

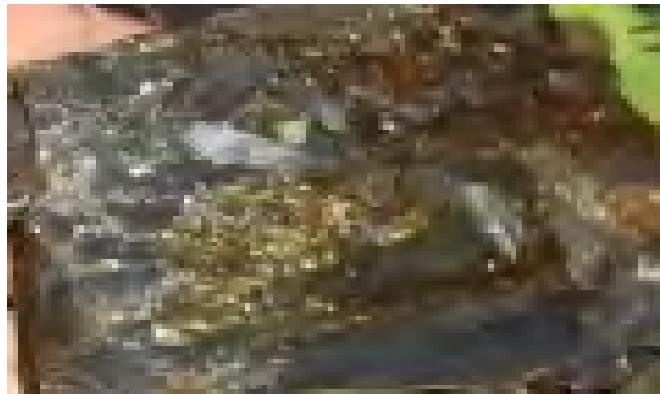
# **Tres Hombres 1 Project**

**Selva Alegre / Ketini, Peru**

**A Part of the Highlander / PRG - Tres Hombres Joint Ventures**

**Concession Holder: Highlander Mining Company S.A.C.**

**Hard Rock Mine Operator: Picchu Rio Gold S.A.**



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**Preliminary Evaluation of Reserves/Production**  
**from Highlander Mining Company's**  
**Tres Hombres Concessions**  
**Urubamba River Valley**  
**Kiteni, Peru**

October 7, 2013

The property contains 1800 hectares of land and is in full force and effect having paid yearly fees. The official lease number 010285709 and tax payment made on June 25, 2013 for \$1,800 US dollars.

After reviewing the sampling, pictures and description from several years ago by Ashworth and his team over 2000 feet higher up the mountain and recent analysis performed by Robert Miller with Thermo- Scientific Laboratories it is clear to the writer that this concession has immediate cash flow and great potential for producing gold, copper, silver and semi-precious minerals.

The recent road building on this concession by the Kiteni area government has exposed a fresh cross-section of this same mineralization that would have never been available to any geological team. The cut exposes over 500 horizontal feet of rocks with height over 120 feet and showing strong mineralization trend. This exposure is geologically complex and helps the value of the property in two ways: First, access to the mine is now available as of October 2013 and second, fresh rocks show mineralization. Before, the area could only have been accessed by foot with over 6 hours of vigorous hiking.

The exposure of fresh rocks in place showing skarns, veins by road building in mountainous inaccessible area has resulted in many new mines in the world and exploration of geology normally covered by soil or jungle and locating new gold and copper mines. Eskay Creek in Northern British Columbia a major gold district in 1990 and numerous mines in Papua New Guinea have been found in similar road building exposures in 1990's.

The Tres Hombres initial skarn (shown on attached photo) appears to be 500 feet wide, 200 feet in height and estimated to be over 200 feet deep. It appears that gold bearing molten rocks could have flowed in surrounding rocks perpendicular to the skarn/veining. These rocks will be much lower value but could be economic as well. The mining should work on this high value skarn to continue establishing commercial production and immediate production cashflow.

It is based on sampling in 2009, 2011, 2013 and reports of actual mining that this material should average 6 grams per ton gold and have estimated resource of 1,600,000 tons or 320,000 ounces of gold in place.

It is obvious that more detailed mapping/sampling needs to be done to determine the exact limits and whether there is higher value rocks and other significant mineral credits such as copper, silver and rare earth minerals. A small operation is obviously a very significant way to establish grades and get immediate cash flow. The brand new road cut on Tres Hombres confirms the staking on this concession many years ago and makes the investment in future operations a very safe investment.

Sincerely,

A handwritten signature in black ink, reading "Thomas W. Sieh". The signature is written in a cursive, flowing style.

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Thomas W. Sieh

Geologist

Bachelor of Geology in 1969

University of South Dakota



**Tres Hombres #1 Vein/Skarn #1**

**Oct. 2013 – Road cut exposing ore body and showing the Skarn/Veins thickness and height.**

*Reserves in this report are from this singular Skarn/Ore body, referencing the moving total visible mass to calculate 6 grams AU per ton, Direct vein ore extraction assayed at 1/3oz to 1-3/4 oz per ton.*

9.0000

6"

PLENCE

REPORTE DE LABORATORIO N° 3244

Pagina: 1 de 1

CLIENTE: HIGHLANDER MINING COMPANY	FECHA: 24 de Noviembre del 2009
	ORDEN:
	TIPO DE ENSAYO: Simple

DESCRIPCION	CODIGO CHP	Ag oz/tc	Au oz/tc	Pt ppm	V %
2da. Prueba	15762	0.99	0.327	<0.01	0.08



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 RArOiiiO /

Los remanentes de las muestras se guardaran por un periodo de 3 meses, plazo en que podran ser retiradas par sus dueños.

Este informe no podra ser reproducido parcialmente sin autorizaci6n de C. H.PLENCE & CIA. S.A.

AV. DEL EJERCITO 1142 MIRAFLORES LIMA 18 - PERU  
 T.4413959/4418106 FAX(511)4414

Pi..ENGE

REPORTE DE LABORATORIO N° 3091

Pagina: 4 de 4

CLIENTE: PICCHU RIO GOLD MINING COMPANY S. A. C.  
 Highlander Mining Company S..A.C.

FECHA: 6 de Noviembre del 2009

ORDEN:

TPO DE ENSAYO: Simple

DESCRIPCION	CODIGO CHP	Ag oz/tc	Au oz/tc
Zona "A" Kiteni	15281	1.18	1.731

Los remanentes de las muestras se guardaran por un periodo de 3 meses, plaza en que podran ser retiradas par sus dueños.

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AV. DEL EJERCITO 1142 MIRAFLORES LIMA 18 - PERU  
 T.4413959/4418106 FAX(511)4414729



Thermo Scientific - Houston Field Office  
17302 Apache Hills Drive  
Tomball, TX 77377

## Certificate of Verification

FXL-75956

Reading No 617  
Mode TestAll Geo  
Time 2013-06-11 13:50  
Duration 213.09  
Units ppm  
Flags 8mm  
SAMPLE Tres Hombres pulverized sample  
LOCATION



	ppm	±	Error
Au	7.675	±	2.745
Ag	16.168	±	5.383
Sb	< LOD		15.327
Sn	54.350	±	12.367
Cd	< LOD		8.157
Mo	39.590	±	1.354
Nb	15.360	±	1.228
Th	< LOD		2.521
Zr	117.380	±	1.955
y	30.579	±	1.498
Sr	79.277	±	1.337
U	18.896	±	2.768
Rb	130.420	±	2.090
Bi	< LOD		6.987
As	75.776	±	4.193
Se	4.677	±	1.688
Pb	160.148	±	4.167
W	435.635	±	23.040
Zn	255.185	±	12.017
Cu	27599.322	±	67.347
Ni	179.842	±	13.810
Co	442.572	±	51.532
Fe	109378.023	±	211.413
Mn	1094.490	±	35.545
Cr	202.686	±	13.234
V	156.248	±	30.704
Ti	4405.209	±	123.737
Ca	1898.353	±	77.987
K	26233.559	±	273.012
Nd	458.378	±	132.678
Pr	229.656	±	90.456
Ce	151.422	±	67.775
La	103.291	±	56.246
Ba	6370.960	±	65.995
Cl	1031.074	±	42.689
S	29749.379	±	250.935
p	< LOD		224.374
Si	182128.547	±	1148.274
Al	44171.223	±	998.120
Mg	10828.528	±	1420.480
Hg	< LOD		8.432
Sc	< LOD		14.952
Cs	116.143	±	16.111
Te	31.598	±	12.933
Pd	< LOD		4.185
Bal	570874.000	±	915.408

Supervised By: \_\_\_\_\_

# Thermo

## SCIENTIFIC

Thermo Scientific - Houston Field Office  
17302 Apache Hills Drive  
Tomball, TX 77377

### Certificate of Verification

FXL-75956

Reading No 615  
Mode Soil  
Time 2013-06-11 13:37  
Duration 180.52  
Units ppm  
Flags 8mm  
SAMPLE Tres Hombres pulverized sample  
LOCATION



	ppm	±	Error
Au	10.041	±	2.443
Ag	16.483	±	5.397
Sb	24.668	±	10.464
Sn	54.411	±	12.382
Cd	< LOD		8.281
Mo	39.885	±	1.187
Th	< LOD		2.156
Zr	100.736	±	1.452
Sr	80.397	±	1.172
U	21.174	±	2.442
Rb	132.002	±	1.838
As	69.033	±	3.663
Se	4.666	±	1.498
Pb	184.158	±	4.361
W	483.095	±	20.449
Zn	26.907	±	11.070
Cu	27765.973	±	58.961
Ni	178.913	±	12.091
Co	504.565	±	47.746
Fe	109609.695	±	184.724
Mn	1106.406	±	31.192
Cr	201.552	±	15.265
V	176.865	±	35.398
Ti	4380.295	±	142.093
Ca	1773.716	±	88.679
K	26295.479	±	315.049
Ba	6287.793	±	65.783
S	12130.448	±	469.061
Hg	< LOD		7.438
Sc	< LOD		16.895
Cs	102.960	±	16.063
Te	29.879	±	12.929
Pd	< LOD		4.199

Supervised By: \_\_\_\_\_

Calculation of producing the isolated vein material		Week		Month
25 ton per Truck		100	ton	400
Performance: <b>62.21 grams</b> of AU per 1 ton		6,221	grams	24,884
24.883	Kg	Oro	1,058,680.79	
400.00	Oz	Plata	<u>8,684.00</u>	
			1,067,364.79	
		write-off	<u>-106,736.48</u>	10%
			<b>\$960,628.31</b>	

Both methods of production being incorporated in 4<sup>th</sup> qtr. 2013

#### Initial low volume production 1<sup>st</sup> month

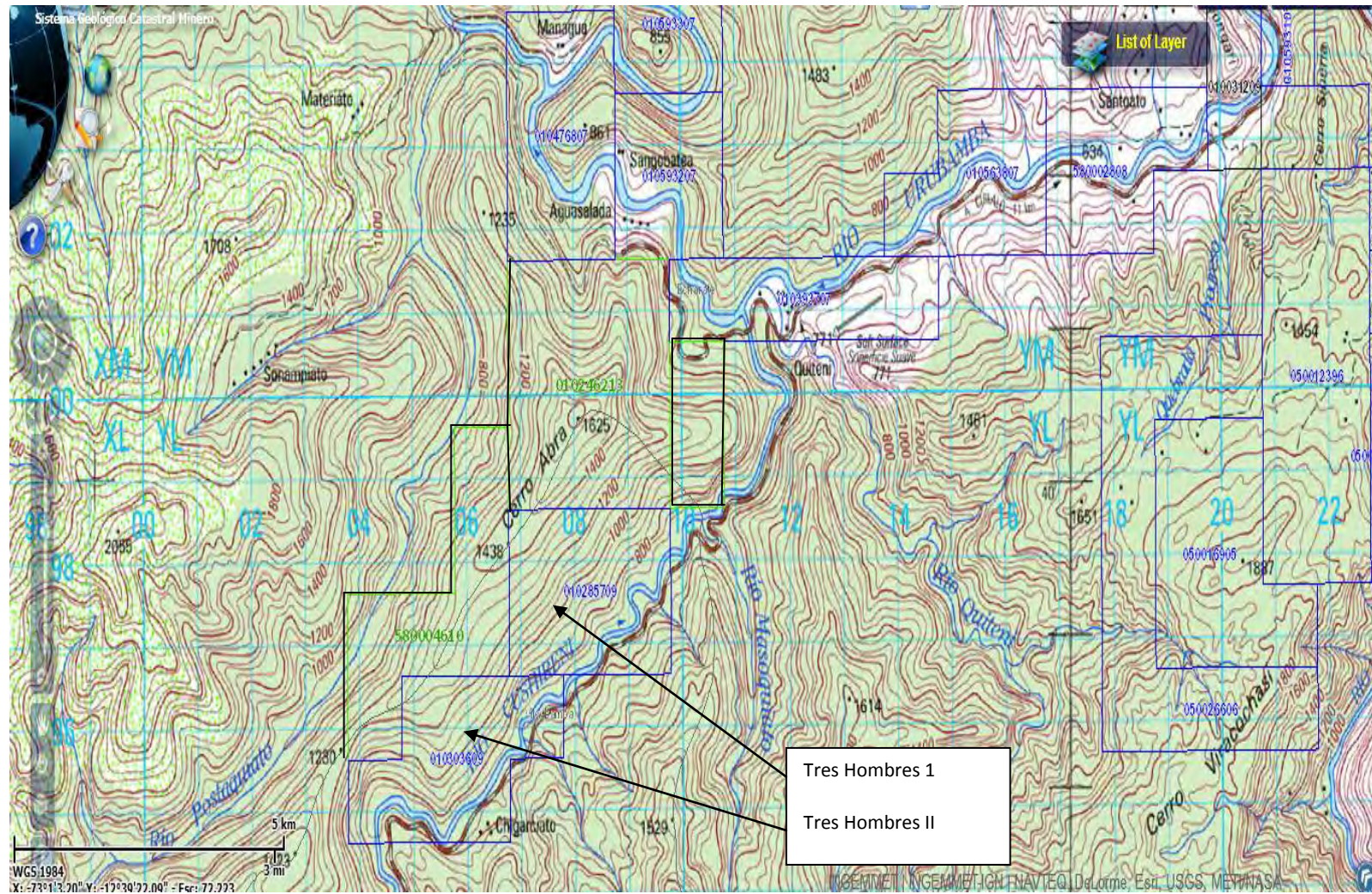
Performance @ **10 grams** of Au per ton

4,000gr / month				
4.00		Kg		
	400.00 tons /month			
			Oro	170,186.76
			128.6 Oz	
			Plata	8,684.00
				<b>178,870.76</b>
			write-off	<u>-17,887.08</u>
				<b>160,983.69</b>

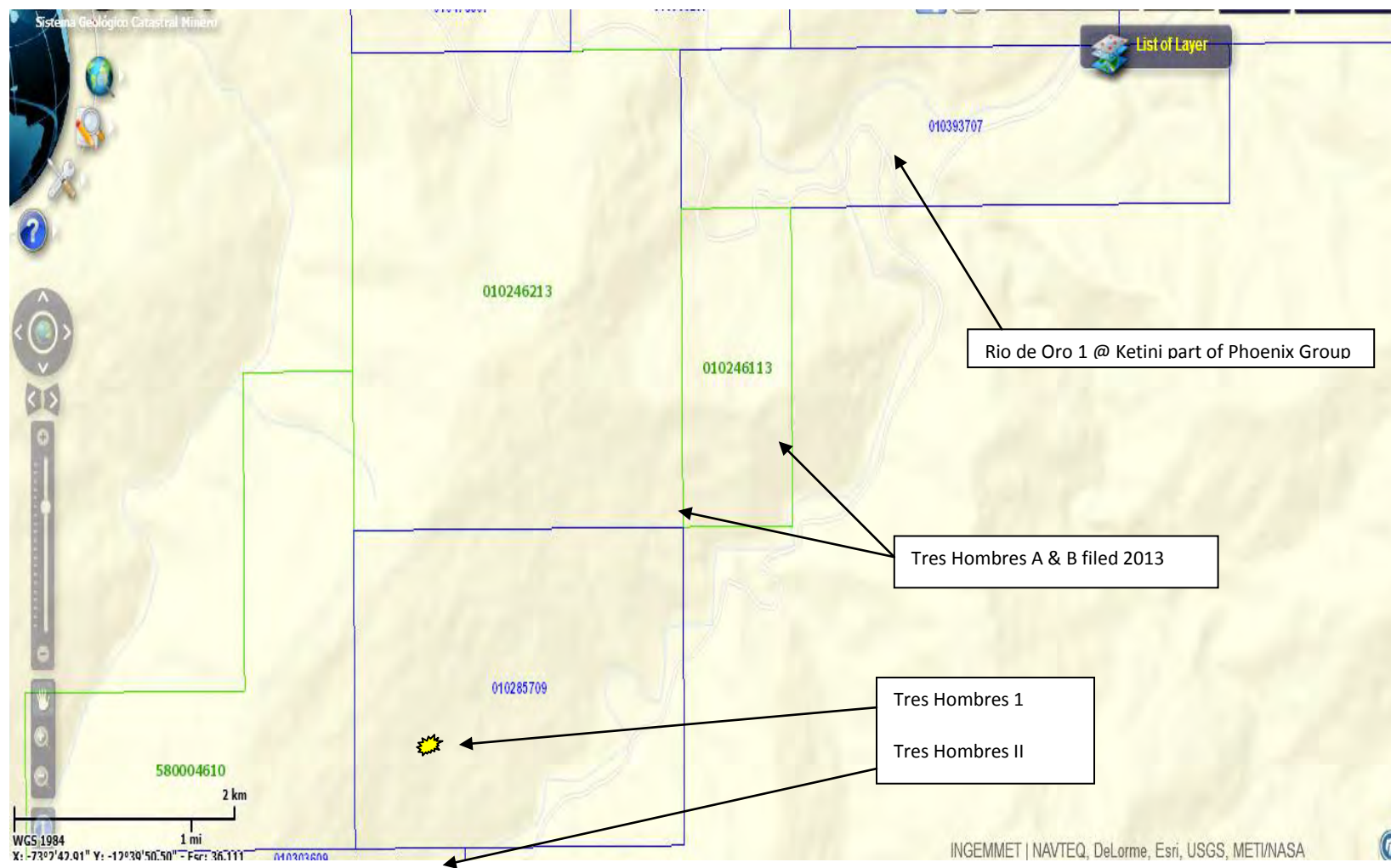
#### Profit & Loss Statement

					<b>USD\$160,983.69</b>
Production cost	56%				-89,906.21
				Gross margin	71,077.47
				Administrative	<u>-10,661.62</u>
					60,415.85
				Workers participation	-4,833.27
					55,582.58
				taxes	16,674.78
					38,907.81
				Joint Venture Highlander Mining Company S.AC./PRG SA	<b>50%</b>
				Land Owner's	50%

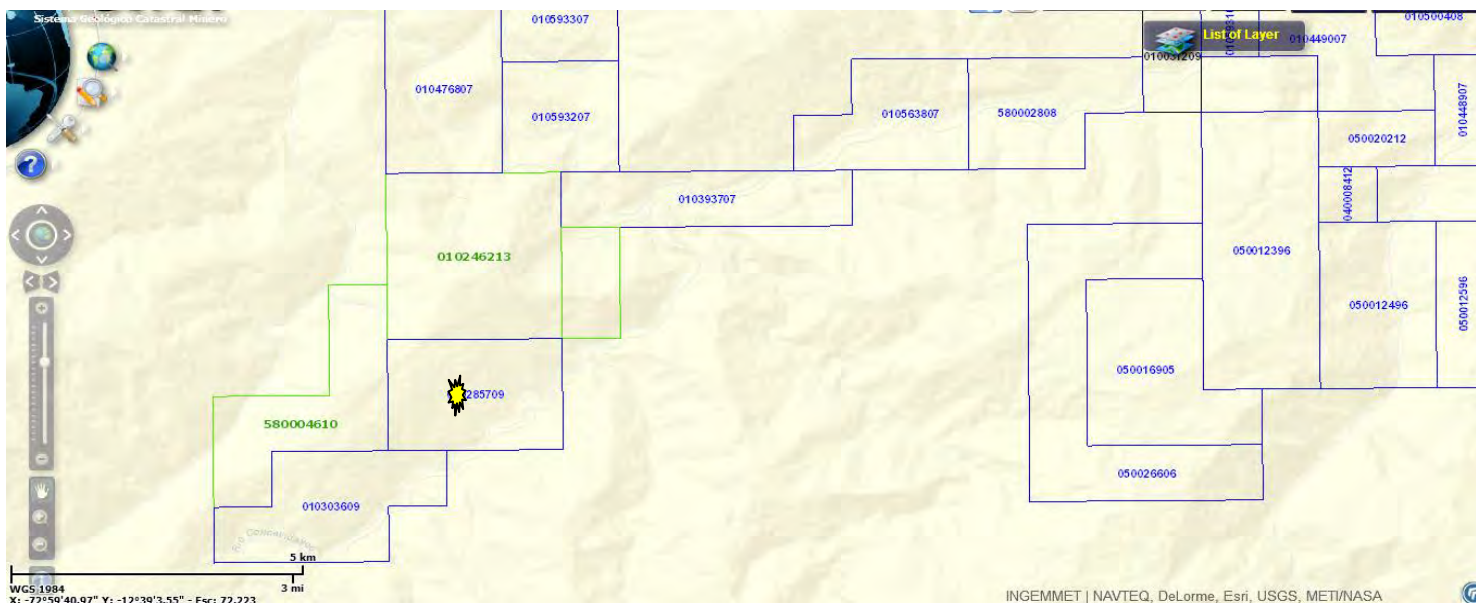








## Tres Hombres II



## First Skarn/Vein -Tres Hombres 1



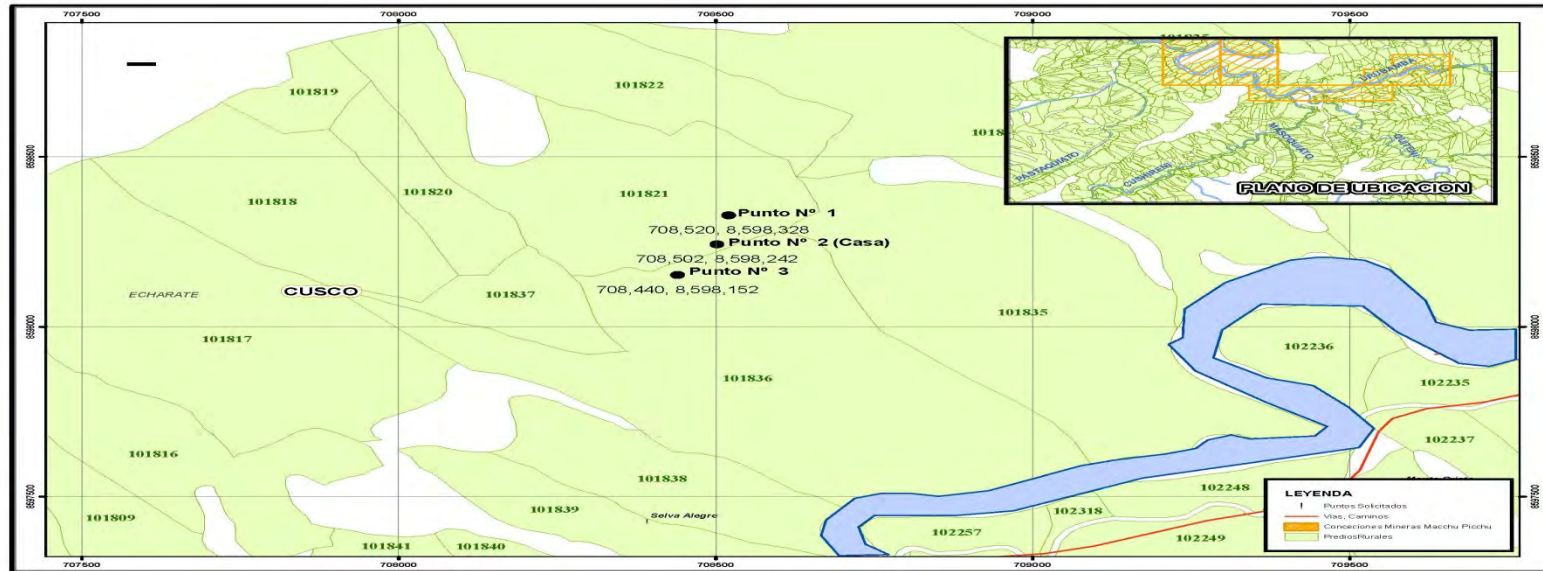


**skarn/vein #1..Portion of the ore deposit referenced in report**



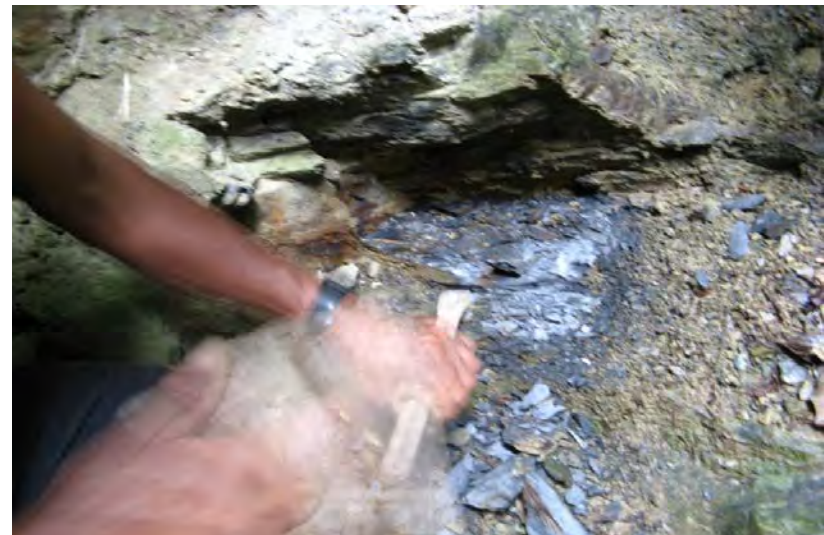
**15 tons of this part of the deposit moved for processing offsite**





Tres Hombres 1





Skarn/Veins #2





**Skarn/Veins #2 Quartz and Carbon (Ba) containing 1) gold in metallic veins 2) micron and spider vein gold**



**Vein/Skarn #3      Fe & Ba containing gold- silver ore**

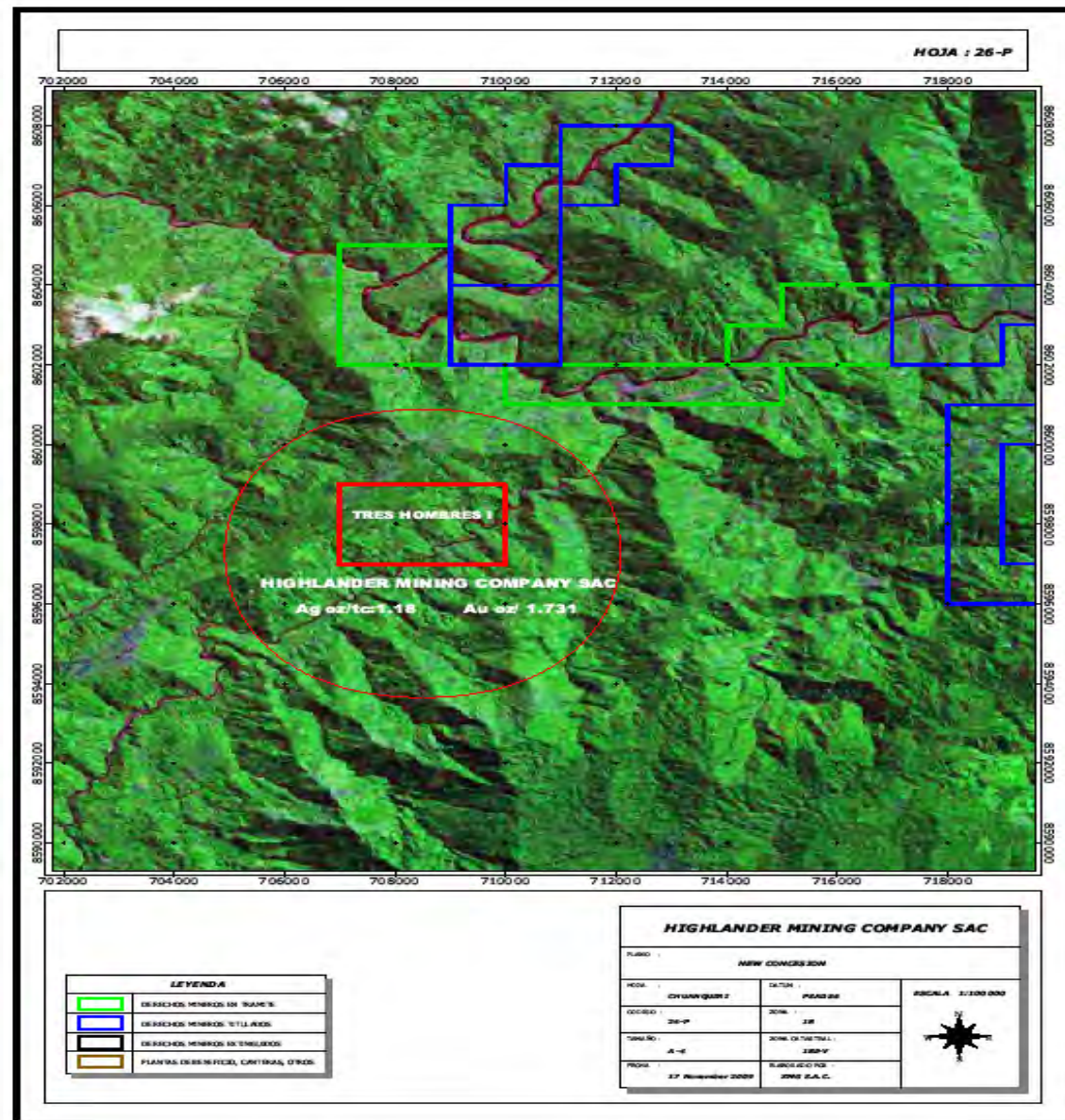




**Skarn #3 Ore body Fe & Ba containing gold- silver ore**



**Ba (soft carbon) containing metallic veining and Fe**







**Skarns/Veins 1-5**





**Skarn #1 600+ feet down hill of initial assay ( 1.78ozTc gold Au / 1ozTc silver Ag - Initial gold average calculated at 6-10 grams/Tc )**





**Excavating part of unconsolidated deposit of main ore body/skarn #1 on Tres Hombres 1 new road**





Road going from river up and across the mountain thousands of feet above river road and thru Tres Hombres 1-5 mining concessions



**Processing Tres Hombres 1 ore at PRG 2 plant ( 4 hours up river)**





**Processed material from Skarn/Veins #1 ( prepared for smelter and then shipment to Swiss,Canadian and American clients)**

**Tres Hombres1**



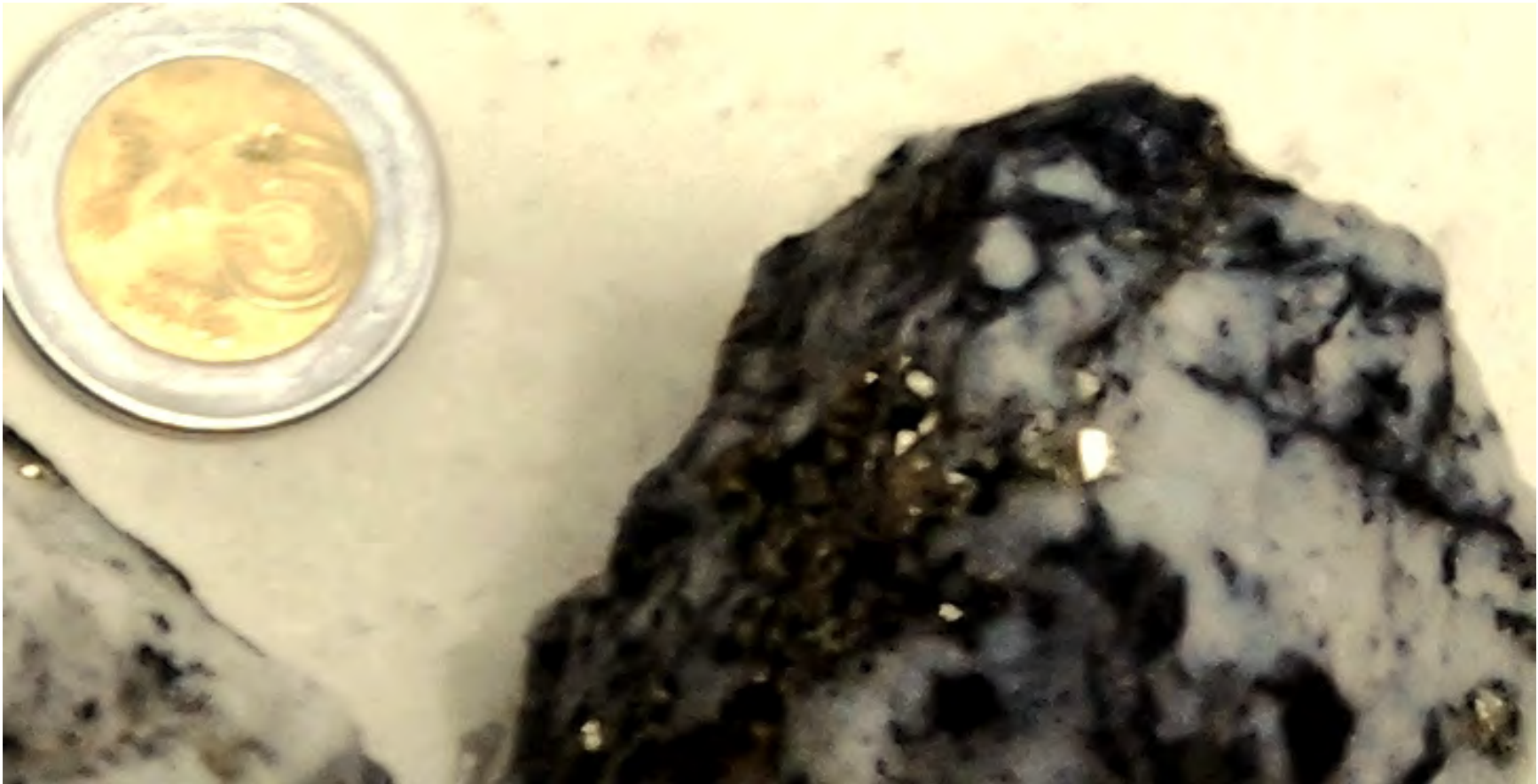
Concentrate



Large size Quartz,Carbon Pre-concentrate containing spider veins of Metallics ( crushing via molinas)

Tres Hombres 1





Pre concentrate containing metallics,quartz,pyrite,carbon,& aluminum

Tres Hombres 1



**Large Metallics concentrate containing gold /silver/pyrite/copper/aluminum**

**Tres Hombres 1**





**Super metallic concentrate: Gold / Silver/ Copper/Aluminum**

**Tres Hombres 1**

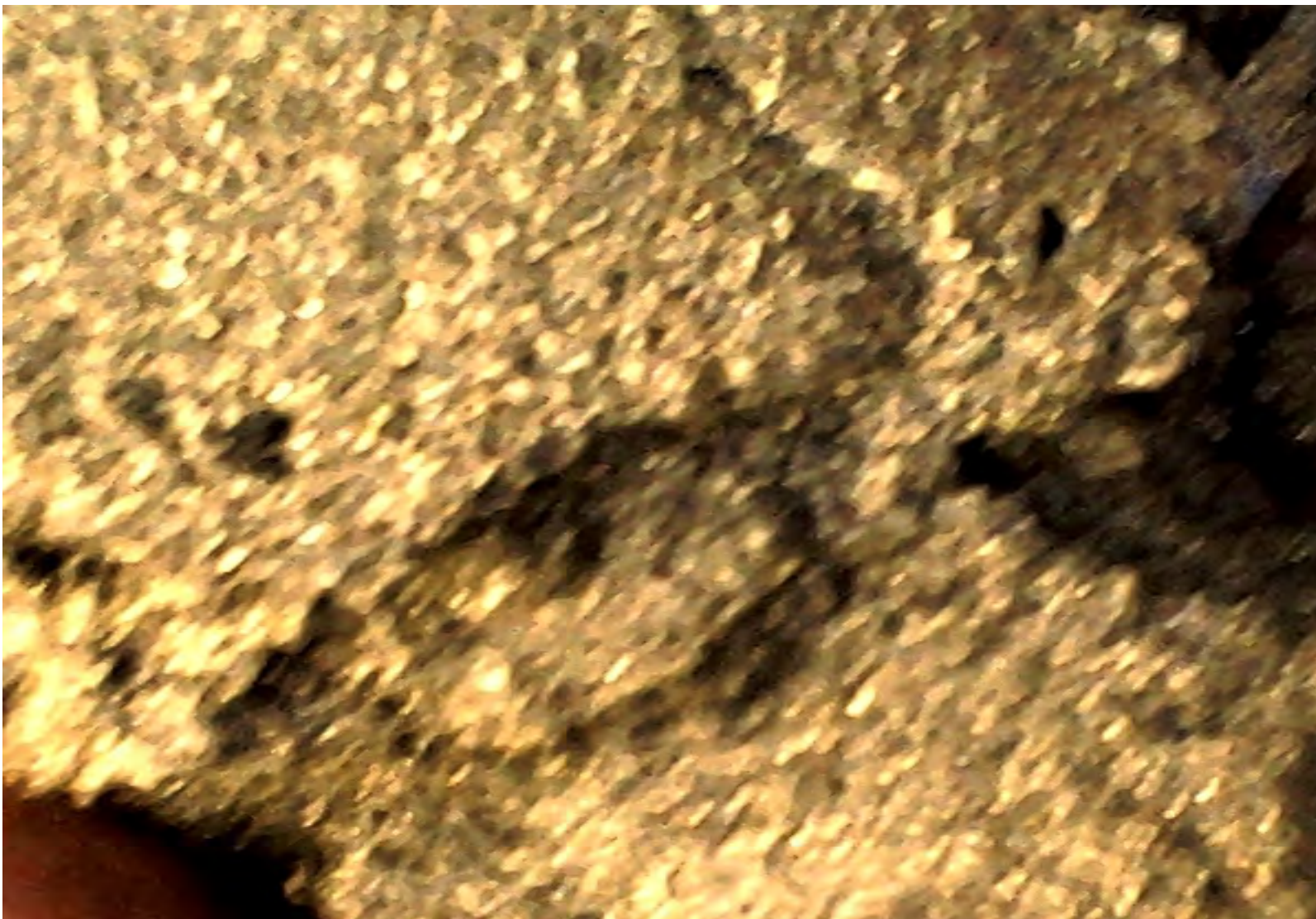




**Super concentrate**

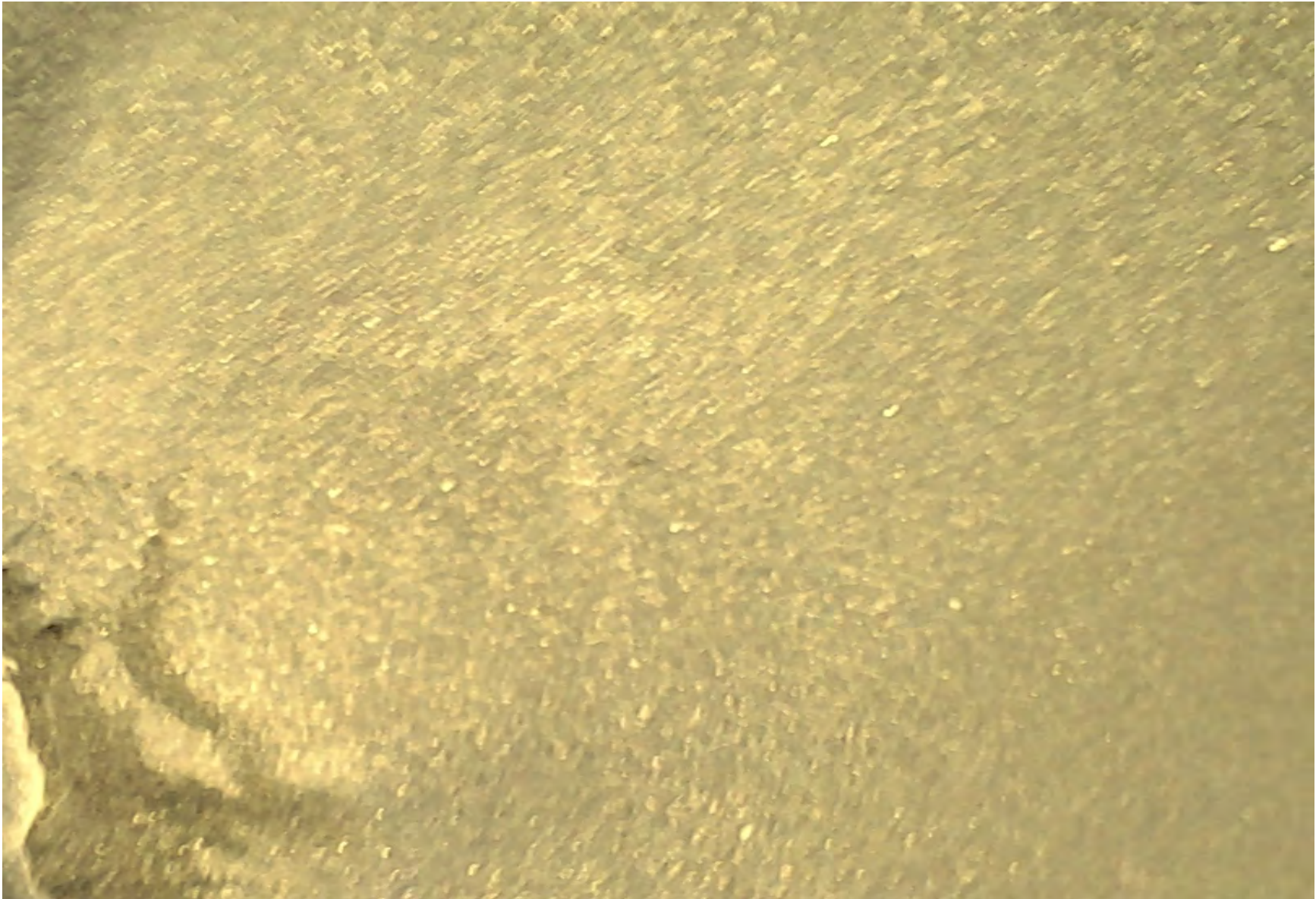
**Tres Hombres 1**





**Super Concentrate** (*note color change when photo above is enlarged*)

**Tres Hombres 1**



**Super concentrate**

**Tres Hombres 1**





**Super Concentrate from initial processing by PRG S.A.**

**Highlander Mining Company SAC's Tres Hombres 1 concession**