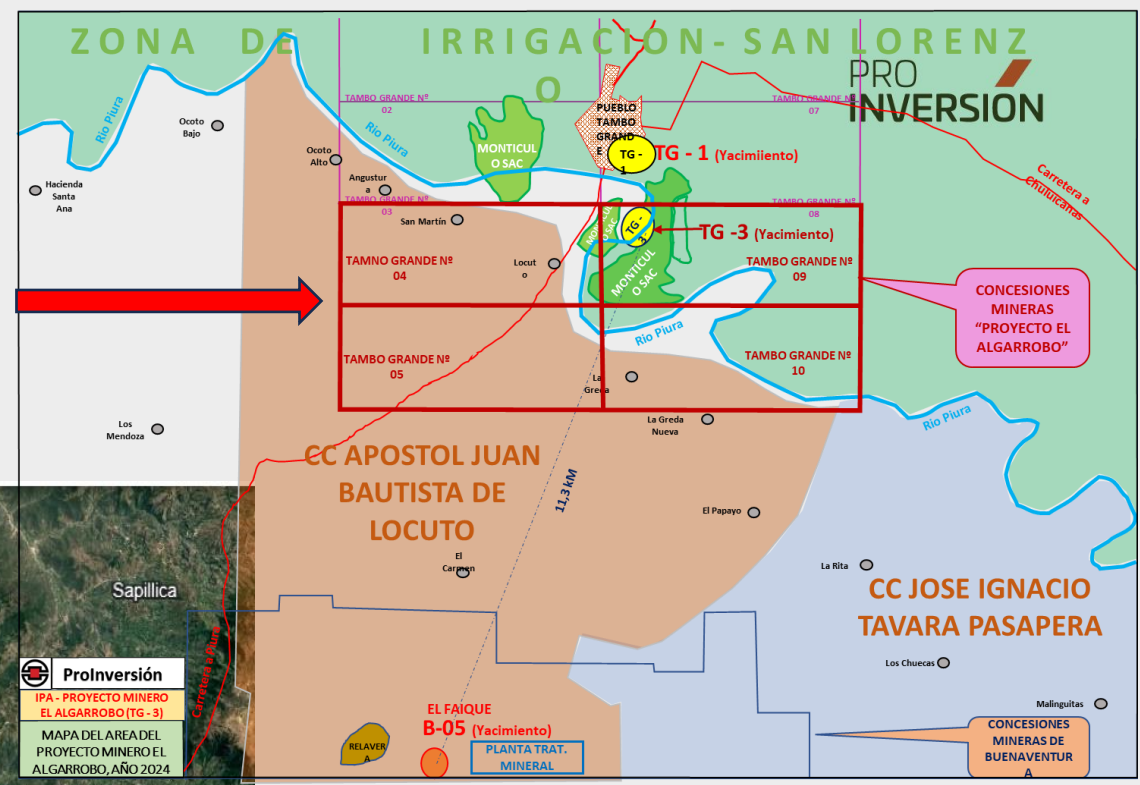


Tambogrande mining concessions (10)

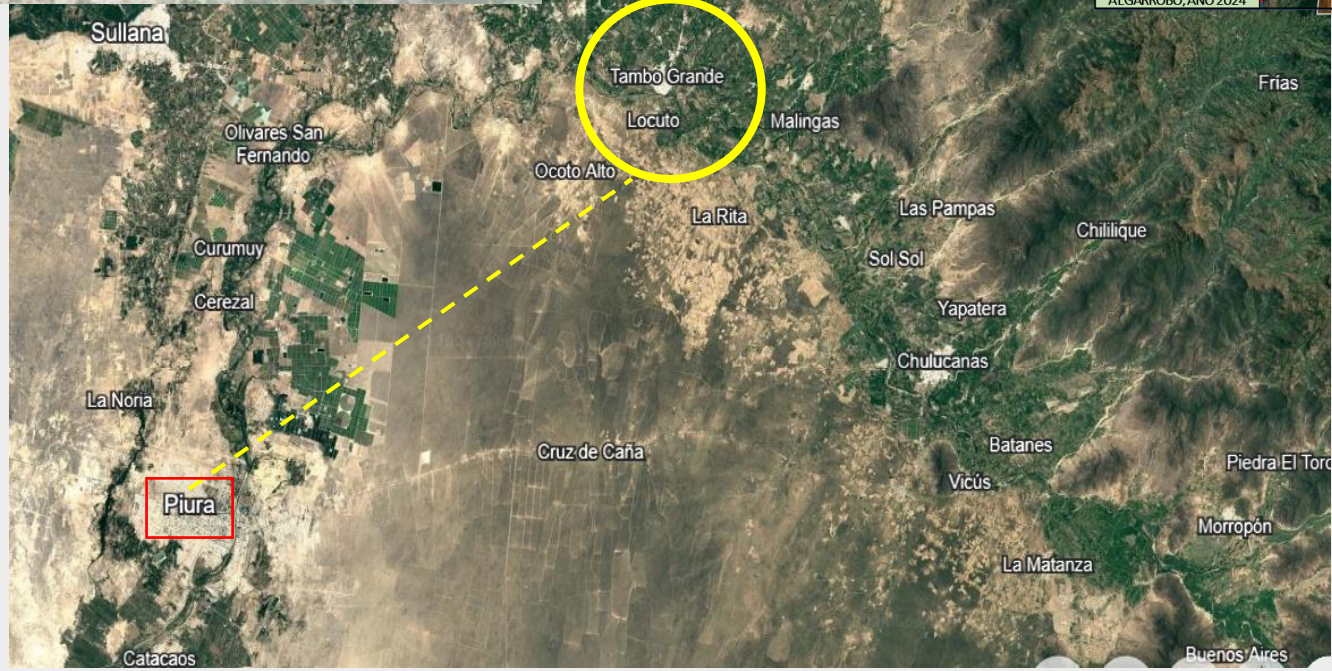


El Algarrobo:

4 concessions, 1,000 ha each, in the Rural Community of Locuto



Locuto: 50 km from Piura



It is located on the left bank of the Piura river, in the Rural Community of Locuto, district of Tambogrande, province and department of Piura.



DIRECT AREA OF INFLUENCE



L.D. No. 674 - Law for the Promotion of Private Investment in State Enterprises.

Single Ordered Text of L.D. No. 1362: regulates the Promotion of Private Investment through PPPs and Projects in Assets.

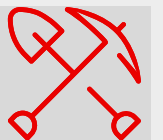
Regulation of the L. D. No. 1362, regulates what is provided by L.D. 1362

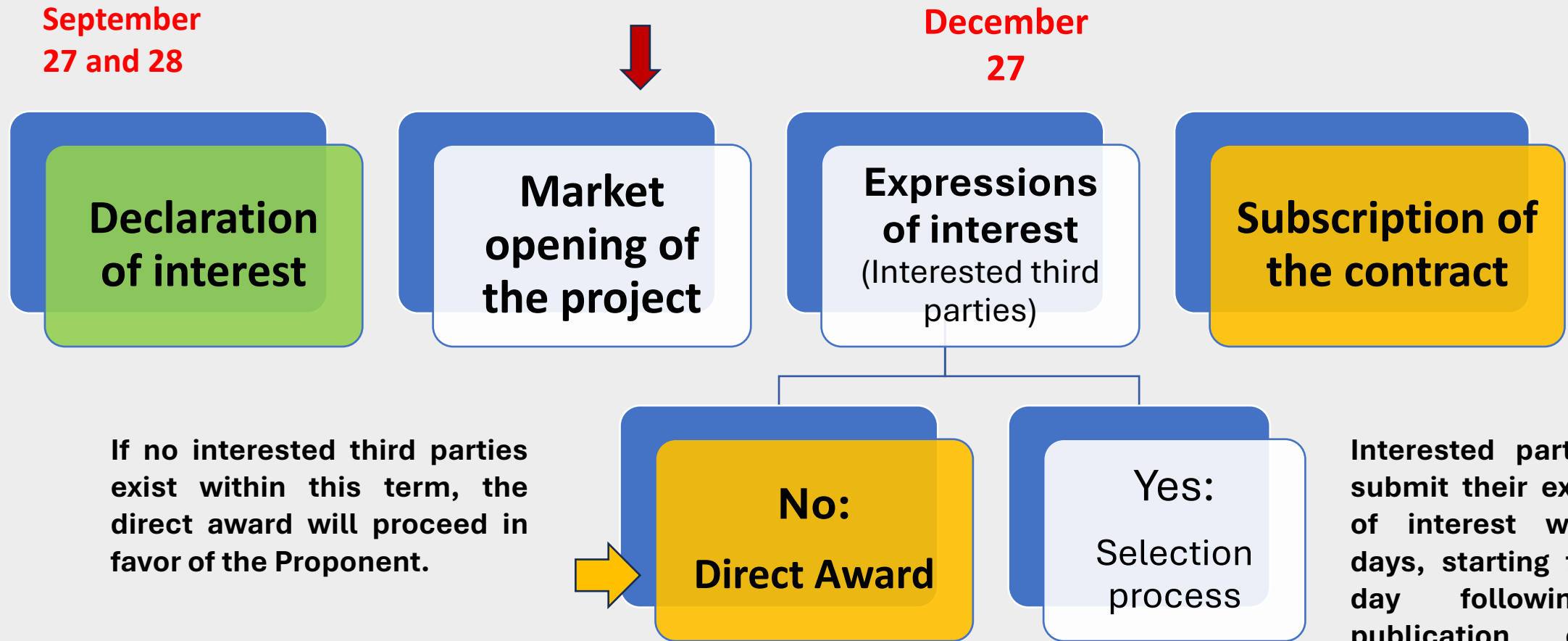
Directive No. 04-2019-PROINVERSIÓN - "Management of Unsolicited Proposals", approved by PROINVERSIÓN CD Agreement No. 93-1-2019-CD.



PROCESS OF UNSOLICITED PROPOSAL

September
27 and 28





If no interested third parties exist within this term, the direct award will proceed in favor of the Proponent.

Interested parties may submit their expression of interest within 90 days, starting from the day following the publication of the Declaration of Interest (DI).





DIRECT AWARD

INTERNAL PROCEDURE PHASE



Market opening of the project.



The team prepares support reports for the project team for direct awarding.



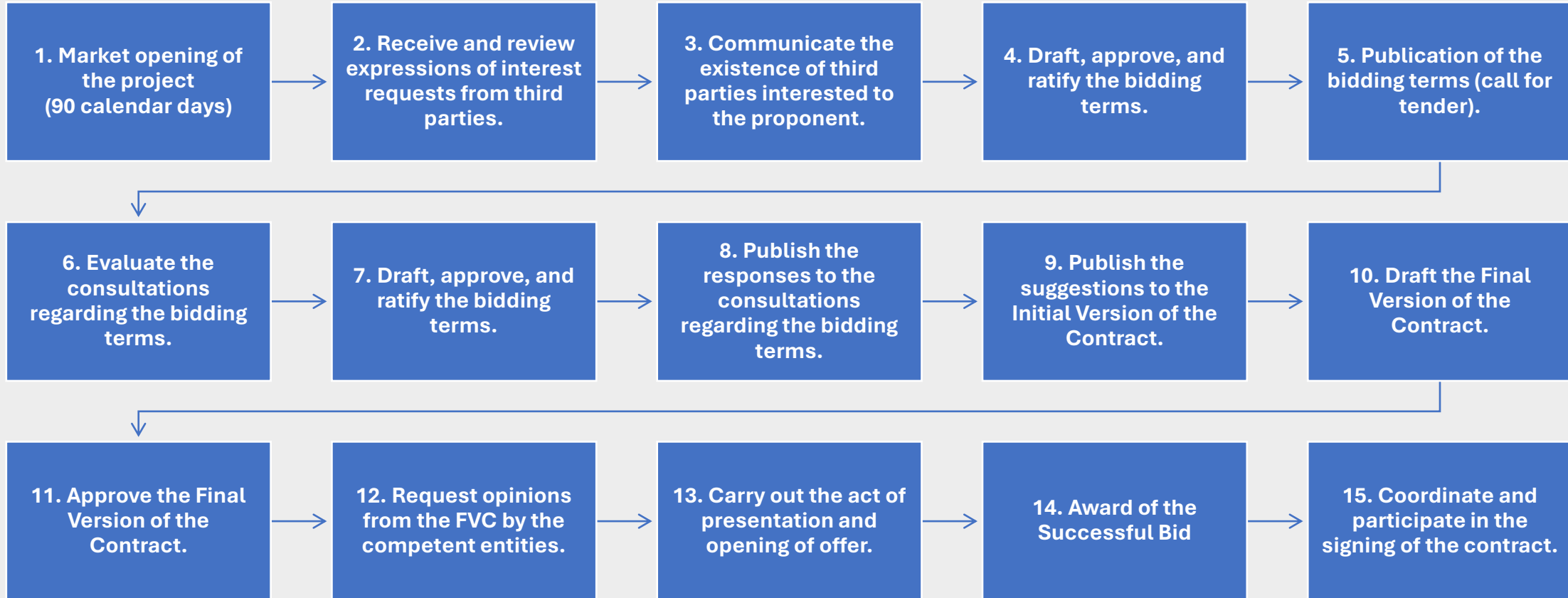
The Committee and Board of Directors (CD) approve the direct award.



It verifies compliance with the requirements and documents necessary for the execution of the contract.



PUBLIC TENDER PHASE PROCEDURE

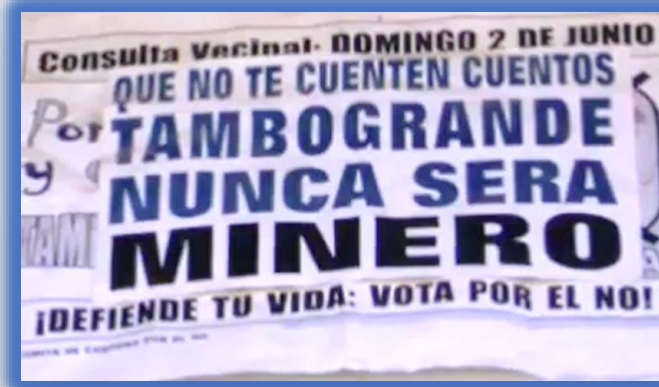


- ✓ **01.30.2017:** Cia. de Minas Buenaventura S.A.A. submitted the IPPA of El Algarrobo project.
- ✓ **11.07.2019:** the Proponent submitted the verified IPPA
- ✓ **10.12.2020.** The Board of Directors of PROINVERSIÓN incorporated the project into the process of promoting unsolicited proposal under the modality of project in assets.
- ✓ **01.15.2021:** MINEM suspended the issuance of its opinion to the IVC
- ✓ **08.05.2024:** MINEM requested to update the IVC and continue the process
- ✓ **09.24.2024:** PROINVERSIÓN declared the IPPA El Algarrobo project of interest



June 2, 2002: citizen consultation in the district of Tambogrande.

22 years ago



Result: out of 35 thousand eligible voters, 27,015 said no to mining (95.24%)



It was taken as a reference and "example" of opposition to other mining projects in different territories of the country.

Informative Meetings Today 2024



Tambogrande Motorcycle Taxi Associations
July 2024
80 people



District Municipality of Tambogrande
May 2024
300 people



Municipality of Rural Community of Locuto and its outlying settlements
May 2024
200 people



Communicators and Journalists from Tambogrande
September 2024



Residents of El Carmen Outlying Settlement
July 2024
60 people



Governors of Tambogrande
September 2024
80 people



Project Objective

- 1. HYDRAULIC INFRASTRUCTURE PROJECT: DESIGN AND EXECUTION OF WATER INFRASTRUCTURE PROJECTS THAT CONTRIBUTE TO WATER SUPPLY, APPLYING A MANAGEMENT MODEL FOCUSED ON THE INTEGRAL AND SUSTAINABLE DEVELOPMENT OF THE POPULATION OF THE RURAL COMMUNITY OF APÓSTOL JUAN BAUTISTA DE LOCUTO.**
- 2. MINING PROJECT: EXPLORATION AND PRODUCTION THROUGH AN UNDERGROUND MINE AND THE PROCESSING OF THE MINERALIZED DEPOSIT TG-3, LOCATED WITHIN FOUR MINING CONCESSIONS TAMBO GRANDE NO. 4, TAMBO GRANDE NO. 5, TAMBO GRANDE NO. 9, AND TAMBO GRANDE NO. 10, WHICH MAKE UP EL ALGARROBO PROJECT.**



SPECIFIC OBJECTIVES

- **Coexistence of mining and agricultural activity:** Sustainable development
- **Water resources:** assistance and maintenance
- **Quality and safety:** application of high standards
- **Social responsibility:** policies
- **Environmental quality:** conservation; use of sophisticated environmental management tools and detailed assessment.
- Studies and research that allow the optimal use of resources
- **Agricultural production techniques:** Training and business management
- **Socio-economic development:** of the Region of Piura, the district of Tambogrande, and the Rural Community of Locuto





WATER COMPONENT - SOLUTION ALTERNATIVES

		EVALUATION CRITERIA		
		Quantity	Quality	Contingencies
POTENTIAL SUPPLY SOURCES	Water from the San Lorenzo Irrigation	It has limited transfer capacity and is insufficient to irrigate new areas	Water suitable for irrigation	Sediment accumulation in the main reservoir reduces future capacity
	Water from the Piura River	Almost at the limit for granting water usage rights	Salinates during dry season, making it unusable	Intake structures are prone to collapse during flood events in the rainy season
	Groundwater	Currently unrestricted	Mainly saline; possibility of a deeper aquifer in the Zapallal formation with lower salinity	Wells could collapse as they are located in flood-prone areas, designs must account for this scenario.



WATER COMPONENT

- IDENTIFICATION AND EVALUATION OF UNDERGROUND WATER SOURCES TO BE CAPTURED FOR THE PRODUCTIVE ACTIVITIES OF THE COMMUNITY.
- GEOPHYSICAL STUDIES PROGRAM, WHICH INCLUDES THE EXPLORATION OF DEEP AQUIFER WITH EXPLORATORY WELLS AND LATER THE EXECUTION OF DRILLING WORKS FOR DEVELOPMENT WELLS.
- DESIGN, CONSTRUCTION, OPERATION AND MAINTENANCE OF THE NECESSARY INFRASTRUCTURE FOR THE EXTRACTION, TREATMENT, CONDUCTION AND STORAGE OF WATER RESOURCES FOR PRODUCTIVE AGRICULTURAL AND LIVESTOCK ACTIVITIES.
- THE FINAL CHARACTERISTICS AND SCOPE OF THE WATER PROJECT WILL BE ESTABLISHED WITHIN THE FRAMEWORK OF THE SOCIAL AGREEMENT WITH THE RURAL COMMUNITY OF LOCUTO.



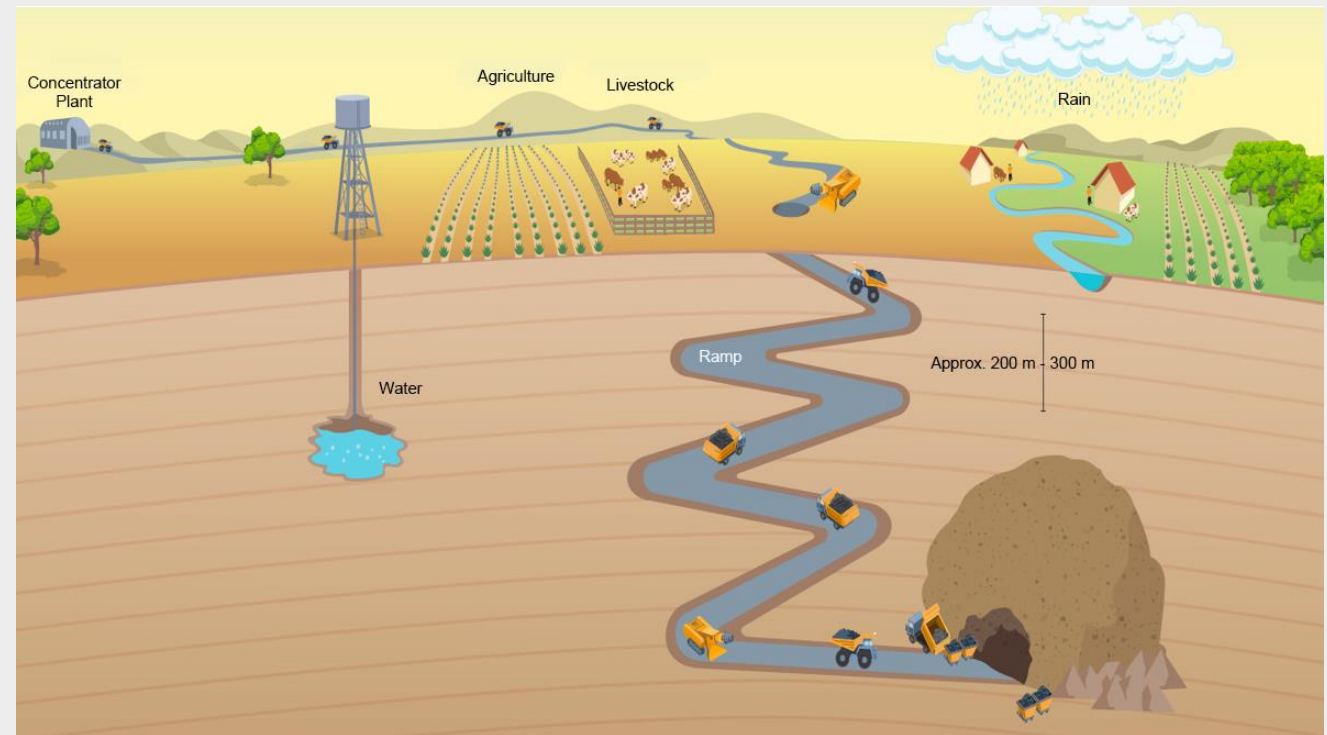


MINING COMPONENT

- ❖ Underground exploration and operation of the TG-3 deposit
- ❖ Mining operation: 7 years; 5,000 tons/day (first 3 years), and 15,000 tons/day.
- ❖ There are gravimetric anomalies within the Project area that could result in future deposits, and the Project could reach a scale larger than initially estimated

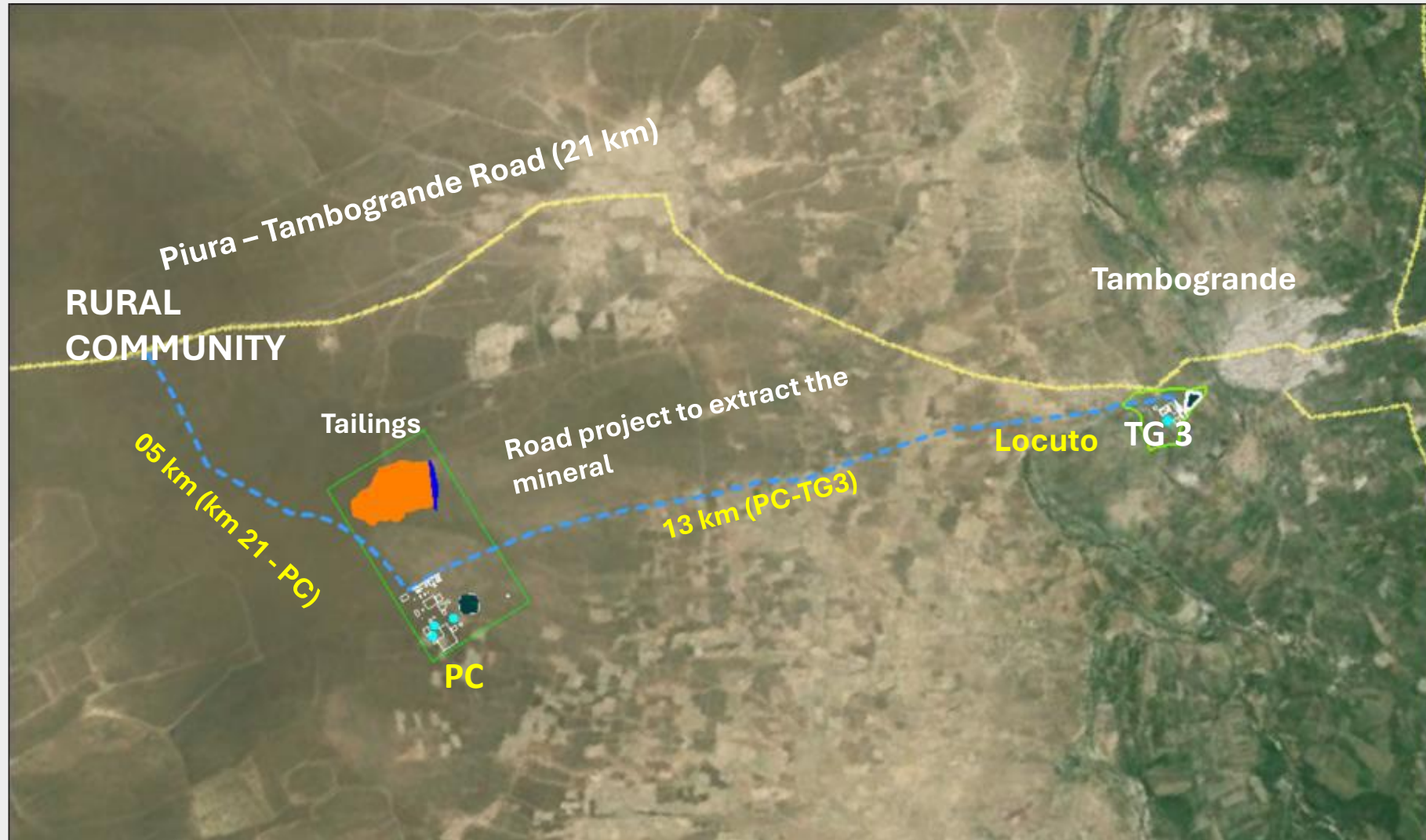
The project has based its calculations on the TG-3 deposit, the only deposit within the four mining concessions for which information is available, although limited

Technical exploration studies will be able to quantify the upside potential that has not been analyzed at this stage.





MINING PROJECT COMPONENTS



OBJECTIVES

- a. **MINE:** resources of *TG3*.
- b. **PROCESSING:** 5 thousand to 15 thousand tpd. Infrastructure 13 km from Locuto.
- c. **ACCESS:** via TG3-PC-CP of 18km, Connection between Piura and Tambogrande.

Colquisiri mining company.

Maria Teresa Mining Unit

District and province of Huaral (Lima)

Polymetallic mine, operating since 1985, with 1,600 tons per day.

In 2023, almost 70% of the waste generated in the operation was recoverable; marketable, reusable, recyclable.

Optimal water consumption, and zero discharges.

El Nopal Fund

In the environment of the Colquisiri mining company

Produces more than 2,000 tons per year of mandarins, on 60 hectares, which is distributed in the local market and 60% is exported to Japan, Holland, England, and the United States.

In addition, there are around the mine, more than 9 thousand hectares where staple products, avocados, and fruits are grown.

CONDESTABLE mining company

**Condestable and Raul Mining Units
Mala - Province of Cañete - Lima**

Underground copper mine, 3 km from the Panamericana Sur Highway; its operation began in the 1960s, with Nippon Mining and since 2013 with Southern Peaks Mining.

**It operates a plant of the order of 8,400 tons per day.
It is the first mining company in the country to migrate to consumption of clean energies and mitigate their emissions.**





IN PERU

- **Currently, more than 130 underground mines are in operation across the national territory.**
- **Underground mining has a greater number of operations than surface mining; 65% of the total mining units.**
- **The four regions of the country with the highest income per person have developed mining: Arequipa, Moquegua, Pasco, Tacna**





UNDERGROUND MINING

IN PERU

- **Yauliyacu** - 1500 m depth.
- **El Porvenir** - 1400 m depth.
- **Uchucchacua** - 1300 m depth.
- **San Rafael** - 1200 m depth.
- **Cobriza** - 1100 m depth.



They are underground mines, with a complex structure of galleries that have become increasingly deeper.

Underground mining is an important part of the global mining industry and is used in countries around the world.



UNDERGROUND MINING

IN THE WORLD

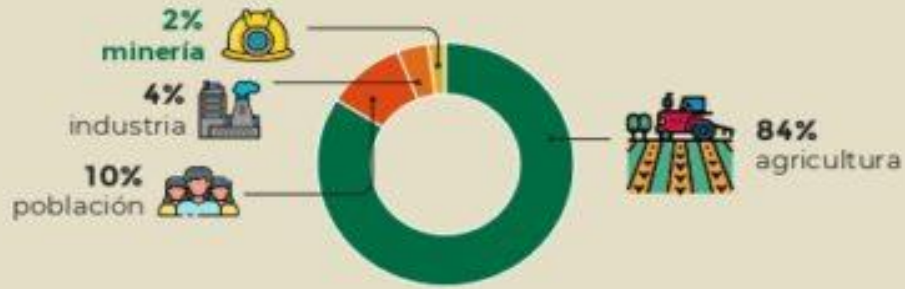


- The deepest gold mine in the world (Mponeng), is in Johannesburg – South Africa: 3 900 m depth.
- 8 of the 10 deepest mines in the world are located in a region of South Africa.
- The 2 remaining, Kidd Creek and Creighton, are located in Ontario - Canada.



MINERO-ENERGÍA Y AGRICULTURA: ALGUNOS EJEMPLOS

Usos del agua

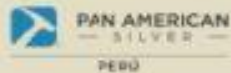


Fuente: Autoridad Nacional del Agua, Compendio de Recursos Hídricos (2019)

Ejemplos desde las empresas



- Foncreagro.
- Construcción de reservorios y sistemas de riego tecnificado.
- Desarrollo de competencias sanitarias.



- Fortalecimiento de capacidades técnicas para mejorar la cadena productiva de la palta en el valle Condebamba.



- Planes de negocio sostenibles presentados al fondo Agroideas.



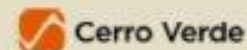
- Programa Agrícola para el Desarrollo de la Cadena de Valor de la Papa.



- Uso eficiente del agua para riego en las comunidades aledañas a la central hidroeléctrica Cañón del Pato.



- Canal Huaruro.



- Programa de capacitación, asistencia técnica y formación de expertos.
- Círculo virtuoso del agua.



- Sistema hídrico agrominero.
- Agro Quellaveco.



- Proyecto de andenería y prácticas de conservación de suelos.
- Represa Cularjahuira.



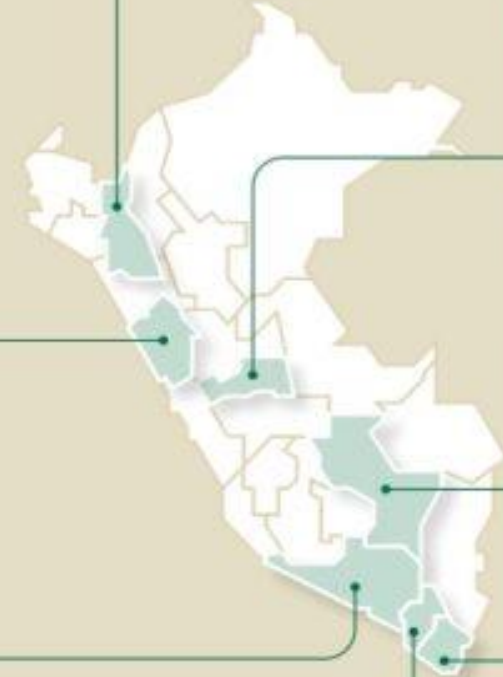
- Desarrollo de la cadena ganadera de ovinos.



- Entre frutos.



- Convenio Marco con la Municipalidad Provincial de Espinar.
- Programas de desarrollo agrícola y ganadero.



Fuente: Empresas



ASSUMPTIONS RELATED TO ECONOMIC EVALUATION

Resources : 25 million tons
Production volumes : 5 ktpd a 15 ktpd

<u>Prices</u>	<u>May 2024</u>	<u>Nov 2024</u>
• Copper (US\$/TM)	8,801	9,424
• Zinc (US\$/TM)	2,579	3,061
• Gold (US\$/Oz)	1,851	2,741
• Silver (US\$/Oz)	23,0	32,8

CIBC Global Mining Group. Analyst
Consensus Commodity Price
Forecasts..

Copper law (Cu)	1.13	%
Zinc law (Zn)	1.73	%
Gold law (Au)	1.87	grams/TM
Silver law (Ag)	30.75	grams/TM

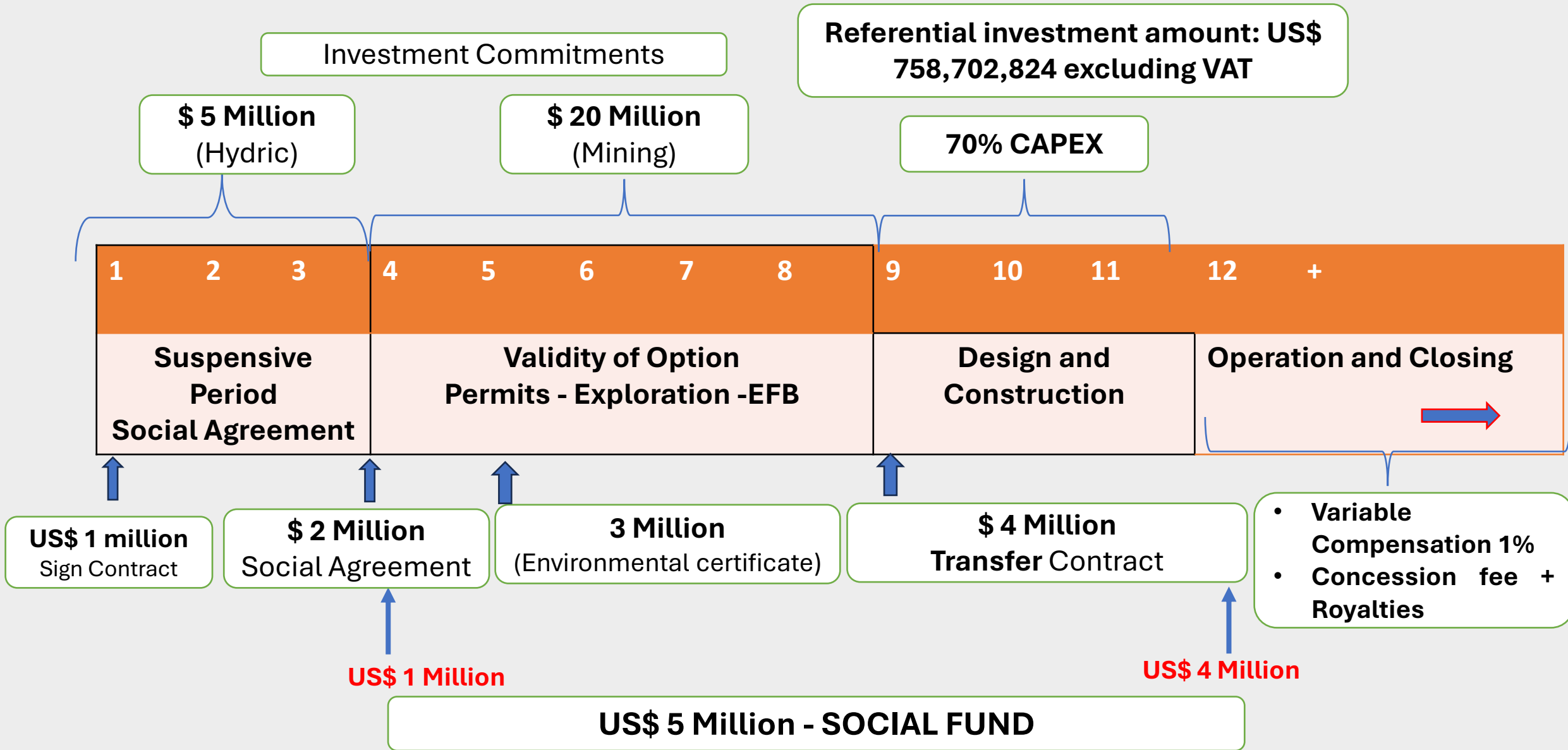


TECHNICAL ASSUMPTIONS RELATED TO THE METALLURGICAL SECTION

	5000 tpd	15,000 tpd
OPEX Plant (US\$ per processed ton)	17.88	11.53
OPEX Tailings (US\$ per processed ton)	1.38	0.97
OPEX total plant (US\$ per processed ton)	19.26	12.5



INVESTMENT COMMITMENTS





Financial

The bidder must accredit a Minimum Net Equity of USD 227,610,847.00 (two hundred and twenty-seven million six hundred and ten thousand eight hundred and forty-seven and 00/100 U.S. dollars).

This requirement may be met by:

- a) Directly by the bidder, in the case of a legal entity, or
- b) Through all members, in case the bidder is a consortium.

Technical

- 1. Currently in mining operation.**
- 2. Register experience with mining operations, concentration processes, or similar with a treatment capacity exceeding 5,000 tons per day, either in the country or abroad.**



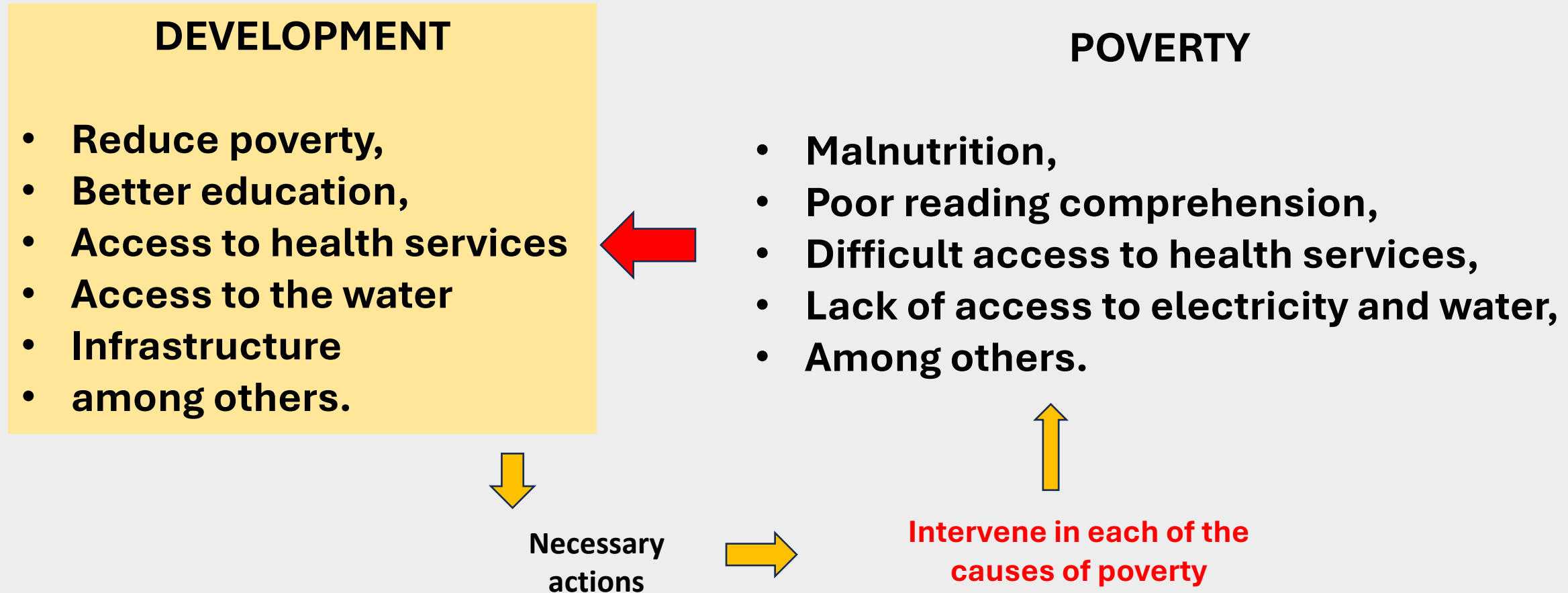
GUARANTEES

- **Bid bond:** US\$ 2 million
- **Guarantee of Faithful Fulfillment:**
 - 1. During the Transfer Option Contract**
 - a. During the suspensive phase : US\$ 1 million
 - b. During the effective period of the option : US\$ 10 million
 - 2. During the Transfer Contract**
 - i. During the construction stage of the project
Amount of 5% of the Investment Commitment resulting from the Bankable Feasibility Study for the operation of the project.
 - ii. During the project operation stage
US\$ 1 million after entry into operation until the end of the project

1. **OPTION CONTRACT:** for the transfer of Mining Concessions
2. **TRANSFER CONTRACT:** once the option is exercised, **ACTIVOS MINEROS S.A.C**, holder of the concessions, will transfer them through the execution of a Transfer Contract.



SOCIAL CONDITIONS THAT MUST CHANGE IN THE INFLUENCE AREA OF THE MINING PROJECT (RURAL COMMUNITY OF LOCUTO)





OPPORTUNITY FOR DEVELOPMENT OF THE COMMUNITY OF LOCUTO AND ITS AREA OF INFLUENCE

DIVERSIFY
the development model



OPPORTUNITY

Favorable social climate
for private investment

LEADERSHIP

Top-level authorities,
honesty

MINING

Take advantage of the
resources generated by
mining

SOCIAL CONDITIONS THAT MUST CHANGE IN LOCUTO

Development involves reducing poverty, improving education conditions, access to health services, quality of infrastructure, among others.



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