

2012
Annual Report

MOVING FORWARD



HISTORY

On January 26, 2012
bonds were placed for up
to **US\$ 600 million.**

Supervision with a view to the Puhujanca Mountains



Volcan Compañía Minera S.A.A. is a diversified mining company and a major international producer of zinc, silver and lead.

The Company first commenced operations in 1943 as Volcan Mines Company, with the Ticlio and Carahuacra mines and the Victoria Plant. During the 1990s, as a part of a series of privatizations in the country, the Peruvian government called a public tender to sell off certain mining areas and their related assets. Many of these were acquired by the Company, growing at a rapid pace.

In 1997, Volcan Compañía Minera S.A. acquired Empresa Minera Mahr Túnel S.A., owner of the Mahr Túnel, San Cristóbal, and Andaychagua mining operations and the Mahr Túnel and Andaychagua plants, for the amount of US\$127,777,777 in an international public auction with an additional investment commitment of US\$60 million which was met by the third year. This acquisition would mark the start of the Company's expansion process, which resulted in a 400% growth in its production. In 1998, Empresa Minera Mahr Túnel S.A. merged with and into Volcan Compañía Minera S.A., creating Volcan Compañía Minera S.A.A., the Company's current trade name.

In 1999, Volcan Compañía Minera S.A.A. acquired the company Empresa Minera Paragsha S.A.C. from Centromin Perú via an international public auction for US\$62 million, with an investment commitment of US\$70 million, and assuming a debt of US\$20 million which Centromin Perú owed to Banco de Crédito del Perú. The acquisition included the Cerro de Pasco mining operation and eight small hydroelectric power plants, Baños I, II, III, and IV, and Chicrín I, II, III, and IV, which add up to 7.5 MW. This acquisition made Volcan Compañía Minera S.A.A. the largest zinc mining company in Perú.

In 2000, Empresa Administradora Chungar S.A.C. was acquired, along with Empresa Explotadora de Vinchos Ltda. S.A.C., owners of the Animón and Vinchos mines, respectively. The purchase was made for a total price of US\$20 million, plus 16 million Class B shares in Volcan. This acquisition involved the incorporation of two additional hydroelectric power plants, Francois and San José II, with a total of 2.2 MW.

In 2004, operations were commenced at the Vinchos silver mine, producing over 6 million fine ounces of silver through December 31, 2009.

In 2006, Volcan acquired the Zoraida mine from Minera Santa Clara and Llacsacocha S.A. In 2007, it purchased 100% of Compañía Minera El Pilar, owner of the El Pilar mine located alongside the Cerro de Pasco mine and pit. That same year, explorations were commenced as part of the Rondoní Copper Project belonging to Compañía Minera Vichaycocha.

In 2009, Empresa Administradora Chungar S.A.C. expanded the capacity of the Baños IV Hydroelectric Power Plant with the incorporation of a 3.3 MW Francis generator group, with an investment of US\$7 million, for a total power of 13 MW at that time.

In 2010, Volcan also acquired Compañía Minera San Sebastián, whose mining concessions are located in the vicinity of Cerro de Pasco.

On January 27, 2011, the Shareholders' Meeting of Volcan Compañía Minera S.A.A. approved the reorganization of the Cerro de Pasco Mining Unit. This reorganization was designed

so that each mining unit could independently manage and improve operation results by reducing costs and seeking growth opportunities. As a result of this operation, Volcan Compañía Minera S.A.A. received 99.99% of stock shares for Empresa Administradora Cerro S.A.C., which is now one of Volcan's subsidiaries.

On January 26, 2012, as part of the international bond issue under Rule 144A and Regulation "S" of the United States Securities Act of 1933, corporate bonds were placed for up to US\$600 million for a ten-year term, at a fixed annual interest rate of 5.375%. The total demand value amounted to US\$4.8 billion.

On February 29, 2012, Volcan Compañía Minera S.A.A. and Sociedad Minera Corona S.A. (SMC) entered into the final sale agreement for 100% of the shares held by SMC in the Empresa Hidroeléctrica Huanchor S.A.C., with a power of 19.63 MW, transferring the shares in favor of Volcan in exchange for US\$46.7 million.

In July 2012, Empresa Administradora Chungar S.A.C. completed construction of and commissioned the Baños V Hydroelectric Power Plant, situated in the Chancay-Huara river valley, with a generation capacity of 9.2 MW, making the Chungar Mining Unit 100% self-sustained with renewable energy. The total investment in Baños V totaled US\$24 million.

Since 2000, in addition to these acquisitions, the Company has focused on integrating all the companies purchased, placing special emphasis on reducing costs and increasing their reserves and resources. Under the leadership of Roberto Letts Colmenares, Chairman of the Board until his passing away in

2010, Volcan expanded operations to become the primary silver and lead producer in Perú and the second-largest zinc producer. It became one of the top ten silver, lead, and zinc producers worldwide.

Volcan Compañía Minera S.A.A. was incorporated by notarial deed on February 1, 1998, executed before Dr. Abraham Velarde Álvarez, Attorney-at-Law and Public Notary, as a result of the merger of Empresa Minera Mahr Túnel S.A. and Volcan Compañía Minera S.A. recorded in the Public Registry of Mines - Public Records Office Entry 1, Register 41074, Card 11363057 of the Registry of Legal Entities in Lima. The Company is engaged in the exploration, exploitation, of ore processing and treatment on its own and through subsidiaries, an of which carry out extraction, concentration, and treatment activities. The sale of all products and concentrates is performed by Volcan. Its activities are performed under ISIC 1320 – Mining of non-ferrous metal ores. The Company's existence is ongoing, limited to the availability of ore reserves which in turn may vary depending on the investments made in explorations and the results thereof.

Volcan Compañía Minera S.A.A. is currently the owner of 359,685.83 ha of mining concessions, eight mines, and six treatment plants.

Volcan Compañía Minera S.A.A. is listed on the Lima Stock Exchange (BVL), the Santiago Stock Exchange (BCS) and the Latibex of the Madrid Stock Exchange.

DISCLAIMER

“This document contains accurate and sufficient information on the evolution of business activities of Volcan Compañía Minera S.A.A. during 2012. Without prejudice to the liability corresponding to the issuer, the signatories take responsibility for the contents hereof, in accordance with the applicable laws .”

March, 2013



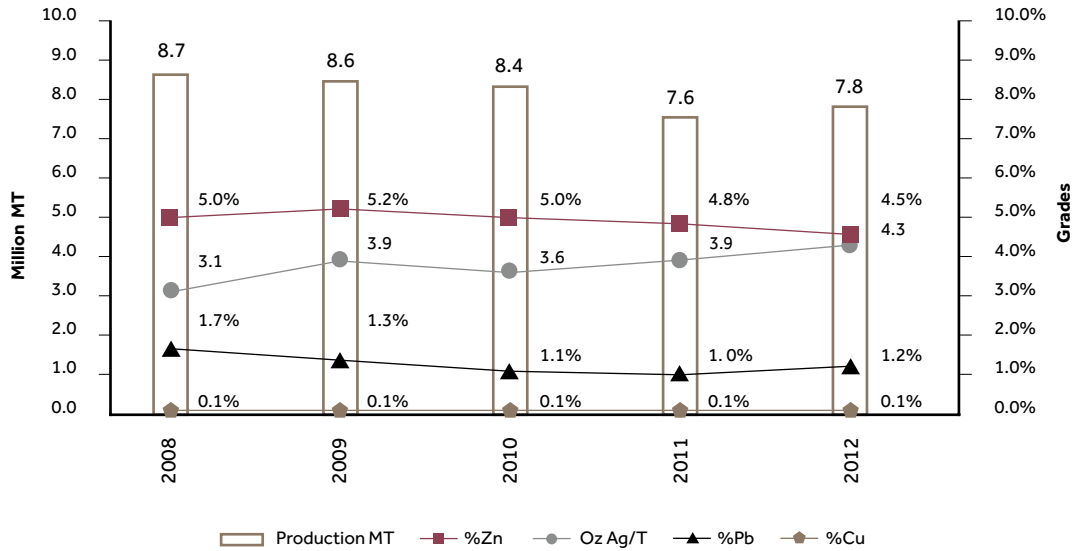
José Picasso Salinas
Chairman of the Board



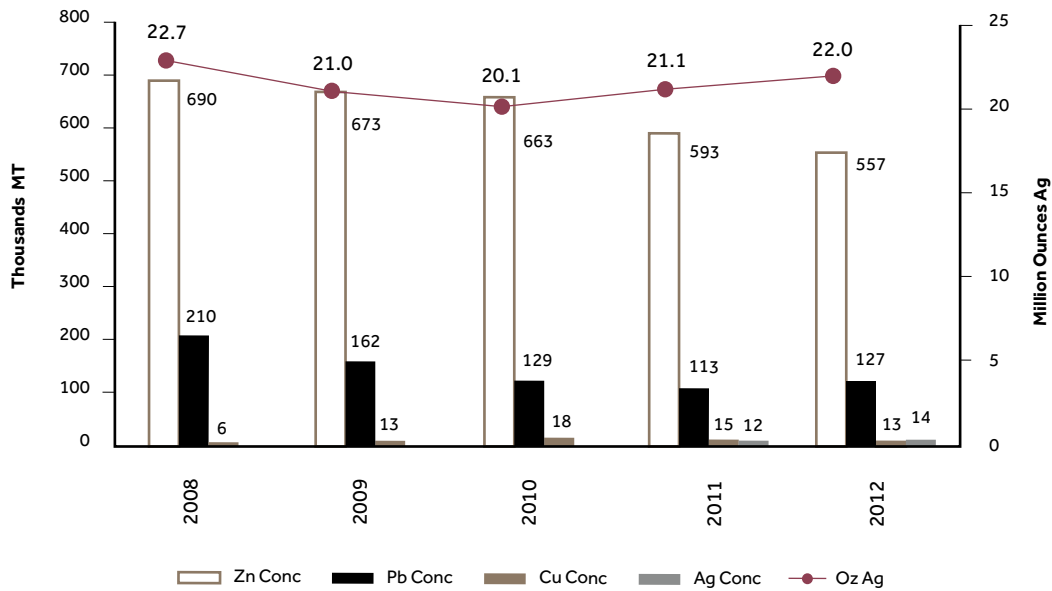
Juan José Herrera Távara
General Manager

PRODUCTION INDICATORS

EVOLUTION OF ANNUAL PRODUCTION AND GRADES

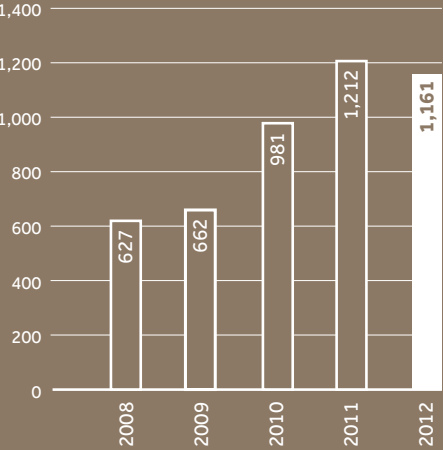


EVOLUTION OF CONCENTRATE PRODUCTION

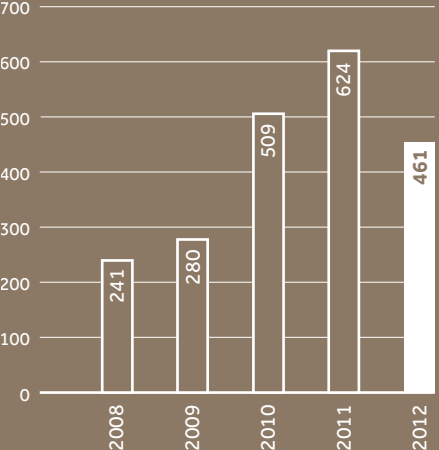


FINANCIAL INDICATORS

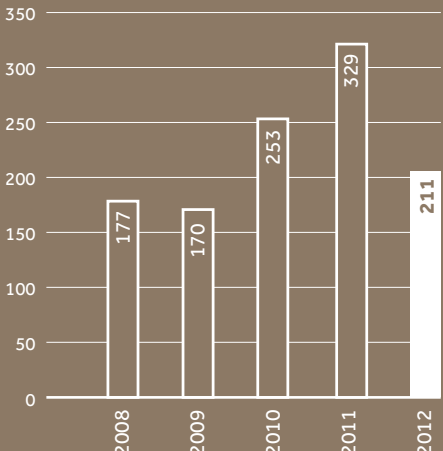
SALES (Million US\$)



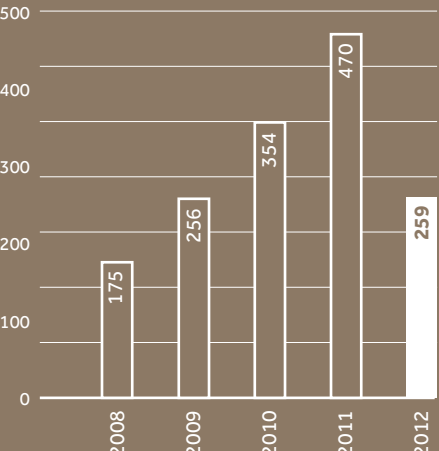
EBITDA (Million US\$)



NET EARNINGS (Million US\$)



OPERATING CASH FLOW (Million US\$)



ACHIEVEMENTS

Thanks to the achievements and confidence that we have established over the years we can now outline new challenges and seek new goals.

In 2012 we issued corporate bonds for US\$ 600 million in the international market. As part of the issuing process we obtained the investment grade (BBB-) from the three major international credit risk rating agencies.

We bought Empresa Hidroeléctrica Huanchor S.A.C. and completed the construction of the Baños V Hydroelectric Power Plant, which now covers approximately 50% of Volcan's energy demand with renewable energy at a low cost.

Last year we completed the expansion of the Animón Plant in Chungar. Furthermore, we managed to accomplish significant advances in the Silver Oxides Project and in the Alpamarca - Río Pallanga Project which will be ready at the end of 2013. Together, these projects will provide more than 7 million ounces of silver annually, increasing our production of this metal by more than 30%.

GOALS

By recognizing improvement opportunities to take us further towards a bright, successful future we will close gaps and achieve world class standards.

BOARD OF DIRECTORS

José Picasso Salinas	Chairman of the Board
Felipe Osterling Parodi	Vice chairman of the Board
José Ignacio De Romaña Letts	Director
Daniel Mate Badenes	Director
Pablo Moreyra Almenara	Director
José Bayly Letts (Since March 2012)	Director
Christopher Eskdale (Since March 2012)	Director
Irene Letts De Romaña (Since March 2012)	Director
Madeleine Osterling Letts (Since March 2012)	Director
Gonzalo Andrade Nicoli (Until March 2012)	Director
Víctor Gobitz Colchado (Until March 2012)	Director

SENIOR MANAGEMENT

Juan José Herrera Távara Chief Executive Officer (CEO)
Juan Ignacio Rosado Gómez de La Torre Deputy Chief Executive Officer (Deputy CEO)
Roberto Maldonado Astorga Chief Operations Officer (COO)
José Montoya Stahl Chief Planning Officer Planning Manager (CPO)
José Carlos del Valle Castro Chief Financial Officer (CFO)
David Brian Gleit Business Development Manager
Jorge Murillo Núñez Chief of Financial Planning and Management Control
José Antonio Cuadros Obando Operations Manager – Cerro de Pasco, San Sebastián, and Vinchos Units
Edgardo Zamora Pérez Operations Manager – Yauli Unit
Herman Flores Arévalo Operations Manager – Alpamarca, Río Pallanga, and Carhuacayán Units
José Manuel Blanco Collao Operations Manager – Empresa Administradora Chungar
Daniel Torres Operations Manager – Andaychagua Unit
Ulises Oliveros Salas Project Manager

Pedro Martínez Recio Metallurgical Research and Projects Manager
César Farfán Bernales Explorations Manager
Eduardo Julio Magnasco La Torre Operational Excellence Manager
Felipe Injoque Espinoza Social Responsibility Manager
José Estela Ramírez Energy Manager
Mario Eduardo De las Casas Vizquerra Logistics Manager
Néstor Hernán Astete Angulo (Until December 2012) Human Resources Manager
Roberto Servat Pereira de Sousa Labor Relations Manager
Ernesto Zelaya Pflucker Mining Projects Manager
José Manzaneda Cabala Metallurgical Operations Manager
Luis Narvaez Cueva Environmental Affairs Manager
Sergio Giampietri Ramos Corporate Security Manager
Jesús Ylazaca Valdivia (Since May 2012) Geological Operations Manager
Juan Silbino Marceliano Rojas Industrial Safety Manager

Paolo Cabrejos Martin Commercial Manager
Carlos Eduardo Flores Trelles Information Technology Manager
Pedro Navarro Neyra Treasury and Administration Manager
Pedro Torres Torres Accounting and Tax Manager
Juan Begazo Vizcarra Audit Manager
Alfonso Rebaza González Legal Department Manager
Jorge Luis Cotrina Luna Head of Shareholders Services

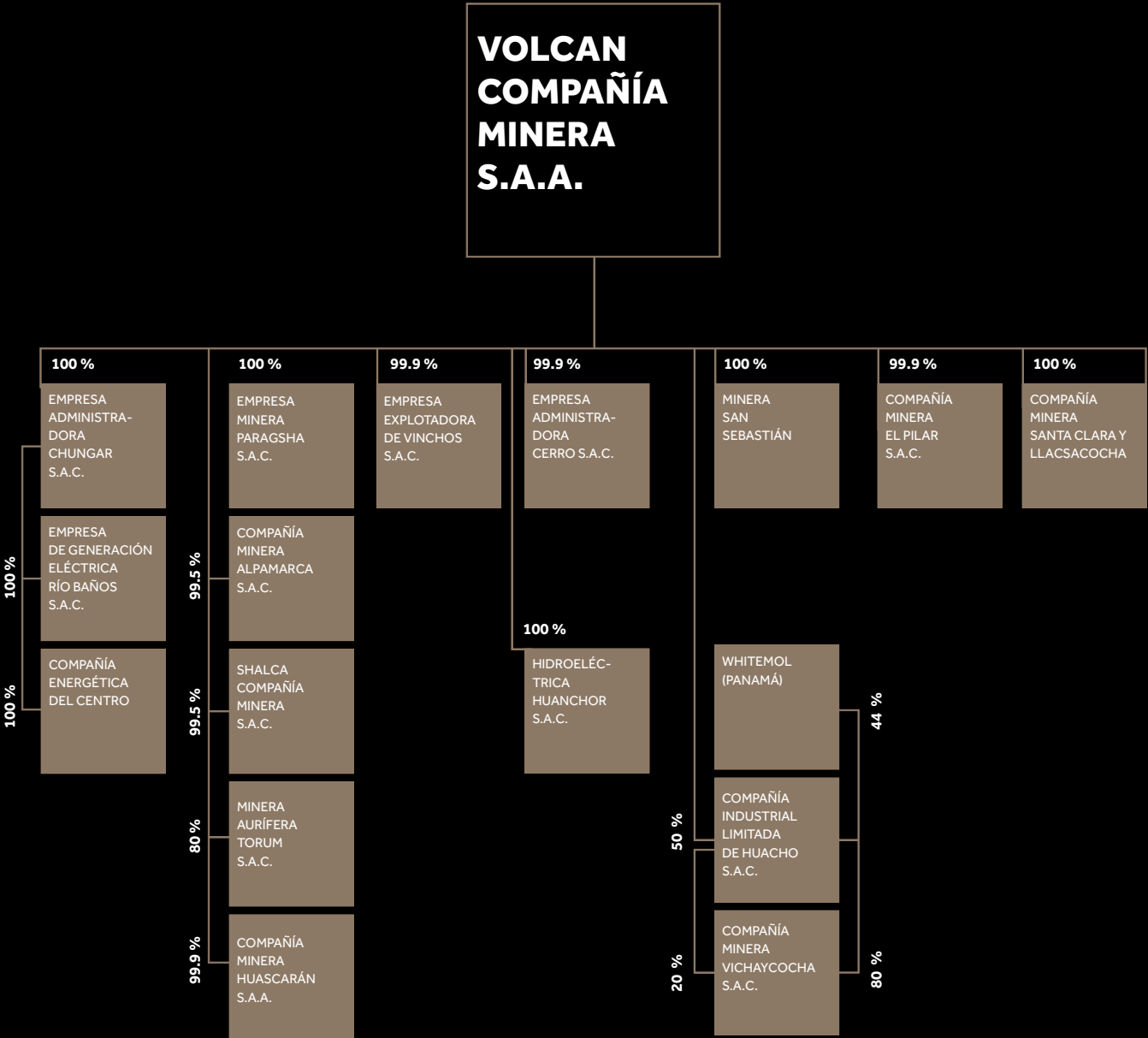
New horizons, new challenges. It is a new phase in the history of Volcan. Welcome.

VOLCAN
2012 Annual Report

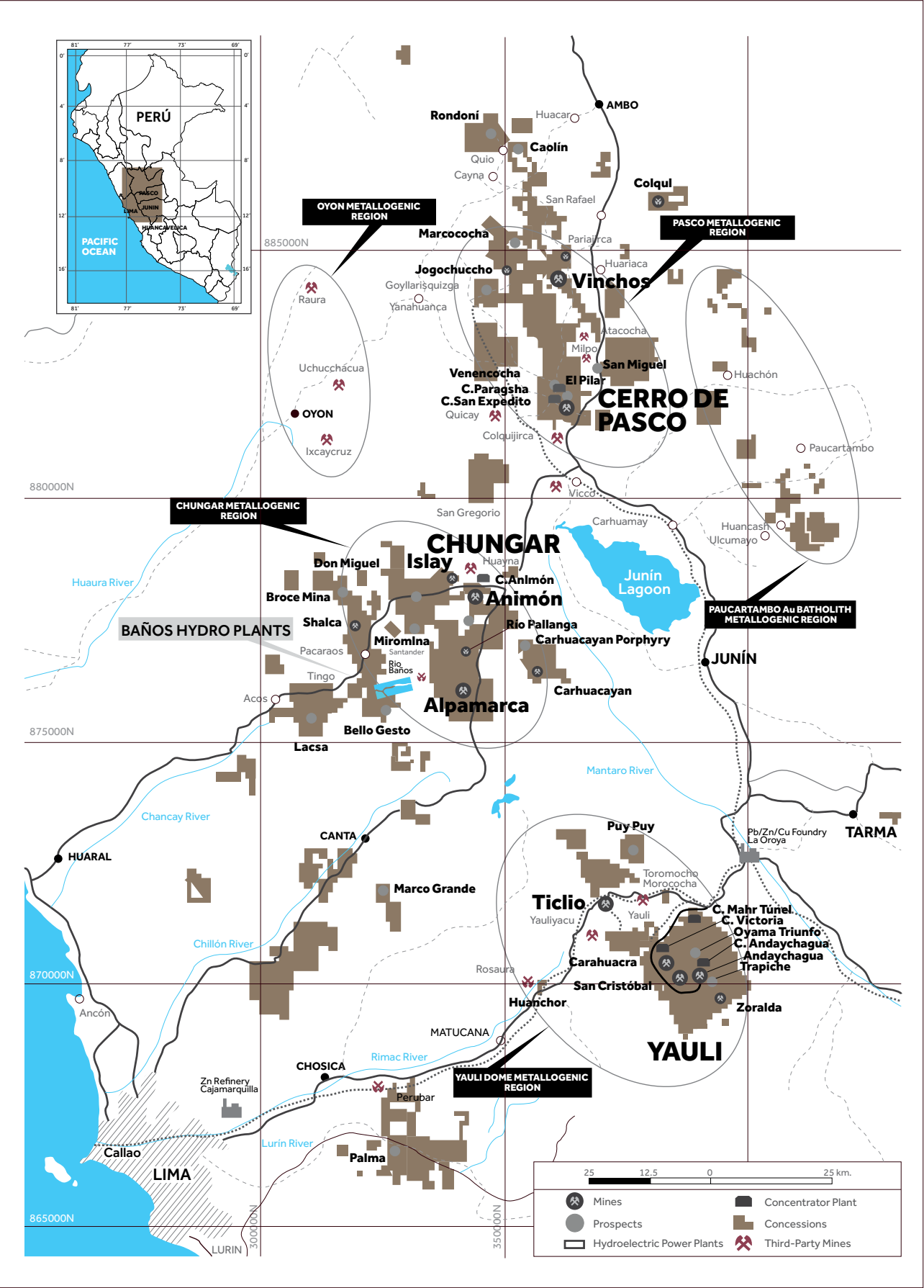
STARTING POINT



CORPORATE STRUCTURE



LOCATION OF THE COMPANY'S MAIN
MINING PROPERTIES



LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2012 held many challenges for the Company. The global macroeconomic environment was plagued by uncertainty, most notably due to economic problems in the European Union that placed the future of the Euro in doubt, the fiscal problems of the United States, and the continued deceleration of the Chinese economy. These factors, among others, influenced the high volatility of ore prices, with a negative impact on the prices of metals produced by Volcan. Thus, in 2012, the Company registered average zinc and silver prices which were 11% lower and lead prices which were 14% lower compared to the average prices for 2011.

The Peruvian government gave mixed signals during 2012 with regard to the promotion of foreign investment, thus generating local political and social problems that have hampered large-scale investments such as the halting of the Tía María Project in Arequipa, the halting of the Conga Project in Cajamarca and the recent problems experienced by Tintaya in Espinar, Cusco, among others. Furthermore, with regards to labor, environmental, and occupational health and safety laws, the government has been issuing measures that will probably cause delays in future projects, and which have been certainly generating operating cost overruns for local mining companies.

These measures, combined with the difficulties being experienced by the worldwide mining industry, have caused inflation in the Peruvian mining industry. Thus, operating expenses for 2012 were significantly greater than the previous year. These increase are related to

As part of the bond issue process, we achieved the important investment grade rating from Moody's, Standard & Poors and Fitch Ratings.

higher labor, freight and transport costs, sustainment and inputs such as lime, cement and sand, among others. Additionally, operating expenses have been noticeably affected by the appreciation of the Peruvian Nuevo Sol.

In the case of Volcan, operating expenses increased by nearly 13%, jumping from US\$50.5/MT in 2011 to US\$56.9/MT in 2012. This cost increase is explained by the reasons given in the preceding paragraph, as well as by the reduction in the production tonnage of the Cerro de Pasco Operating Unit.

Volcan has been taking action to mitigate the rise of operating expenses in our units. The principal measures include: (i) the increase in the capacity of our Animón Plant in Chungar by 25%, and at our Victoria and Andaychagua Plants in Yauli by 5%, in order to increase production and dilute fixed costs; (ii) the construction of the Jacob Timmers Shaft in Chungar and Roberto Letts shaft in Andaychagua, as well as the improvement of the Central and Huaripampa shafts in Carahuacra which, as a whole, will help reduce

transportation costs and improve the productivity of our mines by cutting ore mining times; (iii) the construction and commissioning of our Baños V Hydroelectric Power Plant, as well as the acquisition of the Huanchor Hydroelectric Power Plant and its future connection to our Yauli Unit which will help reduce electricity supply costs significantly in Chungar and Yauli; (iv) the start of construction of the Victoria ramp in our San Cristóbal and Carahuacra Mines in Yauli, which will also result in lower transportation costs and increased productivity. Furthermore, throughout 2012, cost reduction initiatives and continuous improvement projects have been undertaken and have enabled Volcan to control the increasing operations expenses.

The combination of lower prices and higher unit costs translated into lower profitability margins for Volcan. The Company's sales for 2012 reached US\$1.16 billion, with an EBITDA of US\$461 million, and net earnings of US\$211 million.

On the other hand, the Company's total investments in 2012 came to

US\$325 million, an 18% increase over investments in 2011, which closed out the year at US\$275 million. This figure does not include the acquisition of the Huanchor Hydroelectric Power Plant for US\$47 million.

2012 has been a significant year for the development of our growth projects. In order to secure their financing the Company reached an important benchmark in its history, issuing corporate bonds for US\$600 million in the international financial markets.

In addition to being a highly advantageous transaction for the Company due to its favorable rate and term conditions and ensuring the funding necessary to develop the current portfolio of growth projects, this became the largest bond issue in history by a non-financial Peruvian-owned enterprise. Furthermore, as part of the bond issue process, the Company was also given Investment Grade by Moody's, Standard & Poor's, and Fitch Ratings, giving it the backing required for growth projects and partially explaining why the Company's cash balance at the close of the year reached US\$575 million.

In the very short term, our efforts are concentrated on increasing our silver production. In 2012, this production exceeded 22 million ounces of silver, and it is expected to surpass 28 million ounces by 2014 with the development of the Silver Oxides Project at Cerro de Pasco and the Alparamarca - Río Pallanga Project. Both projects are jointly expected to contribute over 7 million ounces of silver per year.

As mentioned, our silver production at Chungar had increased by the end of 2012 due to the expansion of our Animón plant by 25%. For 2013, this expansion will involve a production increase of approximately 2 million ounces of silver per year.

These three projects add up to an additional 9 million ounces per year of silver. However, the drop in production at Cerro de Pasco in the Raúl Rojas Pit and the Paragsha underground mine means a decrease in the production of this metal by over 3 million ounces of silver per year.

In addition to this significant increase in short-term silver production, we have the Silver Pyrites Project at Cerro de Pasco. Volcan is currently performing metallurgical tests for this Project in order to process over 20 million tons of reserves found in stockpiles with an average grade of 5.4 ounces

per ton. Satisfactory metallurgical tests are expected to be achieved in the coming months, successfully separating the pyrite from the silver through fine grinding. This primarily involves a high ore recovery at a low mining and processing cost. If satisfactory results are obtained, the Company projects an addition of 5 million more ounces of silver to its annual production of 28 million ounces.

To consolidate production in other metals, the Company has been carrying out advanced exploration campaigns in different projects, both in early and advanced stages.

Over the last five years more than 300,000 m of diamond drillings were performed enabling Volcan to successfully develop projects in different stages of exploration. Volcan currently has a solid project portfolio, which includes zinc, lead, and silver projects such

as Alpamarca, Palma, and San Sebastián; silver projects such as Islay, Río Pallanga, and Zoraidá; and copper projects such as Rondoní, Acejar, Oyama, Carhuacayán, Puy Puy, and Pampa Cuatro.

Looking beyond our current projects and in line with our long-term vision we have continued to systematically evaluate multiple growth opportunities - some based on the development of our own concessions and others related to opportunities arising in the market, both in Perú and in other countries in the region.

In the energy sector we added nearly 30 MW of power to our private energy network in 2012 with the development of the Baños V Project (9.2 MW) and the acquisition of the Huanchor Hydroelectric Power Plant (19.6 MW). In 2013, we are beginning the development of two hydroelectric projects in the Chancay – Huaral Basin with an

Operators at the diamond drilling tower - Rondoní

installed power of approximately 20 MW and 40 MW, for a total estimated investment of more than US\$120 million. Additionally, we have the Belo Horizonte Project (180 MW) which continues developing according to schedule.

Likewise, we have been reinforcing the electric transmission infrastructure around our mines, seeking to ensure the reliability of the electricity supply at our operations and thus avoiding unnecessary plant shutdowns. The total estimated investment in electrical infrastructure projects is approximately US\$40 million. In 2012, more than 40% of this investment was executed.

Finally, we must not forget the importance of mining companies like Volcan in the development of our country and its people, especially in remote areas where mining activity typically takes place.

For this reason we continue to strive to ensure ever closer and more fluid relations with the populations in our areas of influence, as well as other strategic areas for our operations. It should be noted that we have become a reference point on how to use the “Obras por Impuestos” Law (Act for Works in Lieu of Taxes), through which we executed and financed three infrastructure projects in 2012 for a total of more than 14 million Peruvian Nuevos Soles, in cooperation with the District Municipality of Huayllay, the Regional Government of El Callao, and the District Municipality of Tinyahuarco. Additionally, we have a major project portfolio to be executed in 2013.

It should be emphasized that all progress made is the result of the fantastic team we have built up in recent years. We trust their



Siete Colores Lagoon - on the way to Canta, Alpamarca.
Geologist showing alteration (OxFe).



ability to take on the challenges faced by our industry and achieve the ambitious goals we have set as part of our long-term vision. In line with the above, and in order to facilitate integration and enable much more fluid communications between the different areas of our organization, both in Lima and the mining units, the Company moved its administrative offices in April 2012 to the Qubo Building, located at Ave. Manuel Olguín 373, Surco. The property used for our offices until April 2012, located in Jesús María, continues to belong to the Volcan Group.

On the other hand, it is important to note that in a meeting held on March 7, 2013 the Board of Directors resolved to form the Auditing, People Management, and Corporate Social Responsibility Committees. It was also resolved that the Board of Directors in its entirety would assume formal responsibility for enforcing compliance with the Strategic Plan and Good Corporate Governance of the Company. These

committees will aid the Board of Directors in ensuring better follow-up of the Company's most important strategic objectives.

I would also like to take this opportunity to thank our employees for their dedication, hard work, and commitment to the Company's objectives. Furthermore, I would like to give a special acknowledgement to Victor Gobitz Colchado and Gonzalo Andrade Nicoli, who served as members of the Company's Board of Directors until March 2012.

Lastly, I would like to thank all of the shareholders for their support and commitment to the activities and achievements of our Company.

Sincerely,

José Picasso Salinas
Chairman of the Board

2012 GENERAL ECONOMIC REPORT



Exploration geologist at the peak of Ticlio

Financial Summary of the Global Economy

2012 was a period of great uncertainty around the world. The severe financial crisis in Europe worsened to the point that there were doubts as to whether the European Union (EU) would continue to be viable, while the United States suffered from economic and fiscal problems and China's economic growth slowed. In the last few months of the year, U.S. and European authorities took extraordinary measures to tackle the crisis. In September the U.S. Federal Reserve (FED) announced an expansive monetary program wherein it would inject US\$40 billion per month for an indefinite term until employment returned to sustainable levels. On the other hand, toward the end of November, the International Monetary Fund (IMF) and the governments of the EU announced the new terms of the rescue package for Greece, which will provide relief after multiple measures to reduce liquidity problems and the cost of credit (monetary expansion).

As for China, economic growth during 2012 totaled 7.8% (1.4 percent less than 2011). This deceleration is mainly a consequence of reduced industrial production and retail sales. However, it is important to note that a growth rate in excess of 7% annually for China is still significant for exporting countries, above all those which export primary materials like Perú, due to the size of the Asian giant's market and its impact on the demand for commodities and supplies worldwide.

Latin American and Caribbean countries, for their part, exhibited noteworthy economic growth in 2012 (3%) , compared to that of developed countries (1.3%) , as a

A growth rate in excess of 7% annually for China is still significant for exporting countries, above all for those which export primary materials like Perú.

consequence of increased domestic a demand which is rooted in the growth of credit and favorable exchange terms.

This international scenario of economic crisis and low expected returns for investments in developed countries, together with the excess liquidity resulting from worldwide monetary expansion, has directed the capital flow to developing countries with favorable growth outlooks. One example of this is the significant flow of long-term capital received by Perú in 2012, which has been estimated at US\$16.7 billion, or 74% more than in 2011. Of this total flow of investments, US\$5.4 billion came from long-term loans - an area in which Volcan successfully participated at the beginning of the year with its bond issue for US\$600 million.

The main stock exchange markets around the world closed out 2012 on the rise. The United States increased by 5.5% (DJI), Great Britain by 3.47% (FTSE 100), France by 13% (CAC 40), and Japan by 21.44% (Nikkei 225). In Latin America, the markets followed this trend: Brazil rose by 5.4% (BVSP), Chile by 3.45% (IPSA), and Perú by 5.94% (IGBVL).

Finally, the average price of the main base metals produced by the Company (zinc and lead) dropped by 11.2% and 14.2%, respectively, as a result of lower demand from China, an increase in international supply, and the accumulation of inventories. The average price of gold rose by 6%, driven by the depreciation of the US Dollar, fears of a fiscal cliff in the United States, and uncertainty regarding European recovery.

¹ Source: National Bureau of Statistics of China, Quarterly data - preliminary results

² Source: IMF, WEO update January 2013

³ Source: IMF, WEO update January 2013

⁴ Source: Inflation Report, December 2012, BCRP

⁵ Source: Inflation Report, December 2012, BCRP

⁶ Source: Yahoo Finance

⁷ Source: Yahoo Finance and BVL

Peruvian Macroeconomic Summary

The performance of the local economy was guided by the growth of private (14.7%) and public (23.4%) investment. This increase was accompanied by an increase in credit by 16.4% and a bonds issue for US\$1.66 billion (Bonds issue in 2011 reached US\$320 million).

Notable development was experienced by the construction, trade, and electricity sectors, with an expansion of 16%, 6.7%, and 5.5%, respectively. With regards to primary sectors the increase in the agricultural and livestock (4.5%) and mining (1.9%) sectors was counteracted by a major contraction in the fishing sector (-9.5%). Based on the behavior of these sectors, the upward trend shown by the Peruvian economy in 2012 was 6.3%.

As for the balance of payments, the current account presents a deficit of 3.7% of the Gross Domestic Product (GDP) while the financial account has a surplus of 11.3% of the GDP, resulting in a surplus balance of payment of US\$15 billion (217% more than in 2011). This significant

variation was accompanied by the appreciation of the Nuevo Sol by 4.4%, with the local currency ending 2012 at an exchange rate of 2.55 PEN/USD.

Finally, inflation closed out the year within the target range established by the Peruvian Central Reserve Bank (BCRP) at a level of 2.6%, with food and school tuition being the segments which most affected this result.

⁸ Source: Inflation Report, December 2012, BCRP
⁹ Source: Inflation Report, December 2012, BCRP
¹⁰ Source: Inflation Report, December 2012, BCRP
¹¹ Source: Inflation Report, December 2012, BCRP
¹² Source: INEI, Annual GDP Percentage Change
¹³ Source: Inflation Report, December 2012, BCRP
¹⁴ Source: BCRP, Annual Statistics Series – Annual CPI Percentage Change



GROWTH OUTLOOK

In 2012 silver production exceeded 22 million ounces; it is expected to surpass 28 million ounces by 2014.



Downloading additives - Chungar

Over the years, Volcan has sought to ensure sustained growth in the metals it produces. In the last two years Volcan has tried to implement actions aimed at expanding its production which are consistent with the development of its vision:

“To become, by 2021, one of the main diversified mining companies in base and precious metals, leader in growth and operational excellence, acting with social responsibility through a highly committed and skilled team of employees.”

Currently, Volcan holds high international and national ranks in zinc, silver, and lead production. Our future vision consists primarily in consolidating our leadership in these metals, as well as attaining a significant rise in copper. This vision is made possible to a large extent thanks to our portfolio of projects in early and advanced stages being developed by the Company on the 340,000 ha of concessions in its name nationwide, on which it operates eight mines and six concentrator plants, as well as our continuous search for exploration projects and our mines currently in production.

In the very short term, corporate efforts are concentrated on increasing silver production. In 2012 this production exceeded 22 million ounces of silver and it is expected to surpass 28 million ounces by 2014 with the development of the Silver Oxides Project at Cerro de Pasco and the Alpamarca - Río Pallanga Project. Both projects are jointly expected to contribute over 7 million ounces of silver per year.

Additionally, as announced, silver production at Chungar had increased by the end of 2012 due to the expansion of the Animón plant to 5,200 TPD, equivalent to a capacity expansion of 25 percent. Starting in 2013 this expansion will involve a production increase of approximately 2 million ounces of silver per year.

These three projects add up to an additional 9 million ounces a year in silver production. However, as announced, the drop in production at Cerro de Pasco in the Raúl Rojas Pit and the Paragsha underground mine means a decrease in the production of this metal by over 3 million ounces of silver per year.

In addition to this new short-term production of silver, another existing project is the Silver Pyrites Project in Cerro de Pasco. Volcan is currently performing metallurgical tests in this project in order to process over 20 million tons of reserves found in stockpiles with an average grade of 5.4 ounces per ton. Satisfactory metallurgical tests are expected to be achieved in the coming months, successfully separating the pyrite from the silver through ultra-fine grinding. This primarily involves a high ore recovery at a low mining and processing cost. If satisfactory results are obtained, the Company projects an addition of 5 million more ounces of silver to its annual production of 28 million ounces.

To consolidate our production in other metals the Company has been carrying out advanced exploration campaigns in different projects, both in early and advanced stages.

Over the last five years more than 300,000 m of bore holes have been drilled, enabling Volcan to successfully develop zinc, lead and silver exploration projects such as Palma and San Sebastián; silver projects, such as Islay, Río Pallanga,

and Zoraida; and copper projects, such as Rondoní and Oyama.

Thus, during 2012 we moved forward from the exploration stage to mine development in the Alpamarca Project; to prefeasibility in the Rondoní Project; to generation of reserves and resources in the Río Pallanga Project; to the delimitation of resources in the Oyama and Palma Projects; and to the preliminary drilling stage in the San Sebastián Project.

Volcan also has prospects in the initial exploration phase, such as Yanama, Puy Puy, Carhuacayán, Acejar, and Pampa Cuatro, among others.

There are plans in place for 2013 to carry out a major drilling program, making it possible to move forward with the development of these exploration projects.

Our strategic plan involves holding a share of the energy sector. This share is aimed at significantly reducing the cost of this input in our operations, as well as guaranteeing access to energy in the coming years. In 2012 nearly 30 MW of power were added to our private energy network in 2012 with the development of the Baños V Project (9.2 MW) and the acquisition of the Huanchor Hydroelectric Power Plant (19.6 MW). In 2013 the development of two hydroelectric projects in the Chancay – Huaral Basin began, with an installed power of approximately 20 MW and 40 MW, for a total estimated investment of more than US\$120 million. Additionally, the Belo Horizonte Project (180 MW) continues to be developed according to schedule.

Likewise, the electric transmission infrastructure around our mines has been reinforced, seeking to ensure the reliability of the

electricity supply at our operations and thus avoid unnecessary plant shutdowns. For this purpose, projects were developed in 2012 such as the Expansion of the Pomacocha Substation and Transmission Line to Yauli; the Paragsha II – Francois Transmission Line; the Francois – Animón Transmission Line; and the Expansion of the Animón – Chungar Substation. The total estimated investment for these projects is approximately US\$40 million. More than 40% of this investment was executed in 2012.

Lastly, we would like to emphasize our highly-skilled team of employees who maintain a constant focus on their search for growth opportunities of these metals with the resources necessary to carry out the task of consolidating Volcan as a major player, both in Perú and around the world.



2012 PERÚ PRODUCTION
RANKING - FINE METAL CONTENT

Zinc	Thousands MT
Volcan Compañía Minera S.A.A. and Subsidiaries	296.5
Compañía Minera Antamina S.A.	270.0
Compañía Minera Milpo S.A.	186.0
Empresa Minera Los Queñuales S.A.	112.5
Compañía Minera Atacocha S.A.A.	45.5
Others	370.5

Lead	Thousands MT
Volcan Compañía Minera S.A.A. and Subsidiaries	72.5
Compañía de Minas Buenaventura S.A.A.	19.2
Compañía Minera Milpo S.A.	17.8
Sociedad Minera Corona S.A.	17.0
Sociedad Minera El Brocal S.A.A.	13.5
Others	108.8

Silver	Millions Oz
Volcan Compañía Minera S.A.A. and Subsidiaries	22.0
Compañía de Minas Buenaventura S.A.A.	14.7
Compañía Minera Antamina S.A.	13.3
Minera Suyamarca S.A.C.	7.5
Compañía Minera Ares S.A.C.	6.3
Others	48.1

Source: Volcan Cia Minera and Ministry of Energy and Mines

Victoria Concentrator Plant water clarifier - Yauli.

We achieve the
results we seek.
We set new goals,
and strive to
overcome them.

VOLCAN
2012 Annual Report



PERMI-
NATION

OPERATIONS

During 2012 six concentrator plants treated 7,158,050 tons of head ore with grades of 4.84% Zn, 1.27% Pb, 0.12% Cu, and 3.67 oz Ag/t.

Our operations are divided into three Administrative Economic Units (UEAs): Yauli, Cerro de Pasco, and Chungar.

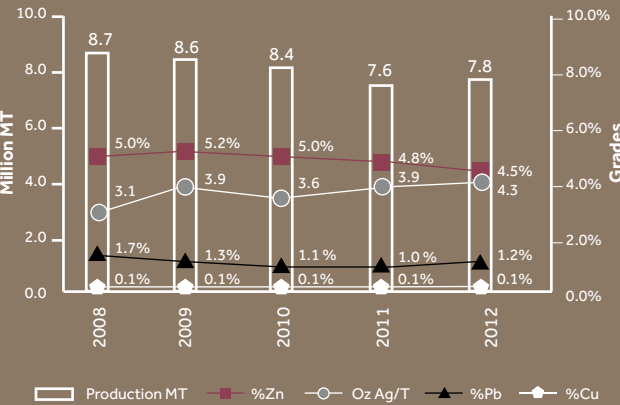
Mining Units
Each mining unit consists of one or more mines and treatment plants, as detailed below:

Leoncocha Lagoon - Ticlio

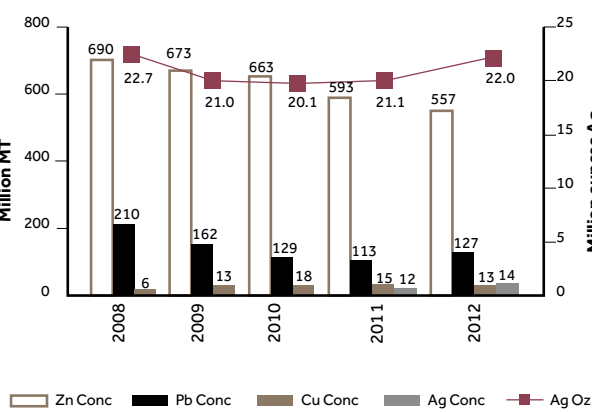


Unit	Mine	Treatment Plant
Yauli	San Cristóbal	Victoria
	Andaychagua	Mahr Túnel
	Ticlio	Andaychagua
	Carahuacra	
Cerro de Pasco	Carahuacra Norte Open Pit	
	Raúl Rojas Open Pit	Paragsha
	Paragsha Underground Mine	San Expedito
Chungar	Animón	Animón
	Islay	

Evolution of Treated Tonnage and Annual Grades – Volcan Consolidated



Evolution of Concentrate Production and Ounces of Silver – Volcan Consolidated



Yauli
UEA

Yauli UEA is located 40 km from the town of La Oroya and 170 km from Lima. It is accessible by road and rail. The Unit consists primarily of four underground mines. The ore is treated at three concentrator plants which have a joint installed capacity of 10,200 MT per day. During 2012, the three concentrator plants treated 3,549,813 tons of head ore, with grades of 4.80% Zn, 0.97% Pb, 0.14% Cu, and 3.49 oz Ag/t, representing over 50% of Volcan’s total sales.

In 2012 the production of concentrates totaled 288,608 tons of zinc, 54,933 tons of lead, 8,026 tons of copper, and 11,090,611 ounces of silver. Over the course of the year, a total of 276,919 MT of ore was bought from third parties and treated in the Mahr Túnel plant.

MINES

San Cristóbal Mine
In 2012 a total of 1,524,848 tons of ore were mined and 1,516,208 tons were processed with average grades of 5.21% Zn, 0.62% Pb, 0.14% Cu, and 3.25 oz Ag/t. The annual mining progress totaled 2,412 m, with 8,063 m under development and 5,055 m in preparation. Drilling works totaled 9,865 m. The average production per day was 4,278 tons.

Throughout the year the process for the improvement of mine standards continued. Progress was made with the concrete slab infrastructure for the main mine pathways, the construction of three main powder kegs, additional workshops, dining halls, and the execution of the primary drainage projects was commenced at levels 1020 and 1070, allowing for greater reliability in drill-down works.

Additionally, the ramp preparation designs were redefined in order to make the mining process more dynamic and productive. A raise bore chamber program was also

implemented to improve the primary and secondary ventilation system.

On the other hand, old works in the main galleries continued to be supported. A long hole drill was acquired for mining, helping to improve productivity and reduce mining costs. The ore contribution of this method was 55%.

Andaychagua Mine
In 2012 a total of 959,830 tons of ore was mined and processed in the Andaychagua mine, with average grades of 4.97% Zn, 0.98% Pb, 0.11% Cu, and 5.04 oz Ag/t. Annual mining progress totaled 1,378 m, with 6,279 m under development, and 5,097 m in preparation. The drilling works totaled 14,469 m. The average production per day was 2,630 tons.

Over the course of the year priority was given to the standardization of works, improvement of the cement backfill system, and upgrading of the mine fleet.

The project on the mine’s interior communications system,

the paving project, and operations on the drainage system at level 1000 were concluded. Works were commenced for the upgrading of the old drainage system, including parallel lines to back up the system.

Ticlio Mine

In 2012 the Ticlio mine produced 260,921 tons with average grades of 4.50% Zn, 1.11% Pb, 0.22% Cu, and 1.90 oz Ag/t. Annual mining progress totaled 2,214 m, with 2,847 m under development, and 1,309 m in preparation. The drilling works totaled 7,358 m. The average mine production was consolidated at 800 tons per day.

Over the course of the year the project for the new drainage system at level 10 was concluded, allowing for development at depth thanks to the positive results of the bore holes.

It is important to note the exploration achievements in the Ariana mass, allowing the increase in production volume and quality of the mine.

Carahuacra Mine

In 2012 the Carahuacra mine produced 275,219 tons of ore, with average grades of 6.15% Zn, 0.26% Pb, and 2.10 oz Ag/t. Annual mining progress totaled 296 m, with 1,871 m under development, and 1,139 m in preparation. Drilling works totaled 3,408 m. The average mine production was consolidated at 760 tons per day.

Mining was performed primarily in the Huaripampa mass and the ventilation system was improved via the development of a surface raise bore hole.

Midway through the year the mine was successfully mechanized

through the use of mechanized support systems, progress with higher-capacity jumbos and scoops, and mining with long hole drills.

Carahuacra Norte or Gavilán Pit

A total of 325,059 tons of ore was extracted from the Carahuacra Norte or Gavilán Pit in 2012 and 231,017 tons were treated with average grades of 1.83% Zn, 0.34% Pb, and 3.62 oz Ag/t. The production of this open pit helped compensate for the lower production in Ticlio and San Cristóbal.

TREATMENT PLANTS

Victoria Plant

During 2012 this plant processed 1,519,070 tons of ore, with average grades of 5.03% Zn, 0.58% Pb, 2.96 oz Ag/t, obtaining 131,769 tons of zinc concentrate; 16,560 tons of lead concentrate; and 3,858,525 ounces of silver in concentrates, and achieving

a metallurgical recovery of 90.9% for zinc, 84.9% for lead, and 85.7% for silver.

Investments were made to optimize the crushing, filtering, and tailings disposal processes. Special attention was given to the plant infrastructure in order to improve operating standards and a new copper recovery circuit was implemented. Work also continued for the expansion of the Rumichaca tailings dam as well as the studies for the new Chumpe tailings dam which will ensure over 35 more years of operations. Engineering studies were also drafted to improve crushing and a project was commenced to increase plant capacity to 4,500 tons per day.

Mahr Túnel Plant

During 2012 this plant processed 988,438 tons of ore, with average grades of 4.52% Zn, 1.61% Pb, 0.27% Cu, and 2.77 oz Ag/t, obtaining

76,756 tons of zinc concentrate; 21,388 tons of lead concentrate; 7,652 tons of copper concentrate; and 2,378,683 ounces of silver in concentrates, and achieving a metallurgical recovery of 90.8% for zinc, 89.6% for lead, 58.3% for copper, and 86.9% for silver.

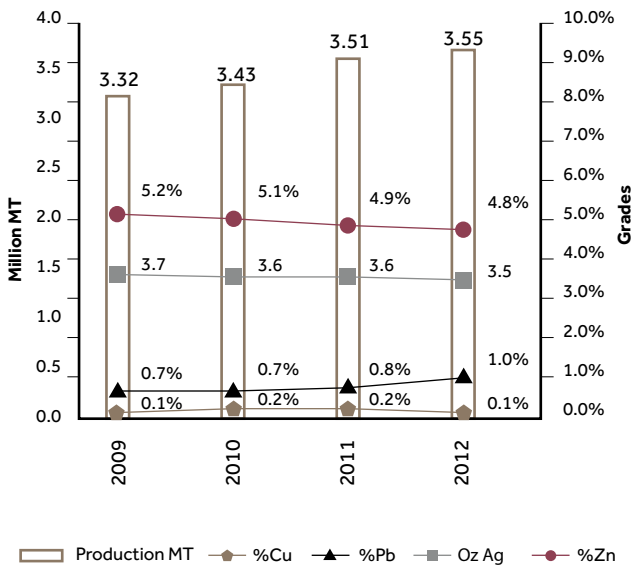
Andaychagua Plant

During 2012 this plant processed 1,042,305 tons of ore, with average grades of 4.74% Zn, 0.94% Pb, 0.10% Cu, and 4.95 oz Ag/t, obtaining 80,084 tons of zinc concentrate; 16,985 tons of lead concentrate; 374 tons of copper concentrate; and 4,853,403 ounces of silver in concentrates, and achieving a metallurgical recovery of 88.6% for zinc, 91.3% for lead, 8.1% for copper, and 94.0% for silver.

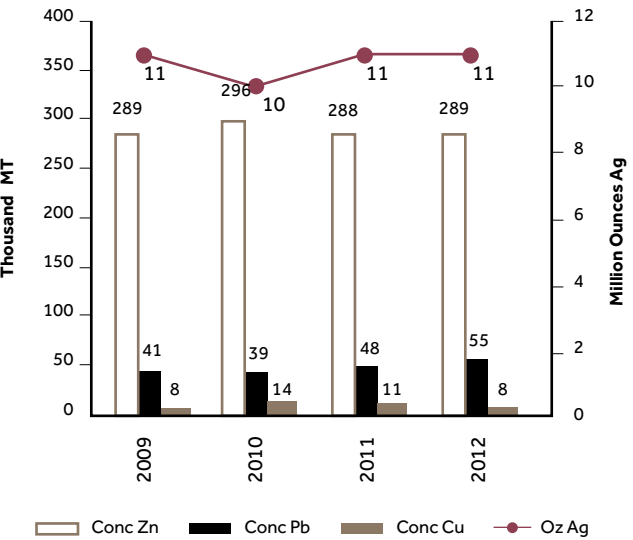
Also during 2012 the Andaychagua 2 plant - a former nickel plant - was

incorporated into the operation, with a capacity of 150 tpd. Starting in 2013 the treatment capacity is expected to increase to 500 tpd.

Evolution of Production and Annual Grades – Yauli



Evolution of Concentrate Production and Ounces of Silver – Yauli



OUTLOOK
Yauli UEA

The future strategy for Yauli UEA is based on the consolidation of the reserve and resource levels which will make it possible to plan mining and evaluate alternative means of increasing product. The results of the exploration program have proven the continuity at depth of the most important veins.

This future outlook has lead us to optimize the production processes for all the mines, increasing the ore contribution using the long hole drill method in the San Cristóbal mine to 70%, 100% in the Carahuacra mine, and 100% in the Ticlio mine. To achieve this it will be necessary to guarantee the production contribution levels of Ticlio at 1,500 tpd over the next 12 months.

There are also plans in place to centralize operations at the Andaychagua mine in order to improve productivity. Simultaneously, an aggressive exploration and development program will be carried out in the structures associated with the Andaychagua vein.

During the second half of 2013 there are plans to expand the Victoria plant to a capacity of 4,500 tpd.

During 2013 there are plans to complete the geological, geotechnical, and mine design studies for the Zoraida Project and continue with the explorations and modeling of the Oyama Copper Project. Both projects are located near Andaychagua. Another goal is to increase in treatment capacity of the Andaychagua Unit to 3,200 tpd. During the second half of 2013 there are plans to expand the Victoria plant to a capacity of 4,500 tpd. The support for this expansion is based on the increase in the production of the Carahuacra and San Cristóbal mines.

Additionally, during the second half of 2013 there are plans to replace the ore coming from third parties with ore from San Cristóbal in the Mahr Túnel plant and increase the open pit contribution from Carahuacra Norte (Gavilán) at a rhythm of 1,500 tpd. A second unit (flash) cell will be incorporated into the Andaychagua plant to improve lead recovery.

Next year the expansion of the Andaychagua Alto, Rumichaca, and No. 6 tailings dams will continue

in order to guarantee the tailings storage capacity. The largest project - the Chumpe tailings dam, which is still in the engineering development phase - is scheduled for completion in 2013.

At present the Company is continuing with infrastructure improvements in the Unit. Among the most important projects is the construction of the Roberto Letts shaft, which will reduce transport costs and improve productivity in the Andaychagua mine. The Victoria Tunnel Project will also startup, which will help lower transport costs from inside the mine to the Victoria and Mahr Túnel plants. The Company will continue with the mine communications system, in order to improve the communications and data flow, optimize coordination, and increase the monitoring of personnel and equipment, which will be reflected in better control of operating cycles and increased productivity.

It is important to note that the Yauli UEA has undergone significant growth over the last several years,

and now contributes over 50% of the Company's sales. For this reason, the organization of the Unit was restructured in accordance with the objectives of safety management, process improvement, operating excellence, increased productivity, and cost reduction. As part of this process, the Andaychagua Operations Department, San Cristóbal Operations Department, and the Ticlio General Superintendent's Office were created.

Tractor in a tailings dam - Andaychagua



Cerro de Pasco UEA

Empresa Administradora Cerro
Cerro de Pasco UEA is located approximately 295 km from Lima, in the District and Department of Cerro de Pasco. It may be reached via the central highway.

This Unit consists of the Paragsha underground mine and Raúl Rojas open pit. This pit is located near the city of Cerro de Pasco, with a population of 80,000 inhabitants.

The ore is processed at two concentrator plants: Paragsha, which has a capacity of around 6,500 tons of ore per day; and San Expedito, with a capacity of roughly 1,500 tons per day.

During 2012,ore from the underground mine and open pit was processed at the Paragsha concentrator plant, which also received ore from Vinchos, Islay (Chungar) and San Sebastián, each treated separately. The San Expedito plant processed ore from the silver pyrites stockpiles. The consolidated production of Cerro de Pasco in 2012 was 2,655,895 tons, representing approximately 19% of Volcan’s total sales.

Raúl Rojas Open Pit
Stages 5 and 6 of Phase 3 ore production recommenced in the eastern wall of the Raúl Rojas open pit, and finished in September 2012. Production totaled 1,276,977 tons of ore, with treatment grades of 3.28% Zn, 1.42% Pb, and 2.93 oz Ag/t.

Paragsha Underground Mine
In 2012 mine production amounted to 476,197 tons, with grades of 5.23% Zn, 1.60% Pb, and 3.53 oz Ag/t. Mine progress totaled 3,949 m, with 3,814 m in preparation, and 956 m under exploration. Bore holes were drilled for a total of 6,810 m.

During the course of the year, the first stage of the neutral drainage project in Chamber 8212 was completed. Pending completion of the second stage is awaiting the arrival of two pumps, in order to guarantee the evacuation of 9,000 gpm of water from the underground mine.

Production from Vinchos and Islay
Due to the drop in production from the underground mine and

the halting of operations at the Raúl Rojas open pit, ore from Islay, Vinchos, and San Sebastián was taken to the Paragsha plant for processing. Vinchos contributed 133,957 tons with grades of 2.14% Zn, 1.90% Pb, and 6.59 oz Ag/t; Islay contributed 98,896 tons with grades of 1.45% Zn, 0.76% Pb, and 7.83 oz Ag/t; and San Sebastián contributed 1,567 tons with grades of 3.17% Zn, 2.38% Pb, and 3.78 oz Ag/t.

Silver Pyrites Stockpile Production
In 2012 668,301 tons of ore with silver-bearing pyrites were mined, with 11.55 oz Ag/t. This ore was treated in the San Expedito plant as part of the metallurgical research program of the silver pyrites project.

During 2012 668,301 tons of ore were extracted from the silver pyrites stockpiles, with 11.55 Oz Ag/T.

TREATMENT PLANTS

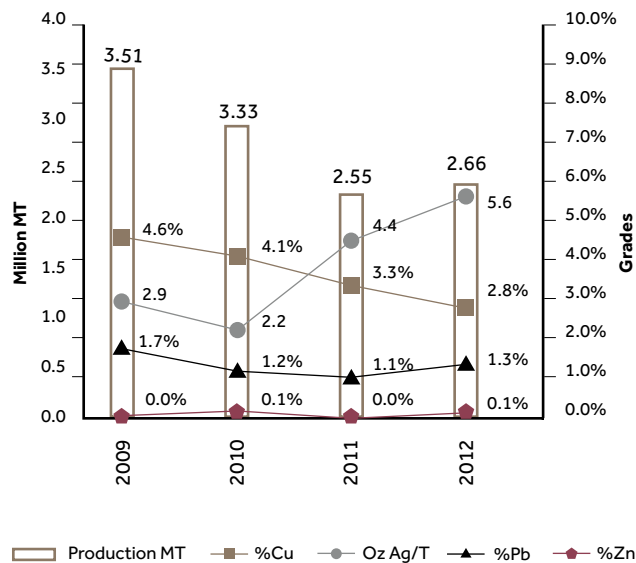
Paragsha Plant
The Paragsha plant processed 1,987,594 tons of ore with grades of 3.58% Zn, 1.47% Pb, and 3.56 oz Ag/t, yielding 101,935 tons of zinc concentrate, 36,999 tons of lead concentrate, and 4,233,239 ounces of silver in concentrates. Metallurgical recoveries totaled 64.4% for zinc, 59.4% for lead, and 59.8% recovery of silver in lead and zinc concentrates.

Plant operations were halted on December 23 due to a drop in the production levels of the underground mine and the closing of the Raúl Rojas open pit. A new pipeline and three additional pumps were installed at the Ocroyoc tailings dam in order to increase the flow volume of water recirculated into to the Paragsha reservoir, thus guaranteeing a flow of 10,000 gpm.

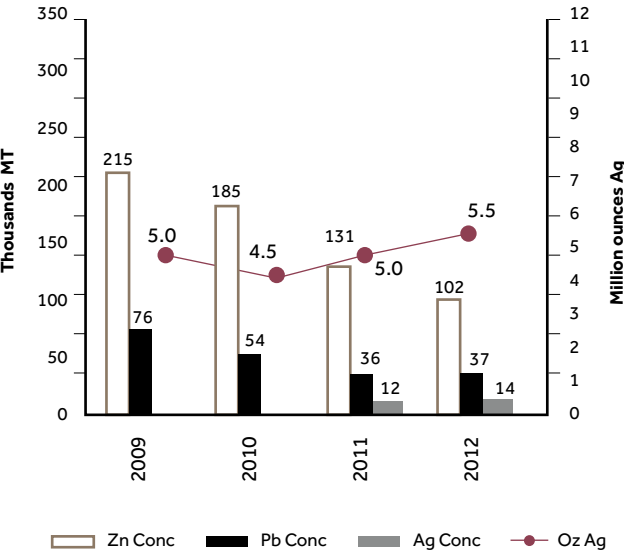
San Expedito Plant
This plant processed silver pyrites from the stockpiles, totaling 668,301 tons of ore, with 11.55 Oz Ag/T of ore. Production came to 14,006 tons of bulk commercial silver, containing 1,261,976 Oz Ag.

In 2013 the San Expedito plant will process polymetallic ore coming from the Paragsha underground mine, Vinchos, and Islay.

Evolution of Production and Annual Grades – Cerro de Pasco



Evolution of Concentrate Production and Ounces of Silver – Cerro de Pasco



OUTLOOK

Cerro de Pasco UEA

The future strategy for Cerro de Pasco UEA will focus on improving indicators for safety management and consolidating the implementation of the Dupont management system.

Likewise, the underground mining operations will be strengthened in order to ensure sustainable production levels. Production levels are also expected to increase in Vinchos and Islay. Improvements will be made to the hydraulic backfilling for the Paragsha mine, guaranteeing its stability, and optimizing the air, water, electricity, and ventilation services, thus prioritizing the operating areas. Additionally, the San Expedito plant will be expanded and consolidated into a polymetallic ore treatment plant.

As part of the Company's strategy of increasing silver production, special attention will be paid to the progress of the oxides treatment plant project which is scheduled to commence operations at the end of 2013. Metallurgical research will be intensified in order to increase the concentration of silver in pyrites through ultra-fine grinding and subsequent flotation.

Atacocha Lagoon - Rondoní



Logging diamond drilling cores - Rondoní



In 2013 special attention will be paid to the progress of the oxides treatment plant project, scheduled to commence operations at the end of 2013.

Simultaneously, efforts will be made to minimize the impacts on the environment through the expansion of a neutralization plant which will duplicate the acid water treatment levels. The system used to handle acid waters from the Quiulacocha tailings dam will also be separated and the works assumed in the Environmental Emergency Declaration (EED) will be completed.

The polymetallic mineralization studies in the western wall will also be finished in order to gain access to the respective reserves for mining in the shortest term possible.

As part of the restructuring process of the operations the Company will continue to offer incentivized

early retirement plans to its oldest employees, in order to adapt the organizational structure to the current situation of the Unit.

Lastly, the possibility of implementing exploration projects has been raised in order to look for copper and gold deposits in the operation's surroundings.

Short-term expectations for the Unit involve the consolidation of polymetallic ore treatment; over the medium term, to increase silver production; and for the long term, to migrate to exploration for Cu, Cu-Au, and the production of these minerals.



Chungar UEA

Empresa Administradora Chungar
Chungar UEA is located in the Department of Cerro de Pasco and consists of two underground mines - Animón and Islay - and a concentrator plant with a processing capacity in 2012 of approximately 4,500 tons per day.

In 2012 a total of 1,620,642 tons of ore were processed, representing 27% of Volcan's total sales.

MINES

Animón Mine
During 2012 a total of 1,333,609 tons of ore were mined with average grades of 7.69% Zn, 1.91% Pb, 0.20% Cu, and 2.97 oz Ag/t. Progress in explorations totaled 4,275 m, with 6,381 m under development and 8,460 m in preparation. The average production per day was 3,638 tons.

A total of 24,119 m bore holes were drilled in order to evaluate the continuity of resources in the deepest sections of the mine, and to find ore at higher levels, with highly positive results.

Islay Mine
During 2012 a total of 410,191 tons of ore were mined, with average grades of 1.34% Zn, 0.65% Pb, 0.04% Cu, and 9.30 oz Ag/t. Progress in explorations totaled 813 m, with 1,828 m under development and 1,700 m in preparation. A total of 1,898 m of boreholes were drilled in the operative sector of the mine and 1,225 m of regional exploration in new and potential areas, whose results are still being processed.

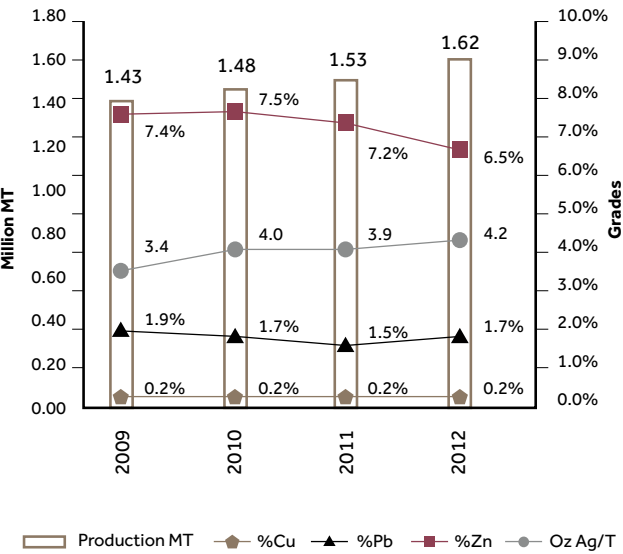
Over the course of the year 96,058 tons of ore was sent to Cerro de Pasco for treatment in the Paragsha plant.

TREATMENT PLANT

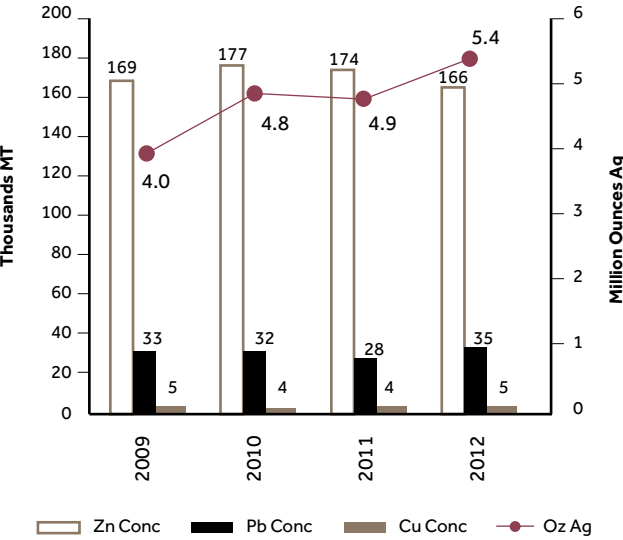
Animón Plant
During 2012 a total of 1,620,642 tons of ore were processed with treatment grades of 6.49% Zn, 1.67% Pb, 0.17% Cu, and 4.18 oz Ag/t. Pure metal production came to 96,908 tons of zinc, 23,325 tons of lead, 1,141 tons of copper, and 5,442,974 ounces of silver in concentrate.

During the third quarter of the year a bar mill was installed as part of the plant expansion project and completed in December 2012. As a result the treatment capacity was increased to 5,200 tons per day.

Evolution of Production and Annual Grades – Chungar



Evolution of Concentrate Production and Ounces of Silver – Chungar



View of the Huaroncocha Lagoon - Chungar

OUTLOOK

Chungar Unit

The Jacob Timmers Shaft Project is underway, with a capacity of 5,000 tons per day and will be finished during the first half of 2013.

The future strategy for UEA Chungar will be focused on consolidating the plant capacity at 5,200 tons per day. The expansion process is scheduled to be completed during the first quarter of 2013.

Long-term strategies include the review and improvement of processes aimed at cost reduction. With this goal in mind, the Company has been working on the expansion of the Animón mine to the west in the Janeth vein, which will make it possible to dig deeper and prepare lower levels. Work is also being done to change the mining method from overhand cut and fill with conventional drilling to vertical long hole drilling.

Similarly, the Jacob Timmers Shaft Project is underway, with a capacity of 5,000 tons per day and will be finished during the first half of 2013, helping to reduce personnel, ore, and waste rock transport costs.

The increase in treatment capacity of the concentrator plant will come mainly from the Islay mine, which will increase its contribution to 2,000 tons per day starting in April 2013.

Among the improvements to be implemented in the plant is an automation system for all the processes, making the plant more modern, with a quicker metallurgical response.

Another major project that will supplement the operation of the concentrator plant is the construction of a new tailings deposit which will ensure at least ten more years of operations. Additionally, a paste backfill study is being performed in the underground mine which would make for a closed circuit in the process and minimize excess tailings sent to the tailings dam.

Zinc Filter - Animón Concentrator Plant



EXPLORATIONS

Following the trend of previous years, Volcan seeks to expand its horizons, exploring and evaluating new opportunities outside its current operations.

Volcan has a strong regional exploration program focused on central Perú which aims to discover and increase ore resources and enable us to replace our reserves and increase the life of our operations as well as diversify our metal markets. Thus, in addition to exploring for polymetallic deposits Volcan has primarily focused on developing silver and copper projects.

Over the last five years more than 300,000 m of bore holes were drilled, as detailed below:

Year	2008	2009	2010	2011	2012
Meters	66,000	18,000	67,000	92,000	63,000

This has enabled Volcan to successfully develop zinc, lead, and silver projects such as Alpamarca, Palma, and San Sebastián; silver projects such as Islay, Río Pallanga, and Zoraida; and copper projects such as Rondoní and Oyama. Thus, during 2012, exploration led to mining in Alpamarca; the prefeasibility stage of the Rondoní Project; the definition of reserves and resources in the Río Pallanga Project; the definition of resources for the Oyama and Palma Projects; and preliminary drilling in the San Sebastián and Santiago de Oropeza Projects. Furthermore, Volcan has prospects in the initial exploration phase such as Yanama, Puy Puy, Carhuacayán, Acejar, Pampa Cuatro, among others.

In 2013 there are plans to develop a major drilling program for all exploration projects which will make it possible to continue advancing with these projects.

Volcan will also seek to expand its horizons by exploring and evaluating new opportunities outside its operations as it has in previous years, thus feeding its growth both inside Perú and abroad.

REGION OF YAULI

The Yauli dome consists of a “structural window” in the central Andes where there are important polymetallic operations such as those of Volcan, Glencore, Pan-American Silver, and Chinalco groups.

During 2012 over 11,059 m were drilled in the Zoraida project (silver-lead-zinc) in addition to the geological surveying in the surroundings, resulting in satellite

prospects that will increase the project’s potential. In the Yanama project (lead-zinc-silver-copper) geophysical explorations were initiated.

Zoraida

Located in the District of Suitucan-cha, 7 km South of Andaychagua, this project contains polymetallic reserves, mainly silver with lead and zinc.

During 2012 a total of 11,059 m were drilled, making it possible to validate the previously proposed geological model and discover new mineralized structures to the Northwest of the Zoraida vein, and increasing the ore resources in the area in the future.

Resources	MT	%Cu	%Pb	%Zn	oz Ag/MT	gr Au/MT
Measured	-	-	-	-	-	-
Indicated	769,300	0.03	1.51	0.88	3.19	-
Inferred	677,000	0.02	1.28	0.79	2.43	-

Ore hoppers.



At the end of the first quarter of 2013, the estimation of ore resources and the geological model will be concluded, and the project will proceed with development and subsequent mining.

Considering the significant discovery of new structures with silver, lead, and zinc mineralization controlled by structures running parallel to the Zoraida fault, exploratory bore holes have also been programmed to the West of the mineralized system which will allow for the expansion of the deposit’s potential.

Zoraida borders other important polymetallic prospects of the Yauli UEA (Aerolito, Trafalgar, Milanza, Yacuarrumi, and Pullca) whose exploration is already scheduled.

Yanama

During the last quarter of 2012 magnetometric surveying was performed in the Yanama prospect, defining a major magnetometric anomaly in the Western margin of the prospect which coincides with outcrops with skarn alteration, suggesting a possible hidden polymetallic deposit. Thus, for 2013 there are plans to conduct geochemical and geophysical explorations to prepare an exploratory drilling campaign, processing the environmental permits and easements for use of the surface terrain.

REGION OF CERRO DE PASCO

The Region of Cerro de Pasco is one of the most important areas of polymetallic mineralization (zinc, lead, and silver) in the world. Apart from the Cerro de Pasco mine, other large mines in the area are operated by the Buenaventura and Votorantim Groups.

Given the priority of the oxides project, during 2012 a total of 3,661.50 m were drilled in the oxides stockpiles and 5,800 m in the pyrites stockpiles for a total of 9,461.50 m drilled, making it possible to estimate the ore reserves.

Geological surveying was also begun in the mining properties of Pampa Cuatro - located to the West of Cerro de Pasco and bordering the Pampa II project of Corporación Minera Centauro - in order to explore copper and silver mineralization.

Additionally, drilling exploration began in the San Sebastián project with a total of 11,444 m of bore holes, detecting an area with copper anomalies related to a skarn deposit and discovering structures with heavy silver, lead, zinc, and gold mineralization that demonstrate the continuity of the project at depth.

Pampa Cuatro (Malarin)

Located in the Community of Santa Ana de Pacoyán, 21 km West of Cerro de Pasco and 5 km north of the Quicay mine, it comprises nine adjacent claims with a total of 8,400 ha.

In 2012 the first geological exploration works were commenced with a soil sampling program in the south sector, adjacent to the properties of Corporación Minera Centauro, where evidence has been found of copper and gold mineralization in a porphyry deposit.

The soil sampling is scheduled to be completed next year, supplementing it with geophysical studies and exploratory bore holes in order to determine the potential of the area.

San Sebastián

The old San Sebastián mine is located 1 km to the West of the town of La Quinua, in Cerro de Pasco, immediately to the south of the Atacocha concessions and surrounded by concessions owned by Milpo. It is less than 20 km from the San Expedito plant of Cerro de Pasco UEA along a packed dirt road.

In previous years this mine was exploited on a small scale, in structures with mineralized pay

streaks measuring 40 to 50 m, with very high grades of 10 oz Ag/t, 9% Pb, and 4.7% Zn, which have currently pinched out at depth.

In 2012 drilling was performed for a total of 11,444 m, exploring the skarn in the Northeast sector and the veins in the Southeast sector. In the skarn, masses were cut with evidence of copper, lead, and zinc mineralization, suggesting further exploration works to better define the area. In the vein area, up to eight structures have been intercepted that may correspond to the veins encountered above this level, which were mined by the old San Sebastián mine.

Both the results and the first estimation of ore resources in this deposit will be obtained in 2013, making it possible to schedule mine development works.

REGION OF CHUNGAR

In 2012 an exploration brigade was created in this region in order to recommence explorations around the mine and create district and regional exploration projects. Bore holes were drilled near the Islay mine for a total of 2,861 m.

The Don Miguel, Shalca, and Jimena Breccia prospects were also reviewed, and geological reevaluation works will be scheduled for the coming year. There are also plans to perform significant amounts of drilling inside the Unit.

Río Pallanga

The mining district of Río Pallanga is located 10 km North of the Alpamarca mine, in the District of Santa Bárbara de Carhuacayán, at 4,700 m above sea level.

In 2012 a total of 10,743 m were drilled to the Northeast of the San José of Río Pallanga vein in Pillococha and in Colquihuarmi.

This area is also the site of related prospects with strong hydrothermal alteration systems associated with volcanic systems. During the geological surveying performed in 2012 a volcanic center was defined, located

in Pillococha Hill to the Northeast of the old Río Pallanga mine, exhibiting geochemical gold and antimony anomalies. As such, an intense geochemical exploration campaign is being scheduled which will enable the programming of the first exploratory bore holes during the second half of 2013.

REGION OF LIMA

Palma

The Palma project is located in the District of Antioquia, Province of Huarochirí, Department of Lima, at 1,710 m above sea level, and is accessible by partially paved road. The project, which is the exclusive property of Volcan - through its subsidiary Empresa Administradora Chungar - consists of nine mining concessions with a total of 6,821 ha. Starting at the end of 2011 and throughout all of 2012 a drilling campaign was performed in the sector of the old Palma mine, totaling 14,355 m and defining mineralized beds with zinc, lead, and silver.

The first geological modeling study and the first estimation of inferred resources of the project are scheduled to conclude during the first quarter of 2013, after which the first scope study will be commenced,

continuing with the basic stages of the project.

Metallurgical and mineralogical studies, along with an infill drilling campaign are also planned for next year, which will make it possible to convert inferred resources into measured and indicated resources. Likewise, explorations will continue in the rest of the mining district to determine the project's potential.

Resources	MT	%Cu	%Pb	%Zn	oz Ag/MT	gr Au/MT
Measured	36,000	0.12	3.88	4.03	6.69	-
Indicated	23,000	0.11	3.83	4.46	6.12	-
Inferred	230,000	-	9.65	4.70	10.36	-

Resources	MT	%Cu	%Pb	%Zn	oz Ag/MT	gr Au/MT
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Inferred	5,603,000	-	-	5.97	0.56	-

REGION OF HUÁNUCO

Rondoní

In 2012 the Rondoní project was in the prefeasibility study phase, carried out by the company Amec. The results will be handed in during the first several months of 2013. Simultaneously, drilling exploration has been performed in the Acejar

prospect along with geological surveying in the Muschca mining property, acquired in 2012, which will help expand the exploration objectives in the Rondoní mining district.

Resources	MT	%Cu	%Pb	%Zn	oz Ag/MT	gr Au/MT
Measured	-	-	-	-	-	-
Indicated	26,984,578	0.47	-	-	-	-
Inferred	23,606,272	0.43	-	-	-	-

Acejar

The Acejar prospect is located 1.5 km Southwest of the Rondoní project, in the District of San Antonio de Rondoní, Province of Ambo, Region of Huánuco, between 3,800 and 4,150 m above sea level. It is accessible via a packed dirt road running from the town of Cayna.

was carried out, defining a stratiform ore body with an average grade of 0.49% Cu.

The geological modeling and estimation of ore resources will be concluded by the end of the first quarter of 2013, based on which it will be possible to make a decision on whether or not to integrate the ore resources of Acejar into the Rondoní project.

Resources	MT	%Cu	%Pb	%Zn	oz Ag/MT	gr Au/MT
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Inferred	8,335,000	0.49	-	-	-	-

Sedimentation ponds from diamond drillings - Rondoní



ORE RESERVES AND RESOURCES

The ore reserves and resources have been estimated to December 31, 2012, in accordance with the international standards established by the Joint Ore Reserves Committee (JORC).

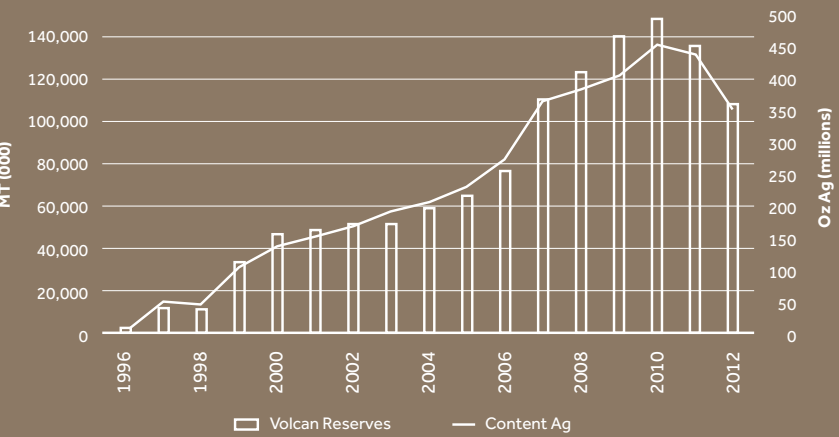
Ore reserves include ore classified as proven and probable. Reported ore resources are additional to ore reserves and include planned dilution. The prices used for the calculations are as follows: Cu: \$6,500/t, Pb: \$1,800/t, Zn: \$1,800/t, and Ag \$20/oz.

Estimated Ore Reserves

Reserves	MT	%Cu	%Pb	%Zn	Oz/Ag MT
Proven	27,166,615	0.12	1.21	5.37	4.20
Probable	82,506,666	0.12	0.99	3.22	2.91
Total	109,673,281	0.12	1.05	3.75	3.23

Historical Evolution of Reserves – Volcan and Subsidiaries

Year	MT (000)	% Cu	% Pb	% Zn	MT Zn	Oz/Ag MT
1996	2,318	0.00	1.10	8.80	204,000	2.90
1997	11,439	0.30	1.10	7.30	835,000	4.20
1998	11,247	0.30	1.20	7.50	843,500	4.00
1999	33,144	0.10	2.10	8.10	2,684,600	3.10
2000	46,769	0.10	2.10	7.70	3,601,200	2.90
2001	48,459	0.10	2.20	8.10	3,925,200	3.10
2002	51,467	0.10	1.90	7.00	3,602,700	3.20
2003	51,620	0.10	2.00	6.90	3,561,800	3.70
2004	58,680	0.10	1.60	5.80	3,403,400	3.50
2005	64,553	0.10	1.90	6.40	4,131,400	3.60
2006	76,455	0.10	1.70	5.80	4,434,400	3.60
2007	110,320	0.00	1.50	4.80	5,295,400	3.30
2008	123,129	0.00	1.30	4.20	5,171,400	3.10
2009	140,260	0.00	1.30	4.00	5,610,400	2.90
2010	148,429	0.06	1.15	3.85	5,714,500	3.05
2011	135,691	0.05	1.12	3.86	5,237,700	3.23
2012	109,673	0.12	1.05	3.75	4,112,400	3.23



In general, the exploration works at the operations have succeeded in replacing the ore production carried out during the year. The reserves of the mining units present minor variations with regards to the previous year, with the exception of the traditional operations of the Cerro de Pasco Unit. The new scenario faced by this Unit in order to move forward with its operations involves higher costs which require the implementation of a higher cut-off grade, directly affecting the volume of the reserves.

Metal Prices Used in Estimating Reserves

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Copper US\$/MT	1,850	1,850	2,000	2,000	2,500	5,000	5,000	5,000	5,000	6,500	6,500	6,500	
Lead US\$/MT	500	500	600	800	800	1,000	1,800	1,500	1,800	1,800	1,800	1,800	1,800
Zinc US\$/MT	1,150	1,150	1,170	1,170	1,170	1,800	1,800	1,500	1,800	1,800	1,800	1,800	1,800
Silver US\$/oz	5.20	5.20	6.00	6.00	6.00	9.00	12.00	12.00	12.00	12.00	15.00	15.00	20.00
Gold US\$/oz	300	300	350	350	350	400	700	700	700	900	1,000	1,000	1,000

The proven and probable ore reserves are presented below by economic unit, to December 31, 2012

UNIT	CLASS	MT	Cu (%)	Pb (%)	Zn (%)	Ag (oz/t)	CONTENTS			
							Cu (t)	Pb (t)	Zn (t)	Ag (oz) Million
Yauli	Proven	14,606,400	0.15	0.99	5.93	4.41	21,200	144,400	866,200	64.4
	Probable	17,756,700	0.16	0.93	5.20	4.11	28,100	165,900	923,300	73.0
	Subtotal Yauli	32,363,100	0.15	0.96	5.53	4.25	49,300	310,300	1,789,500	137.4
C. de Pasco	Proven	4,468,845	0.00	1.63	3.97	4.24		72,800	177,600	19.0
	Probable	57,478,318	0.11	0.99	2.57	2.43		566,300	1,476,900	139.9
	Subtotal Cerro	61,947,163	0.10	1.03	2.67	2.57		639,100	1,654,500	158.9
Chungar	Proven	7,024,870	0.16	1.43	5.69	3.90	11,400	100,700	399,600	27.4
	Probable	3,007,603	0.15	1.32	6.10	3.05	4,400	39,600	183,500	9.2
	Subtotal Chungar	10,032,473	0.16	1.40	5.81	3.65	15,800	140,300	583,100	36.6
Alpamarca - Río Pallanga	Proven	872,000	0.08	0.98	1.34	2.44	700	8,500	11,700	2.1
	Probable	4,096,945	0.13	1.05	1.68	4.24	5,400	42,900	69,000	17.4
	Subtotal Alpamarca	4,968,945	0.12	1.04	1.62	3.92	6,100	51,400	80,700	19.5
Vinchos	Proven	194,500	0.03	1.67	1.43	6.29		3,200	2,800	1.2
	Probable	167,100	0.03	1.52	0.93	5.78		2,500	1,600	1.0
	Subtotal Vinchos	361,600	0.03	1.60	1.20	6.05		5,700	4,400	2.2
TOTAL	Proven	27,166,615	0.13	1.21	5.37	4.20	33,300	329,600	1,457,900	114.1
	Probable	82,506,666	0.12	0.99	3.22	2.91	37,900	817,200	2,654,300	240.4
	Total	109,673,281	0.12	1.05	3.75	3.23	71,200	1,146,800	4,112,200	354.6

Reserves Classified by Mining Method

UNDERGROUND MINES		MT	Cu %	Pb %	Zn %	Ag oz/t
UNIT	MINE					
Yauli	San Cristóbal	16,006,500	0.18	1.03	6.31	4.19
	Carahuacra	2,449,600	0.06	0.43	8.02	2.31
	Andaychagua	10,888,000	0.14	0.88	4.26	5.38
	Ticlio	2,069,000	0.15	1.67	4.76	1.76
C. de Pasco	Paragsha Mine	952,163	-	2.45	7.39	3.24
Chungar	Animón	8,383,428	0.18	1.54	6.67	2.48
	Islay	1,649,045	0.04	0.66	1.44	9.58
	Shalca	-	-	-	-	-
Alpamarca	Río Pallanga	425,945	0.33	0.86	1.54	13.38
Vinchos	Vinchos	361,600	0.03	1.60	1.20	6.05
	Subtotal	43,185,281	0.15	1.11	5.64	4.23
OPEN PITS		MT	Cu %	Pb %	Zn %	Ag oz/t
UNIT	MINE					
Yauli	Carahuacra N & Others	950,000	0.01	0.50	2.12	2.51
	Zoraida	-	-	-	-	-
C. de Pasco	Raúl Rojas	45,798,000	0.00	1.16	3.32	1.38
	Oxides in-Situ	5,470,000	-	-	-	4.44
Alpamarca	Alpamarca	4,543,000	0.10	1.05	1.63	3.04
	Subtotal	56,761,000	0.01	1.03	2.84	1.82
STOCKPILES		MT	Cu %	Pb %	Zn %	Ag oz/t
UNIT	MINE					
C. de Pasco	Marginal SP	-	-	-	-	-
	Oxides SP	3,503,000	-	-	-	7.74
	Pyrite Sulfides SP	6,224,000	0.98	1.35	1.05	6.64
	Subtotal	9,727,000	0.63	0.86	0.67	7.04
TOTAL		109,673,281	0.12	1.05	3.75	3.23

Ore Resources

The ore resources shown below represent the remaining portion of the ore resources that have not yet demonstrated economic feasibility.

The exploration studies and works schedules and subsequent evaluations are aimed at gradually reclassifying them as proven or probable reserves.

Measured and Indicated Resources by Mining Unit

UNIT	CLASS	MT	Cu (%)	Pb (%)	Zn (%)	Ag (oz/t)	CONTENTS			
							Cu (t)	Pb (t)	Zn (t)	Ag (oz) Million
Yauli	Measured	2,929,000	0.08	0.64	3.50	2.11	2,500	18,700	102,500	6.2
	Indicated	12,008,800	0.41	0.69	2.53	2.08	49,000	71,100	303,700	25.0
	Subtotal Yauli	14,937,800	0.34	0.60	2.72	2.08	51,500	89,800	406,200	31.1
C. de Pasco	Measured	13,860,843	0.01	2.59	6.97	3.40		358,500	965,400	47.1
	Indicated	72,404,700	0.43	1.12	2.50	3.13		811,600	1,813,400	226.8
	Subtotal Cerro	86,265,543	0.36	1.36	3.22	3.17		1,170,100	2,778,800	273.8
Chungar	Measured	1,653,848	0.07	0.91	3.09	2.77	1,200	15,100	51,100	4.6
	Indicated	2,651,376	0.04	0.45	1.22	1.57	1,100	11,900	32,400	4.2
	Subtotal Chungar	4,305,224	0.05	0.63	1.94	2.03	2,300	27,000	83,500	8.7
Alpamarca - Río Pallanga	Measured	454,400	0.04	0.54	0.74	1.38	180	2,400	3,400	0.6
	Indicated	2,553,563	0.06	0.72	1.03	1.99	1,600	18,400	26,300	5.1
	Subtotal Alpamarca	3,007,963	0.06	0.69	0.99	1.90	1,780	20,800	29,700	5.7
Vinchos	Measured	72,000	0.11	1.84	1.89	3.48		1,300	1,360	0.3
	Indicated	962,800	0.07	1.34	2.71	4.02		12,900	26,100	3.9
	Subtotal Vinchos	1,034,800	0.07	1.37	2.65	3.98		14,200	27,460	4.1
Rondoní	Measured	0	0.00	0.00	0.00	0.00	0			
	Indicated	26,984,578	0.47	0.00	0.00	0.00	126,800			
	Subtotal Rondoní	26,984,578	0.47	0	0	0	126,800			
Palma	Measured									
	Indicated									
	Subtotal Palma									
San Sebastián	Measured	36,000	0.12	3.88	4.03	6.69	40	1,400	1,500	0.2
	Indicated	23,000	0.11	3.83	4.46	6.12	20	900	1,000	0.1
	Subtotal San Sebastián	59,000	0.12	3.86	4.20	6.47	60	2,300	2,500	0.4
TOTAL	Measured	19,006,091	0.03	2.09	5.92	3.10	3,920	397,400	1,125,260	59.0
	Indicated	117,588,817	0.42	0.79	1.87	2.25	178,520	926,800	2,202,900	265.0
Total		136,594,908	0.36	0.97	2.44	2.37	182,440	1,324,200	3,328,160	323.9

(*) Measured and indicated resources are in addition to reserves and are reported diluted

Inferred Resources by Mining Unit

UNIT	CLASS	MT	Cu (%)	Pb (%)	Zn (%)	Ag (oz/t)	CONTENTS			
							Cu (t)	Pb (t)	Zn (t)	Ag (oz) Million
Yauli	Inferred	32,516,000	0.24	0.81	5.05	3.65	77,100	267,300	1,638,400	118.9
C. de Pasco	Inferred	54,644,000	0.24	0.75	1.54	3.82		411,400	843,600	209.0
Chungar	Inferred	2,058,562	0.04	0.43	1.31	0.61	800	8,800	26,900	1.3
Alpamarca - Río Pallanga	Inferred	3,259,000	0.11	0.76	1.28	3.67	3,600	24,800	41,800	12.0
Vinchos	Inferred	699,000	0.05	1.93	3.09	5.05		13,500	21,600	3.5
Rondoní - Acejar	Inferred	31,941,272	0.45				142,300			
Palma	Inferred	5,603,000			5.97	0.56			334,500	3.1
San Sebastián	Inferred	230,000		9.65	4.70	10.36		22,200	10,800	2.4
Total		130,950,834	0.27	0.57	2.23	2.67	223,800	748,000	2,917,600	350.1

(*) Grades of the inferred resources are for reference purposes only.

Measured and Indicated Resources by Mining Method

UNDERGROUND UNIT	MINE	MT	Cu %	Pb %	Zn %	Ag oz/t
Yauli	San Cristóbal	4,634,800	0.26	1.11	5.78	3.36
	Carahuacra	605,000	0.05	0.73	6.07	2.96
	Andaychagua	1,851,000	0.06	0.42	2.32	2.54
	Ticlio	1,479,000	0.07	0.70	1.82	1.13
C. de Pasco	Paragsha Mine	20,649,343	0.05	3.21	8.51	3.36
Chungar	Animón	3,428,772	0.05	0.57	1.73	0.79
	Islay	675,452	0.05	0.46	0.98	7.88
	Shalca	201,000	0.07	2.25	8.68	3.49
Alpamarca	Alpamarca - Río Pallanga	1,362,963	0.11	1.18	1.72	3.33
Vinchos	Vinchos	1,034,800	0.07	1.37	2.65	3.98
Palma Project	Palma	-	0.00	0.00	0.00	0.00
San Sebastián Project	San Sebastián	59,000	0.12	3.86	4.20	6.47
Subtotal		35,981,130	0.08	2.21	6.31	3.08
OPEN PIT UNIT	MINE	MT	Cu %	Pb %	Zn %	Ag oz/t
Yauli	Carahuacra N & Others	776,000	0.01	0.43	1.76	0.95
	Zoraida	769,000	0.03	1.51	0.88	3.19
	Oyama	4,823,000	0.76	0.02	0.23	0.87
C. de Pasco	Raúl Rojas	16,115,200	0.05	0.83	2.68	1.03
	Pyrite Sulfides	29,550,000	0.85	0.85	1.43	4.62
Alpamarca	Alpamarca	1,645,000	0.02	0.28	0.38	0.71
Rondoní	Rondoní	26,984,578	0.47	0.00	0.00	0.00
Subtotal		80,662,778	0.52	0.50	1.11	2.00
STOCKPILES UNIT	MINE	MT	Cu %	Pb %	Zn %	Ag oz/t
C. de Pasco	Marginal Pb-Zn	5,982,000	0.00	0.61	1.95	0.56
	Oxides SP	3,608,000	0.00	0.00	0.00	2.07
	Pyrite Sulfides SP	10,361,000	0.50	0.82	0.48	3.91
Subtotal		19,951,000	0.26	0.61	0.83	2.57
Total Measured and inferred Resources		136,594,908	0.37	0.97	2.44	2.37

Inferred Resources by Mining Type

UNDERGROUND MINES UNIT	MINE	MT	Cu %	Pb %	Zn %	Ag oz/t
Yauli	San Cristóbal	19,332,000	0.24	1.01	6.36	4.50
	Carahuacra	3,194,000	0.15	0.33	5.55	2.01
	Andaychagua	4,869,000	0.17	0.60	3.32	3.83
	Ticlio	1,392,000	0.12	1.60	4.09	1.95
C. de Pasco	Mina Paragsha	1,295,200	0.05	2.66	7.58	2.31
Chungar	Animón	1,976,516	0.04	0.41	1.21	0.55
	Islay	28,046	0.01	0.13	0.32	2.76
	Shalca	54,000	0.03	1.13	5.36	1.65
Alpamarca	Alpamarca	931,000	0.11	1.09	1.83	3.00
	Río Pallanga	1,316,000	0.13	0.48	0.82	4.94
Vinchos	Vinchos	699,000	0.05	1.93	3.09	5.05
Palma Project	Palma	5,603,000	0.00	0.00	5.97	0.56
San Sebastián Project	San Sebastián	230,000	0.00	9.65	4.70	10.36
Subtotal		40,919,762	0.16	0.86	5.24	3.36
OPEN PITS UNIT	MINE	MT	Cu %	Pb %	Zn %	Ag oz/t
Yauli	Carahuacra N & Others	530,000	0.01	0.15	0.94	0.72
	Zoraida	677,000	0.02	1.28	0.79	2.43
	Oyama	2,522,000	0.63	0.03	0.19	0.77
C. de Pasco	Raúl Rojas	6,998,000	0.08	0.76	2.72	0.67
	In-situ Oxides	2,705,000	0.00	0.00	0.00	3.76
	Pyrite Sulfides	31,446,800	0.32	0.82	1.62	4.36
Alpamarca	Alpamarca	1,012,000	0.09	0.82	1.38	2.63
Rondoní	Rondoní	31,941,272	0.45	0.00	0.00	0.00
Subtotal		77,832,072	0.34	0.42	0.94	2.04
STOCKPILES UNIT	MINE	MT	Cu %	Pb %	Zn %	Ag oz/t
C. de Pasco	Oxides SP	3,419,000	0.00	0.00	0.00	4.40
	Pyrite Sulfides SP	8,780,000	0.29	0.75	0.52	4.44
Subtotal		12,199,000	0.21	0.54	0.37	4.43
Total Inferred Resources		130,950,834	0.27	0.57	2.23	2.67
Total Resources		267,545,742	0.32	0.77	2.33	2.52

The reported ore reserves and resources have been prepared based on the JORC Code and were reviewed by Edgard Vilela Vilela, Mining Engineer acting as a Qualified Person (QP).

PROJECTS

Mining Projects	Project Operating Unit	Expected Additional Annual Production	Estimated Completion Day	Status
Alpamarca - Río Pallanga	Alpamarca	3.5 million oz Ag	Q4 2013	Under construction
Rondoní	Rondoní	20,000 – 30,000 MT	To be defined	Prefeasibility study

Metallurgical Projects	Project Operating Unit	Expected Additional Annual Production	Estimated Completion Day	Status
Chungar Expansion	Chungar	2.0 million oz Ag	Q1 2013	Concluded
Oxides	Cerro de Pasco	3.5 – 5.0 million oz Ag	Q4 2013	Under construction
Pyrites Stockpiles	Cerro de Pasco	3.0 - 6.0 million oz Ag	Q3 2015	Metallurgic studies

MINING PROJECTS

Alpamarca – Río Pallanga Project

The Alpamarca project is located 4,700 m above sea level in the District of Santa Bárbara de Carhuacayán, Province of Yauli, Department of Junín, and consists of 2,100 ha of concessions in an area with considerable geological potential. It is a deposit comprising veins of lead, zinc, silver, and copper.

The old Río Pallanga mine is located 10 km from Alpamarca, 25 and 14 km Southwest of the Carhuacayán and Colquihuarmi prospects, respectively.

The project has an approved Environmental Impact Assessment (EIA) as well as the relevant permits from the communities. It involves the construction of a concentrator plant with a capacity of 2,000 tpd for the treatment of ore coming from the Alpamarca open pit and the Río Pallanga underground mine. It is estimated that an approximate investment of US\$128 million will be required and that operations will begin by the end of 2013. Production will be 3.5 million ounces of silver during the first few years.

This deposit will initially be mined as an open pit. Subsequently, the deeper areas will be exploited via an underground mine at a pace of 2,000 tons per day, with

the possibility of increasing this production to 3,000 tons per day.

The detailed engineering of the concentrator plant for the project is nearly finished and construction works were commenced in the third quarter of 2012.

The Río Pallanga project will increase the value of the Alpamarca project with an additional production of 500 tons per day of ore with high silver grades. Thus, Alpamarca will produce 1.5 million oz Ag/t per year. With the contribution from Río Pallanga it will total 3.5 million oz Ag/t per year for the first four years of the project’s lifespan.

At Río Pallanga a total of 13,700 m have been drilled in the northeast end of the vein. Exploration works have also been drilled in the Pillococha area, to the North of the vein.

This project displays significant potential at depth and in the lateral extensions of the vein in the area explored. The increase in resources will make it possible to increase the treatment of the Alpamarca concentrator plant as well as maintain a high silver production level. During the second half of 2012, the construction of camps, power and water facilities, and maintenance areas began for this mining operation.

The reserves of Alpamarca are given in the following table:

RESERVES	MT	%Cu	%Pb	%Zn	Ag
Proven	872,000	0.08	0.98	1.34	2.44
Probable	3,671,000	0.11	1.07	1.7	3.18
Total	4,543,000	0.10	1.05	1.63	3.04

The resources of Alpamarca are shown in the following table:

RESERVES	MT	%Cu	%Pb	%Zn	oz Ag/TM
Measured and Indicated	2,961,530	0.06	0.70	0.99	1.88
Inferred	1,943,000	0.1	0.95	1.60	2.81
Total	4,904,530	0.08	0.80	1.23	2.25

The reserves of Río Pallanga may be observed in the following table:

RESERVES	MT	%Cu	%Pb	%Zn	Ag
Proven	-	-	-	-	-
Probable	425,945	0.33	0.86	1.54	13.38
Total	425,945	0.33	0.86	1.54	13.38

The resources of Río Pallanga are shown in the following table:

RESOURCES	MT	%Cu	%Pb	%Zn	oz Ag/TM
Measured and Indicated	46,433	0.09	0.29	0.63	2.81
Inferred	1,316,000	0.13	0.48	0.82	4.94
Total	1,362,433	0.13	0.47	0.81	4.87



Water intake for Baños V Hydroelectric Power Plant.

Rondoní Project

The Rondoní project is located in the District of Cayna, in the Department of Huánuco. The project is easily accessible and consists of 9,911 ha of mining concessions. It is a skarn deposit of magnetite with copper and silver mineralization.

As of December 2011 the project had 98,000 m drilled in the area of Rondoní. In 2012, 10,000 m of DDH were drilled in the area of Acejar, in order to determine the continuity of the mineralization and confirm new resources, with an investment of US\$15 million. The project currently has an approved semi-detailed

Environmental Impact Assessment (EIA) a conceptual study conducted by Ausenco, and agreements with the Communities of Quío and Rondoní to ensure exploration in the area.

A significant amount of work has also been done to verify the geological information as part of the prefeasibility study, which will be ready by the first quarter of 2013 and will help decide on the economic feasibility of the project. The results of the drilling at Acejar and the prefeasibility study will be used to make a decision on the future of the project.

The reserves of the Rondoní project in the area of Rondoní are as follows:

RESERVES	MT	%Cu	%Pb	%Zn	oz Ag/MT
Indicated	26,984,578	0.47	-	-	-
Inferred	23,606,272	0.43	-	-	-
Total	50,590,850	0.45	-	-	-

The resources of the Rondoní project in the area of Acejar are as follows:

RESERVES	MT	%Cu	%Pb	%Zn	oz Ag/MT
Indicated	-	-	-	-	-
Inferred	8,335,000	0.49	-	-	-
Total	8,335,000	0.49	-	-	-



Diamond Drilling - Rondoní Project



METALLURGICAL PROJECTS

CHUNGAR UEA

Chungar Expansion Project

In 2011, approval was granted for the expansion of the Animón concentrator plant from 4,200 tons to 5,200 tons per day. This expansion involved new primary and tertiary crushers, an additional 1,000 ton fines hopper, a new bar mill in the milling circuit, the expansion of the flotation cells, and an additional thickener in the existing zinc circuit.

In 2012, the additional bar mill was installed to increase production. The mill is scheduled to enter into operation in early 2013.

This project has a cost of US\$18 million, and will help expand the plant's capacity by 25%, obtaining significant benefits in terms of cost reduction and the increase of silver production. As a result of this expansion, an additional production of 2.0 million ounces of silver is planned for 2013, compared to the production for 2012, in the Chungar Unit.

Jacob Timmers Shaft - Chungar

CERRO DE PASCO UEA

Silver Oxides Plant Project
UEA has 8,973,000 tons of oxidized ore with silver and gold contents, accumulated in stockpiles and in-situ mineral (5,470,000 tons with grades of 4.4 oz Ag/t and 1.4 g Au/t) as well as in the southern part of the Raúl Rojas open pit (3,503,000 tons in-situ, with grades of 7.7 oz Ag/t and 0.1 g Au/t).

Over the last two years, metallurgical tests were performed which verified the feasibility of recovering the silver and gold from these oxides through a cyanide leaching process. The project is now in the construction phase, which is scheduled for completion by the end of 2013. This project consists of a cyanidation plant with an initial treatment capacity of 2,500 tons per day, which will make for a production of approximately 3 million ounces of silver per year. The plant design will ensure the space necessary for a future expansion to 4,000 tons per day.

The fact that the ore being treated is already stockpiled reduces the mining costs and facilitates its extraction, allowing for positive economic results. The in situ ore, located in the southern part of the open pit, has a low waste rock-to-ore ratio and its mining presents no operational problems. Simultaneously, explorations have continued in the southern part of the open pit. The results show a greater potential of resources than those currently mined, with gold contents. The lifetime of the project is ten years, based only on the quantity of ore identified as of this time.

As soon as production begins, the oxides project can increase its daily treatment capacity, taking advantage of the availability of the ore. The project presents one major advantage, in that the cyanide leaching process has also proven to be a feasible alternative for the treatment of silver pyrites, which are accumulated in stockpiles totaling more than 25.4 million tons, with average grades of 4 oz Ag/t.

Pyrite Stockpiles Project (Py-Ag)
The Cerro de Pasco Unit has significant pyrite-silica resources containing silver and valuable metals, both in stockpiles as well as in-situ. During 2012, works continued for the detailed definition of the pyrite-silica stockpiles containing silver and the in-situ body of silver-bearing pyrites located in the western wall of the Raúl Rojas open pit.

This project has reserves on the order of 6.2 million tons, with grades of 6.6 oz/t of silver; and resources on the order of 19.1 million tons, with grades of 4.15 oz/t for the stockpiles. Additionally, there are 29.6 million tons of measured and indicated in-situ resources with grades of 4.6 oz/t and 31.4 million tons of inferred in-situ resources.

The feasibility of recovering the silver from the pyrites via a leaching process has been proven, but work is still being done on defining optimal metallurgical method for processing and treating this material. Thus,

research and development activities are being performed, as well as geological and mineralogical studies on these significant resources.

During 2012, relogging, database revision, and reinterpretation activities were carried out, making it possible to increase the known resources and achieve important advances in the investigation on the application of ultra-fine grinding in the recovery of the silver contained in these pyrites.

The in-situ pyrite mineral inventory is made up as follows:

Measured + Indicated + Inferred

For 2013, there are plans to carry out metallurgical research, mainly ultra-fine grinding; the drilling of 11,000 m of DDH to increase the level of certainty regarding the inferred resources and incorporate new resources, a geochemical study of the pyrite bodies, geometallurgical characterization, and the development of deep geophysics.

It is hoped that the execution of a detailed geological model of the pyrites, the geometallurgical characterization, and the metallurgical studies underway will make it possible to carry out a project in order to process and treat this significant source of resources in the medium term.

Details of in-situ Pyrite Resources

Cutoff OzAg	MT	%Cu	%Pb	%Zn	OzAg	gAu
0	253,039,200	0.39	0.65	1.03	2.12	1.08
1	201,914,900	0.43	0.73	1.13	2.48	1.07
2	89,111,400	0.53	0.79	1.47	3.78	1.02
2.5	60,996,900	0.58	0.83	1.53	4.48	1.01
3	39,436,700	0.64	0.93	1.62	5.45	1.00
4	20,015,200	0.70	1.02	1.61	7.45	1.00
5	12,202,200	0.72	1.15	1.70	9.36	0.99
6	8,586,900	0.76	1.16	1.78	11.00	1.00

Puhujanca Mountains.



Floating cell.



Showing diamond drill core



Energy is supplied to the companies of the Volcan Compañía Minera S.A.A. Group through the Peruvian Grid System (SEIN) and from the Group's own hydroelectric power stations.

During 2012, two major events took place. In February, Volcan acquired 100% of the shares in Empresa Hidroeléctrica Huanchor S.A.C., owner of the Huanchor Hydroelectric Power Plant, with an installed power of 19.63 MW, located in San Mateo of Huanchor, Province of Huarochirí, Region of Lima. This power plant is currently in operation and connected to the SEIN. It sells its power to free and regulated clients as an independent electrical enterprise. Its location is strategic for Volcan, given its proximity to the Yauli mining operations.

Subsequently, in July, the Baños V Hydroelectric Power Plant commenced operations, with an installed capacity of 9.2 MW (two 4.6-MW generators). The investment totaled US\$24 million, and construction took 24 months, under the responsibility of Abengoa Perú. With the commissioning of Baños V, Empresa Administradora Chungar S.A.C. now has 22 MW of installed power in its own hydroelectric power plants, thus reducing the purchase of energy from the SEIN to a minimum, as well as cutting the operating costs of the power plants from 2.5 to 2.0 US\$ cents/kWh. Additionally, the United Nations Framework Convention on Climate Change (UNFCCC) registered the Baños V project in December, which means that Empresa Administradora Chungar S.A.C. can sell carbon bonds, thus evidencing its commitment to environmental conservation.

In February 2012, Volcan acquired 100% of the shares in Hidroeléctrica Huanchor S.A.C., owner of the Huanchor Hydroelectric Power Plant.

It should also be noted that during 2012, the maximum electric power demand from the SEIN was 5,291 MW, with an increase of 6.6 % over 2011. The shares of the power generating sources were as follows: 53.8% hydroelectric power plants; 43.0% natural gas; 1.8% diesel and residual fuel; and 1.4% other sources. The accumulated production of electric power from the SEIN in 2012 came to 40,934 GWh, 5.8% higher than in 2011.

Likewise, the Main Transmission System Connection Toll (PCSPT) for large-scale users rose by 34% compared to 2011, due to the fact that said fee included the entry of new Renewable Energy Resources (RER) generation plants, transmission lines, and higher costs to offset additional generation, among others.

During 2012, Volcan's hydroelectric power plants generated 238 GWh, equivalent to 39% of its total power demand. Of this 39%, nearly half (116 GWh) was injected into the Chungar operations, and the rest (122 GWh) was sold by Huanchor to its clients in the SEIN. Consequently, 489 GWh were purchased from

ElectroPerú S.A. under a supply agreement with an adjustable tariff for the 2011-2017 period. In October 2012, an electricity supply agreement was entered into by and between ElectroPerú S.A. and Compañía Minera Alpamarca S.A.C., which runs through 2014, to supply this new mining operation.

The Company's total electric energy consumption came to 608 GWh per year, with a maximum power demand of 80 MW, which represented an increase of 7.4% in power consumption over 2011.

It is important to note that in 2012, the unit cost of energy per metric ton of ore processed came to US\$5.2/DMT, while the annual energy cost was US\$41 million (US\$38 million bought and US\$3 million generated) accounting for 9% of the total operating expenses, a percentage similar to that for 2011.

With regard to new hydroelectric projects, there is a master memorandum of understanding between Empresa Administradora Chungar S.A.C. and Sindicato Energético S.A. to jointly develop

hydroelectric projects in the Chancay-Huaral River Basin, in the Region of Lima. Based on this agreement, Chungar will develop the Chancay project, whose total installed power is estimated at 60 MW, in two hydraulic jumps.

Compañía Energética del Centro S.A.C., a company belonging to the Volcan Group, also has the Belo Horizonte Hydroelectric Power Plant Project, with a capacity of 180 MW.

In order to guarantee the electric power supply to the different mining operations, projects are being carried out involving new transmission lines and electric substations for the Yauli and Chungar Mining Units, from the Pomacocha and Paragsha II substations, respectively.

ELECTRICITY GENERATION
PROJECTS

The Rucuy and Chancay II
Hydroelectric Power Plant project is located next to the Chancay-Huaral River in the Pacific Ocean drainage basin, between the towns of Acos and Pacaraos. An installed capacity of 20 MW and 40 MW, respectively, is expected for the two plants, with a predicted annual production of 412 GWh.

Belo Horizonte Hydroelectric Power Plant
In January 2011 the Company acquired 100% of the shares of stock of Compañía Energética del Centro, owner of the Belo Horizonte Hydroelectric Power Plant project, located in Huánuco. The project has an approved Final Concession and Environmental Impact Assessment (EIA). Belo Horizonte is expected to provide an installed power of 180 MW with an annual production of 1,220 GWh. As of this date, the next steps for the project are being defined.

ELECTRIC TRANSMISSION
LINES

Expansion of the Pomacocha Substation and Transmission Line to Yauli
This project seeks to ensure the reliability of the electricity supply to the Yauli Mining Unit and involves the expansion of the Pomacocha substation to 220 kV, with a 50 MVA transformer and a 12-km, 50-kV double-circuit transmission line from Pomacocha to San Antonio/San Cristóbal.



The project has an approved pre-operating study, Environmental Impact Assessment (EIA) and Certificate of Non-Existence of Archaeological Remains (CIRA). The project also has easement agreements entered into with the Community of Pomacocha.

The total estimated investment is US\$8.4 million. As of December 2012, 65% of the work had been completed and was scheduled to enter into operation during the second quarter of 2013. This line will guarantee the electric power supply from the Pomacocha Substation of the SEIN to the Yauli Operating Unit.

Paragsha II – Francois Transmission Line
This US\$22 million project includes an electric transmission line between the Paragsha II and Francois Substations, measuring 45 km long with a voltage of 220 kV and double-circuit metal towers. A 50 MVA transformer substation will be installed at Francois to meet the growing demand for electricity from the Chungar, Alpamarca, and Río Pallanga Mining Units as well as the

evacuation of energy from the future Chancay Hydroelectric Power Plants to the SEIN.

To date, US\$12 million has been invested in the project. In 2012 the workshops and public hearings were concluded and the project is currently awaiting the approval of the EIA. The EIA file was sent to the Pasco Regional Agency in December 2012.

Francois – Animón Transmission Line
This US\$1.5 million project includes a 50 kV electric transmission line between the Francois and Animón Substations, measuring 4.8 km long. This line will supply power to the Animón Station of the Chungar Mining Unit, ensuring greater stability and reliability of the electric system.

As of December 2012 the participative workshops and public hearings on the project’s Environmental Impact Assessment (EIA) had been completed. The construction phase is expected to begin in 2013.

Expansion of the Animón Substation – Chungar
This US\$5 million project is scheduled to be completed in 2013. The first phase of the project was finished in 2012 with the installation of the first 15/18 MVA transformer, which has made it possible to eliminate the overloading of the old 6 MVA transformers.

Acquisition of the Huanchor Hydroelectric Power Plant
In February 2012 Volcan acquired 100% of the shares in Hidroeléctrica Huanchor S.A.C., owner of the Huanchor Hydroelectric Power Plant, with an installed power of 19.63 MW, for a value of US\$46.7 million. The gross production of this hydroelectric power plant in 2012 was 148,894 MWh.

In October 2012 major maintenance was performed on Generator 2 of the Huanchor Plant, investing nearly US\$1 million as of December 2012 in the stability of Pucruchacra Hill in coordination with the authorities of the Prime Minister’s Office (PCM) Civil Defense and the Municipality of San Mateo.

We depend on our people, nature and the communities around us. We cherish our environment and do everything possible to take care of it.

ENVIRONMENTAL COMMITMENT



OCCUPATIONAL HEALTH AND SAFETY

The decision to move forward with the initiative demonstrates the commitment of the Board of Directors and the Management to achieve the highest level of excellence in occupational health and safety matters.

SAFETY

In our effort to constantly ensure the best working and living conditions for our workers, in 2012 Volcan decided to undertake a major process for the improvement of its occupational health and safety management. As part of this process immediate actions were planned, including a baseline audit of the organizational culture, to be carried out by Dupont - an international company specializing in safety.

Certifications

The maintenance audit was performed for the OHSAS 18001 and ISO 14001 certifications. This independent audit was conducted by International Strategic Registrations (NSF).

Occupational Health, Safety, Environment, and Quality System (SSOMAC)

In order to carry out the process for improving our safety culture, the current SSOMAC management system was reviewed. This analysis found that it was necessary to examine and improve the different management tools based on greater effectiveness and productivity.

With this in mind, there are plans to implement a long-term improvement process, in which the Company will initially be accompanied by Dupont which will contribute its vast experience in this area. The decision to move forward with the initiative demonstrates the commitment of the Board of Directors and the Management to achieve the highest level of excellence in occupational health and safety matters.

Planning supervision - Yauli.



Monitoring the explosives magazine construction - Rondoní.



OCCUPATIONAL HEALTH

During 2012 the recommendations made as part of the diagnosis performed the previous year were implemented. Thus, a structured organization was put into practice with three levels of committees—strategic, tactical, and operational—in order to define the objectives and goals to execute the best practices required.

Likewise, nine subcommittees were formed to carry out the change management: risk assessment,

operational discipline, substandard conditions, contractor management, safe behavior auditing, accident and incident investigation, training, communication and motivation, and occupational health and environmental management.

Awareness Campaigns

Over the course of the year, multiple campaigns were conducted to raise awareness among all personnel, aiming to empower employees so that they halt their work if their working conditions are unsafe.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



The Company’s focus on social responsibility is based on the recognition of the fact that its actions must have positive repercussions on the community and, in coordination with the State, foster a state of law, as well as reciprocal benefits and growth for those involved, through transparent actions, maintaining dialogue as a permanent communication tool, ensuring respect and compliance with the commitments derived from this responsible relations process.

Volcan and its subsidiaries maintain relationships with 62 peasant communities and 55 institutions, including local governments, human settlements, and populated centers. The Volcan Group also has 51 easement agreements in force.

Below is a list of the most important activities and projects.

Camp view and Chumpe Hill - Andaychagua

01

Development and Strengthening of Sustainable Production Capacities



The primarily rural social spaces where the Company operates are areas which have been populated by residents engaged for centuries in farming and livestock activities. The Company’s actions in this aspect are aimed at strengthening and increasing the economic potential of production activities other than mining, as a path to harmonious relations and the fostering of local development.

The main initiatives include:

- Livestock health campaigns for sheep, cows, goats, and camelids in the different communities in our surroundings, covering 174,140 head of cattle, and the strengthening of bovine milk production in the Peasant Community of Huayhuay, in the Yauli Unit.
- Strengthening of agricultural activity with the implementation of Field Schools for Farmers (ECAs) and the formation of the Tumbay Yellow Potato Producers’ Association in the Peasant Communities of Quío and San Antonio de Rondoní in Huánuco, promoting the use of

certified seeds, in alliance with the Regional Agricultural Bureau of Huánuco.

- Installation of a technological irrigation system in the Casapalca area of the Peasant Community of Suitucancha, in the Yauli Unit, which includes a polyethylene reservoir with a capacity of 250 m3 for the irrigation of 10 ha of improved pastureland; the installation of two ha of cultivated pastureland in the Peasant Community of Quío, in the Rondoní project; 32 ha of improved grass seeds in 16 villages of the Peasant Community of Santa Ana of Tusi in the Cerro de Pasco and Vinchos Units; and two ha of cultivated grass in the Peasant Community of Pomacocha in the Yauli Unit.
- Contribution to livestock repopulation via the donation of 350 alpacas to the Peasant Community of San José de Baños, in the area of the Baños Hydroelectric Power Plants, Huaral Valley, Lima.

- Implementation of 15 guinea pig raising modules for 15 families from the Peasant Community of Yauli and 15 families in the populated center of Pueblo de Manuel Montero, as well as the construction of a pilot shed for the raising of guinea pigs in the Peasant Community of Cayna, in Huánuco.
- Construction of a fish farm and a sheep breeding center in the Peasant Community of Pomacocha, in the area of the Yauli Unit, benefiting approximately 62 community members and their families.
- Comprehensive fish farm project with four floating cages in Huaroncocha Lake, with a capacity of 5,000 rainbow trout for the Peasant Community of Huayllay, in the Chungar Unit.
- Installation of 10.5 ha of pine plantations and two ha of plantations with the native quinal species on lands belonging to the Peasant Communities of Quío, Cayna, Liberación de Yaurán, and San Antonio de Rondoní, Rondoní project, Huánuco.

02

Support for Education, Nutrition and Health



The geographic isolation of the peasant communities and lack of communication with other towns and cities around the country result in unfavorable health and nutrition conditions, affecting children's development and restricting their growth possibilities. Thus, the Company's presence creates opportunities to improve the quality of life and foster progress among the less fortunate community members.

The following activities were carried out by the Company in this area:

- Medical campaigns focused on general and specialized medicine in the communities around the operations, as well as projects with over 14,000 cases attended to and free medicines handed out.
- Contributions to nutrition via the promotion of the healthy consumption of fresh vegetables, including support in the installation of vegetable gardens in communities located within the Company's area of influence and school breakfasts in educational institutions in different populations.
- Delivery of scholastic kits and learning materials for students of local schools, benefiting more than 5,400 schoolchildren.
- Active vacation program aimed at reinforcing cognitive and artistic skills as well as athletic abilities, among school-age children of community members with a coverage of 2,000 children.
- Training (in alliance with the Entrepreneurs for Education Association) of 276 professors from 28 schools in the Districts of Huayhuay, Santa Bárbara de Carhuacayán, Santa Rosa de Sacco, Suitucancha, and Yauli, through the project entitled Yauli Digital Inclusion, benefiting over 3,500 students in the area of influence of the Yauli Unit.
- Support for the Peasant Communities of Huayllay and Huaychao, in the Chungar Unit, paying 11 teachers for their work on literacy and computing courses, workshops, and primary school education, benefiting an average of 600 students from the three levels, as well as teaching English classes.

03

Creation of Local Jobs



Mining activity moves significant capital flow and is an attractive source of investments and services. Operations create a recurring need for direct and indirect jobs, both skilled and unskilled, thus strengthening the job market in a generally rural area characterized by a lack of opportunities and low monetization. The monetary circulation stimulated by jobs incentivizes consumption and market development, providing other spaces for job creation.

Among other important initiatives, this aspect fosters:

- Creation of jobs for over 1,600 residents in different activities and modalities within the Company's scope of operations and projects.
- Strategy promoting the implementation of community companies within the Company's scope of operations and projects.

04

Support for Basic Roadway and Public Utilities Infrastructure



The areas where the mining and energy operations and projects are carried out are generally characterized by minimum to no public spending on basic infrastructure, lack of roads, and poorly maintained public utilities. In an effort to alleviate this situation, the Company actively participates and promotes opportunities for improvement and coordination with communities and municipalities, making it possible to negotiate easements for rights of way and social support, helping to create public value and promoting social harmony in the area of influence.

Among the most important initiatives in this regard are:

- Road maintenance and emergency support programs during the rainy season in different communities.
- Construction of reservoirs and watering holes for cattle in the Peasant Communities of Pomacocha in Yauli and Viscas in the Huaral Valley.

- Support in the construction and reconstruction of fences and canals in the Peasant Communities of San José de Baños, Santa Catalina, and Santa Cruz de Andamarca, in the Huaral Valley.
- Start and progress in the construction of the Civic Center in the Peasant Community of Vichaycocha, in the Huaral Valley.
- Construction of the perimeter fence around the sports field in the Peasant Communities of San Antonio de Rondoní in Huánuco and San José de Baños in the Huaral Valley, as well as the corresponding leveling and sowing of grass.

05

Institutional Support



The strengthening of formalization processes through institutional support to the communities in the area of the Company's operations and projects helps foster the stability of the agreements negotiated. The country's legal system thus reaches the rural social spaces where activities are carried out, providing greater stability for investments and ensuring the compliance with the support policy among State, community, and company supported by Volcan for the development of its social responsibility strategy.

The initiatives developed in this area include:

- Support for the public records, tax, and banking formalization processes in different communities.
- Financing of the study for the technological irrigation project in the Peasant Community of Suitucancha in Yauli, in order to foster its participation in grant fund programs offered by the Regional Government of Junín.

- Organization of the international theoretical/practical training course "Functional Selection of Sheep and Cows," with the participation of Italian and Uruguayan presenters, and the support of the Provincial Municipality of Pasco, for different communities, cooperatives, and community farms.
- Technical advisory for producers from the Peasant Community of Rancas, in Cerro de Pasco, regarding the acquisition of breeding livestock from the Region of Puno, in order to improve and renew the gene pool of their sheep herds.

06

Cultural Promotion



Customs, traditions, and values are the pillars of cultural identity in the towns and communities where the Company carries out its operations and projects. As such, the Company participates in the day-to-day life of the residents, promoting a range of activities which not only help establish stronger bonds, but also foster mutual respect and a harmonious relationship.

The main activities performed this past year included:

- Christmas celebrations in different communities and populated centers neighboring the area of the Company's operations and projects.
- Participation in the 25th National Rancas Expo 2012 with stands for the organization of workshops on production training, cosmetology, and the garment and food industries. Direct responsibility for the Health Committee at the fairgrounds. Organization of Horse Day, with the participation of 120 farmers from the Provinces of Pasco, Daniel A. Carrión, and Junín.

07

Works in Lieu of Taxes



- Participation in and support for saints' feast days, traditional holidays, sporting events, and civic holidays.
- Participation in and support for the "Terra Nostra: Antonio Raimondi and the Roadmap to the Republic" exhibit at the Italian Art Museum.

During 2012, the Company continued with its commitment to financing projects under Law 29230—Works in Lieu of Taxes, actively contributing to the development of populations located in the surroundings of the Company's activities, helping improve their quality of life through the installation of basic utilities and greater infrastructure.

This past year, three major projects were finished. In July the renovation of the Portocarrero School in Pachacútec, Ventanilla was completed, for S/.6,300,000. The Company participated in this work through a cooperation agreement with the Regional Government of El Callao. In November, the renovation of the A. Álvarez School was completed for S/.5.1 million, as part of a cooperation agreement with the District Municipality of Huayllay, in Pasco. As a result, a total of 2,500 primary and secondary school students from these schools were benefitted. Lastly, the green areas, paved roads, and sidewalks project in the District of Villa de Pasco, in Pasco was finished for S/.3.1 million, through a cooperation agreement with the Municipality of

Tinyahuarco, to the benefit of 3,000 residents. The Act on Works in Lieu of Taxes helps promote the participation of private enterprise and Volcan will continue supporting the development of projects. At the end of 2012, cooperation commitments were agreed to with the Municipality of Tinyahuarco; the performance of a solid waste project in Huariaca, Pasco; and the Mansiche road junction project with the Provincial Municipality of Trujillo. Investment in projects that have been finished or are currently underway totals S/.32 million, making Volcan Compañía Minera S.A.A. a leader in the financing of projects under the Works in Lieu of Taxes System.

To date, the Company has a significant portfolio of projects under evaluation. Priority is being placed on reducing gaps in social infrastructure as well as the renovation of schools, hospitals, and health posts, improvements in drinking water and sanitation systems, comprehensive solid waste management, and road infrastructure projects to the benefit of low-income populations.

Chuchón Lagoon on the way to Canta - Alpamarca.

08

Sustainability Report



The Company's Sustainability Report for 2012 was drafted by Triana Consultores in order to obtain the indicators required by the Global Reporting Initiative (GRI) methodology. Likewise, the first Special Social Responsibility Report was drafted, consisting of a graphic display of the Company's actions in the community liaison process with regard to the areas of production development, education, health, and other especially relevant aspects.

09

Environment



Volcan is a serious and responsible company whose activities are based on the strict compliance with the laws in force on environmental matters. The Company has a Comprehensive Management System (CMS) and an Occupational Health, Safety, Environment, and Quality System (SSOMAC). The Environmental Management System, which forms part of the SSOMAC, has been certified by International Strategic Registration (NSF) under International Standards ISO 14001:2004 since 2001.

The activities carried out in this area during 2012 included the following:

- Audit of Comprehensive Management System maintenance
- Drafting of the Environmental Management System Upgrade Plan, as part of the change in culture being implemented under the Volcan – Dupont project.

Execution of activities aimed at reinforcing its environmental management in the different units

that form part of its organization, most notably:

- Drafting of a Comprehensive Plan to ensure the sustainable compliance with the Maximum Permissible Limits (MPLs) and Environmental Quality Standards (EQSs) in its Vinchos, Cerro de Pasco, Ticlio, Andaychagua, San Cristóbal, and Carahuacra operations. The plan is currently being evaluated by the Ministry of Energy and Mines (MEM).
- Submission and approval of closure plans for the Cerro and Chungar Units, and submission of closure plans for the Ticlio, Vinchos, and Andaychagua Units.
- Drafting and implementation of environmental studies in compliance with the environmental regulations in force, for both expansions as well as new mining explorations.



PERSONNEL
MANAGEMENT

Geologists in the logging room



2012 was an important year for strengthening the Company’s organizational structures and continuing toward the construction of a common future, clearly defined and disseminated. As part of these efforts, the dissemination process was reinforced for the Company’s strategy and culture as expressed through its corporate Vision, Mission, and Values, which serve as the basis for the business and personnel management strategies.

Salaries, Benefits, and Personnel Well-being

Efforts were focused on organizing the salary structure and building a competitive strategy in keeping with the market. Improvement programs were implemented in all of the mining units with regard to housing, dining areas, and offices. Lastly, the personnel benefits website was launched, both for Lima and in the operating units.

Personnel Development

The Performance Management cycle helped establish mechanisms to differentiate the individual contributions made by workers to the Company’s objectives, and the actions to be taken were defined in order to guarantee the retention and development of talent.

Works also continued for the strengthening of the “employer brand,” through the Company’s participation in the main student forums nationwide and the contribution to the training of new talents through the “Pre-Professional Internship” and “Professionals in Training” programs.

Over the course of the year, training programs were also implemented with a view to strengthening knowledge of occupational health and safety, the technical skills

of personnel in the workplace, and behaviors associated with the corporate culture.

For their part, the Managers’ and Superintendents’ Offices received the necessary advice and support on aspects such as the recruiting, evaluation, and selection of personnel; team management, key personnel management and supervision and leadership tools.

The personnel turnover rate was 7.4%, lower than the average for the mining industry during the year, which was 8.5%, thus demonstrating the attractive opportunities for professional development which the Company offers its personnel.

Future Strategy and Prospects

Our strategy will continue to be oriented toward a high-performance culture based on solid values of safety, integrity, excellence, commitment and respect, resulting in the creation of value for the Company and its stakeholders.

The human resources management strategy is based on the development of four basic pillars:

- 1. Talent management**
Attract and retain the best employees.
- 2. Knowledge management**
Accelerate theoretical-practical learning so that our employees develop skills that contribute to the achievement of Volcan’s objectives.
- 3. Results-based performance**
Management: reward improvements in performance and achieve goals fairly, competitively, and through recognition.
- 4. Commitment management**
Strengthen our employees’ identification with the Company.

As of December 31, 2012, there were 3,418 employees working directly for the Company, both in Lima and operating units.

Changes in the number of personnel over the last three years

COMPANY	LABORERS			EMPLOYEES			OFFICERS			TOTAL		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Volcan Cia Minera S.A.A.	853	820	1,569	886	703	878	32	41	38	1,771	1,564	2,485
Emp. Admin. Cerro S.A.C.	609	640	0	190	239	0	1	1	0	800	880	0
Emp. Admin. Chungar S.A.C.	290	279	186	374	348	306	1	0	3	665	627	495
Cia. Minera Alpamarca	16	18	20	77	32	41	0	0	0	93	50	61
Emp. Minera San Sebastián	29	32	0	9	9	0	0	0	0	38	41	0
Explotadora Vinchos S.A.C.	0	0	0	25	23	23	0	0	0	25	23	23
Hidroeléctrica Huanchor	0	0	0	20	0	0	0	0	0	20	0	0
Cia. Minera El Pilar S.A.	5	5	10	0	0	1	0	0	0	5	5	11
Minera Aurífera Toruna S.A.	0	0	0	0	0	2	1	0	1	1	0	3
Total	1,802	1,794	1,785	1,581	1,354	1,251	35	42	42	3,418	3,190	3,078

The strength that we have developed over the years is one of our advantages. We do not lower our guard, we remain standing.

VOLCAN
2012 Annual Report

STRENGTH



INVESTMENT RESULTS
ANALYSIS

BUSINESS ENVIRONMENT AND SALES

2012 was a complicated year. Despite the strong performance of the prices of metals during the first quarter it was marked by an uncertain outlook that derailed the positive trends until the end of the year.

The first quarter was essentially guided by the actions of the central banks. The European Union agreed to provide refinancing to its banks, creating greater liquidity in the markets. This had a positive impact on precious metals, with silver starting off the year at an average price for the first quarter of US\$32.62 vs. US\$31.82 during the last quarter of 2011. The favorable outlook was maintained for gold and silver, given the low interest rates and economic incentive programs that predominated in the world's largest economies. Base metals exhibited similar behavior with an average copper price for the first quarter of US\$8,307 vs. US\$7,488 during the last quarter of 2011, followed by zinc, at US\$2,024 vs. US\$1,897.

The second quarter started with a turning point in metal prices. First, all eyes turned to China as its economy slowed, raising fears of whether it would experience a hard landing or soft landing. Europe also contributed to the lower performance by metals. The potential collapse of the Euro (a concern which later proved needless) together with the agreement reached by European banks to provide support for Greece, Spain and Italy, created a period of uncertainty for the European Union and a marked drop in the Euro and, thus, the demand for base metals, resulting in a quarterly price for zinc of US\$1,927 per ton, for lead of US\$1,972 per ton, and for copper of US\$7,866 per ton. This was a major opportunity for the

US Dollar, which strengthened against the fall of the European currency. This appreciation was also fed by the withdrawal of “Quantitative Easing 2” in the United States, announced on June 30, as a result of improvements in the economy. This brought precious metals investors to engage in a mass sell-off of their positions as a result of the better outlook for the currency, bringing the average quarterly price of silver to US\$29.42 per ounce and gold to US\$1,610 per ounce.

The third quarter started off strong due to announcements by two of the world's major powers. On one hand, the United States declared the implementation of a third Quantitative Easing involving the purchase of mortgages; while China, on the other hand, announced portfolio infrastructure projects. This generated a bounce-back in base metal prices which turned out to be short-lived - unfortunately - as it was soon overshadowed by the “Fiscal Cliff” problem in the United States. The same scenario was experienced by precious metals given that investors were sure the central banks would maintain low interest rates, offering greater liquidity in the market. This generated increases in the price of precious metals over the second quarter. However, the upward trend was not as representative as expected and quarterly averages closed as follows: zinc at US\$1,889 per ton; lead at US\$1,980 per ton; and copper at US\$7,716 per ton; while silver was priced at US\$29.91 per ounce; and gold at US\$1,654 per ounce.

The fourth quarter was the strongest for the year. Base metals closed with their highest prices, especially during December. This was due primarily to three reasons: (i) the sale of US\$80 billion by the U.S. Federal Reserve Bank; (ii) the reprieve from the “Fiscal Cliff” in the United States; and (iii) the positive reaction of the markets to the new Chinese leader, with his pro-development policy, bringing with it a major portfolio of projects.

Average prices for the fourth quarter were as follows: zinc at US\$1,951 per ton; lead at US\$2,202 per ton; and copper at US\$7,908 per ton. The scenario for precious metals was different than based metals. For precious metals investors the sale of US\$80 billion was highly positive; however, the uncertainty regarding the potential risks created by the deferment of the “Fiscal Cliff” was sufficient to drop out of the market, leading to a decrease in prices during December. Nevertheless, the quarterly average was US\$32.64 for silver and US\$1,718 for gold.

In summary, the fourth quarter saw a recovery of the drops suffered mid-year, helping to raise average prices for 2012.

Annual Prices (US\$)	Year			
	2009	2010	2011	2012
Zinc	1,655	2,168	2,193	1,948
Lead	1,720	2,141	2,402	2,062
Copper	5,147	7,535	8,821	7,958
Silver	14.65	20.16	35.1	31.15

In the case of the concentrates sold by the Company, the year started off with a market clearly favorable to producers. Volcan made deals for zinc and lead with extremely low tolling discounts compared to recent historical levels. Nevertheless, high metal stocks, as well as the figures reported in China regarding the growth of the mining sector and lower consumption of concentrates by refineries there were widely cited throughout the industry as reasons not to discuss higher prices or lower tolls in the following months. One variable which set the pace for the year was the higher demand for concentrates with high silver content, which includes the majority of Volcan’s production. The increased silver refining capacity in a group of refineries around the world created higher demand and, consequently, lower discounts for silver concentrates.

Despite a year marked by lower prices, economic instability, and drops in production levels, mainly due to the effect of Cerro de Pasco, Volcan managed to maintain a sales level in 2012 very similar to that of 2011, once again reporting a higher contribution from silver than any other metal to its sales.

OPERATING EXPENSES

Inflation in the mining industry worldwide is a fact that has affected every single mining company, without exception. In a specifically Peruvian context, mining inflation in 2012 is estimated to have been around 20%, reflected primarily in the increased labor costs, both for the Company’s own labor and outsourced labor, as well as higher prices for services, energy, goods and supplies.

Volcan was also affected by this situation and its operating expenses increased. However, thanks to its efforts to control costs, optimize processes, and its significant investments in its units, the unit cost in annual terms rose by 12.7%, less than the industry average, increasing from US\$50.5/MT in 2011 to US\$56.9/MT in 2012. It should be noted that in addition to the effect of inflation on the industry the expenses in our operating units were affected by the deepening of the deposits which translates into higher costs for drainage, services, and transport; and by our decision to improve safety standards, which involves, among other things, higher support costs. The cost increase is also associated

with the general improvement of the operating and living conditions of our operations in order to meet world class standards. Finally, the devaluation of the U.S. Dollar against the Peruvian Nuevo Sol also had a significant negative impact on production costs since around 40% of our operating expenses are expressed in Nuevos Soles.

The largest increase occurred in the Yauli UEA, which jumped from US\$55.7/MT in 2011 to US\$65.8/MT in 2012, primarily explained by the higher extraction costs due to increased drainage, services, and transport requirements, as well as an increased need for support. Likewise, the unit’s costs were affected by the corporate decision to improve operations standards, primarily with regard to living conditions, safety, maintenance, planning, among others.

Since late 2011, a program known as “Yauli’s Got More to Give” is being implemented in the Unit, aimed at productivity and operating excellence. During 2012, we saw the first achievements with regard to improvements in blasting costs, our own shotcrete plants, and better over-dilution rates. All these

measures helped generate savings for the Unit.

Progress has also continued at the Yauli UEA in the Roberto Letts Shaft project in the Andaychagua mine and the Victoria Ramp project in the San Cristóbal and Carahuacra mines which will have a major positive impact on productivity and costs.

At the Chungar UEA, the unit production costs increased from US\$54.6/MT in 2011 to US\$59.9/MT in 2012 due mostly to higher extraction costs in the Animón mine, caused by an increased need for support and drainage. This increase was offset in part by the start of operations of the Baños V Hydroelectric Power Plant in July 2012, which has led to energy independence of the Chungar UEA, achieving a significant reduction in the energy costs of the Unit.

Note should also be made that by early 2013 the expansion of the Animón Plant will be fully operational, making it possible to increase the treatment volume, and thus further dilute the fixed costs of the Unit.

At Cerro de Pasco UEA, the unit production cost rose by 1.3%, from

US\$40.6/MT in 2011 to US\$41.1/MT in 2012. This increase was less than in other units due to the greater contribution of the ore extracted from the Raúl Rojas open pit (50% higher than in 2011) while the extraction of ore from the Paragsha mine was 53% lower than the previous year. However, at the end of September, ore extraction from the Raúl Rojas open pit ceased, raising the unit production cost considerably during the final quarter. Over the course of the year, a restructuring program was implemented in the Unit to organize it based on the new size of the operation.

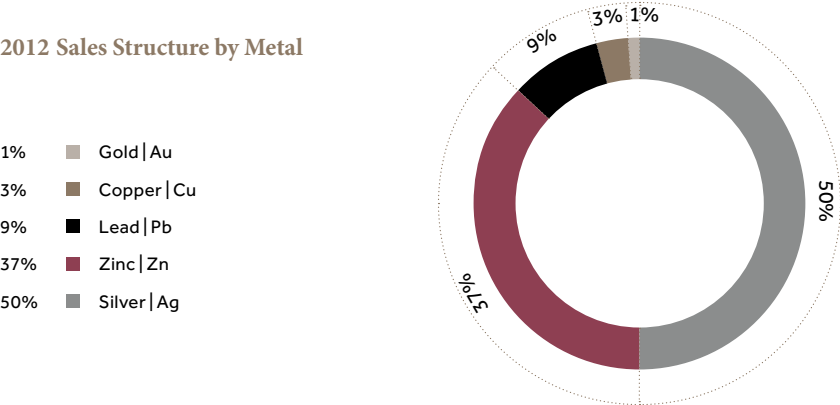
It is important to emphasize that the Company continues to focus on controlling its costs, as this is the only way to remain competitive in an environment marked by uncertain prices. One additional example of this constant focus is the successful implementation of the first “Your Ideas Matter” contest, which sought to provide incentives for the generation and implementation of ideas aimed at cost reductions in all areas of the Company, promoting teamwork, fostering a culture of excellence inside the organization, and above all, gathering ideas from people who do not always have

channels through which they can forward these suggestions.

Loading ore dumps – Chungar.



2012 Sales Structure by Metal



Production Cost* (US\$/MT)

Unit	2011	2012	Var (%)
Yauli	55.7	65.8	18%
Chungar	54.6	59.9	9.8%
C. de Pasco	40.6	41.1	1.2%
Consolidated	50.5	56.9	12.7%

* Does not include the cost of purchasing ore from third parties. The calculation of the production cost for Cerro de Pasco and the consolidated figures for Volcan includes the pyrite ore treated in the San Expedito plant in Cerro de Pasco. The unit production cost for 2011 was recalculated considering the foregoing. The table does not include the extraction cost for Vinchos, which totaled US\$64.4/MT in 2012.

OPERATING AND FINANCIAL EXPENSES

During 2012, sales expenses came to US\$35.9 million, 38% higher than the total of US\$26.1 million registered in 2011. This upward trend is mainly due to the increase in transport and freight expenses as a result of higher duties. Handling and storage costs also went up in the Port of El Callao.

On the other hand, administrative expenses remained under control, totaling US\$58.9 million, 3% less than the US\$60.8 million spent in 2011.

The “Other Income and Expenses” item registered a net income of US\$10.1 million, consisting basically of a net recovery of the provision for contingencies of US\$8.1 million and the contribution of the Huanchor Hydroelectric Power Plant, which totaled US\$4.4 million.

Thus, operating expenses totaled US\$84.7 million, 3% less than the US\$87.6 million registered in 2011.

Net financial expenses came to US\$25.5 million, an amount significantly higher than the US\$2 million registered in 2011. This rise may be explained primarily by the interest for US\$29.6 million on the bonds issue for US\$600 million performed by the Company at the start of 2012 to finance its portfolio of growth projects.

On the other hand, the results of the hedge instruments booked a profit of US\$17.6 million in 2012, compared to the loss of US\$12.6 million the previous year.

Below are the main entries of the Income Statement:

Thousand (US\$)	2011		2012		Var (%)
Sales	1,211,614	100%	1,160,785	100%	-4%
Cost of Sales	-613,698	-51%	-736,567	-63%	20%
Gross Earnings	597,916	49%	424,218	37%	-29%
Administrative Expenses	-60,800	-5%	-58,898	-5%	-3%
Sales Expenses	-26,072	-2%	-35,876	-3%	38%
Other Income (Expenses)	-689	0%	10,115	1%	-1568%
Operating Earnings	510,355	42%	339,559	29%	-33%
Financial Income (Expenses)*	-1,950	0%	-25,479	-2%	1207%
Options and Hedges	-12,630	-1%	17,617	2%	-239%
Income Tax	-138,400	-11%	-96,080	-8%	-31%
Royalties	-28,475	-2%	-23,273	-2%	-18%
Mining Retirement Fund			-1,395	0%	
Net Earnings	328,900	27%	210,950	18%	-36%

* Includes exchange rate difference

PROFITABILITY

As commented previously, the drop in average annual prices for zinc (-11.2%), lead (-14.2%), and silver (-11.3%), had a negative impact on the Company’s profitability.

As a consequence, the gross earnings for the year totaled US\$424.2 million, 29.1% less than in 2011. This reduction is due to: i) lower sales by 4.2%, related to the lower prices of metals; ii) higher production costs; iii) increase of depreciation and amortization by 10%; and iv) higher volume of concentrates purchased from third parties which have a lower profitability margin than our

own concentrates. Accordingly, the gross margin dropped from 49% in 2011 to 37% in 2012.

Volcan’s net earnings totaled US\$211.0 million- a decrease of 35.9% over the results of 2011, which came to US\$328.9 million. The net margin was 18%, 9 percent less than in 2011.

For the same reasons, the EBITDA came to US\$460.5 million, 26.2% less than the US\$623.7 million reported in 2011. The EBITDA to sales ratio dropped from 51% in 2011 to 40% in 2012.

Thousands US\$	2011	2012	Var (%)
Net Earnings	328,900	210,950	-36%
EBITDA*	623,732	460,512	-26%
EBITDA/Sales	51%	40%	

*The EBITDA for 2011 has been recalculated in accordance with the IFRSs.

INVESTMENTS

In 2012 the consolidated total investments made by Volcan came to US\$325.4 million, 18.3% higher than the US\$275.1 million invested the previous year. It is important to note that the figure for 2012 does not include the purchase of the Huanchor Hydroelectric Power Plant for US\$47 million during the first quarter of 2012.

In the operating units investments grew by 18.2%, rising from US\$196.1 million in 2011 to US\$231.8 million in 2012. Operating investments were focused on: i) obtaining new resources through local explorations (US\$21 million); ii) guaranteeing an adequate mine infrastructure and improving flexibility through development (US\$60 million); iii) ensuring the efficiency of the draining equipment and systems (US\$34 million); iv) implementing improvements and expansions in the concentrator plants and tailings dams (US\$50 million); and v) performing special projects, such as the Roberto Letts Shaft in Andaychagua, the Jacob Timmers Shaft and expansion of the Animón Concentrator Plant in Chungar (US\$31 million).

On the other hand, investments in regional explorations showed an upward trend by 185.1%, jumping from US\$4.4 million in 2011 to US\$12.5 million in 2012. This rise is aligned with the strategic objective of generating new projects which will constitute a new wave of development for the Company in the future.

Finally, investments in growth projects rose by 9.0%, from US\$74.6 million in 2011 to US\$81.2 million in 2012. These investments were focused on the projects the Company has announced in recent years. Among these investments,

special note should be given to the Alpamarca - Río Pallanga Project (US\$28 million); the Cerro de Pasco Silver Oxides Project (US\$17 million); the Rondoní Copper Project (US\$15 million); and the Baños V Hydroelectric Power Plant (US\$10 million).

Investments Summary

Thousands (US\$)	2011	2012	Var (%)
Investments in Mining Units	196,138	231,751	-15%
Regional Explorations	4,372	12,464	-65%
Growth Projects and Others	74,578	81,270	-8%
Total	275,088	325,484	-15%

* The Investments Table and the Consolidated Balance Sheet present differences due to the fact that the Investments Table does not include the acquisition of Huanchor, advance payments for the purchase of equipment, goodwill, and municipal agreements, etc., which are reported in the Balance Sheet. On the other hand, the Balance Sheet does not include the investments in Vichaycocha (Rondoni).

Despite the drop registered in the prices of the metal produced by the Company, the generation of operating cash flow came to US\$258.6 million. This amount made it possible to finance disbursements for operating investments on the order of US\$248.4 million. A further US\$137.4 million was disbursed in growth projects (including the acquisition of the Huanchor Hydroelectric Power Plant).

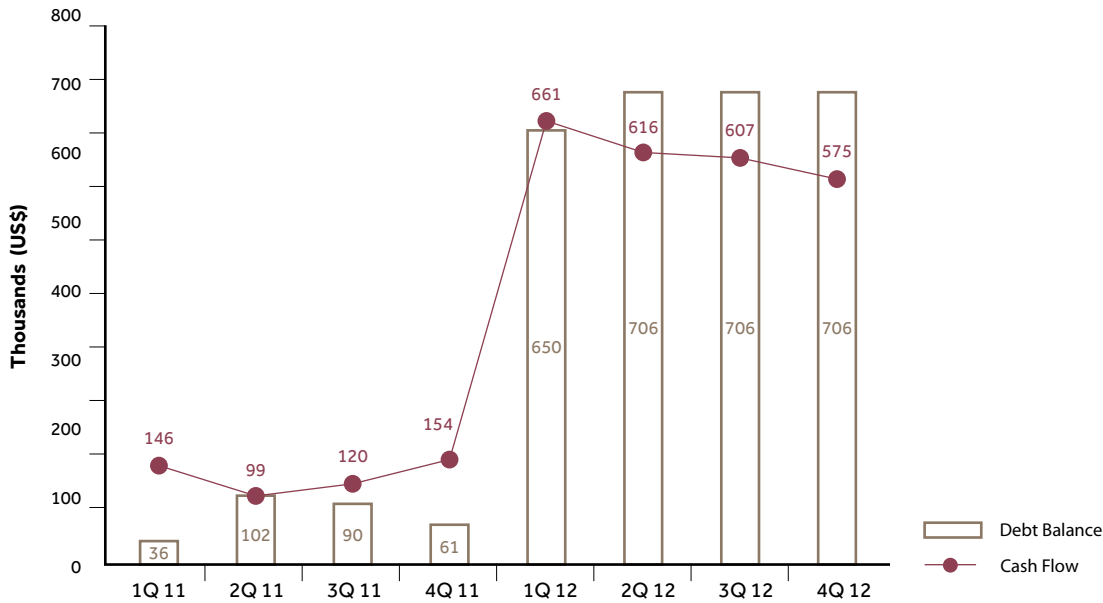
In terms of growth investments, it is important to remember that at the beginning of 2012 the Company performed an international bond issue under Rule 144a / Regulation S. Through this issue Volcan obtained financing on the order of US\$600 million, for a 10-year term, with an interest rate of 5.375%. In addition to being highly advantageous to the Company due to the favorable rate and term conditions, and ensuring the funding necessary to develop the current portfolio of growth projects, this issue became the largest bond issue in history performed by a

non-financial Peruvian-owned enterprise. Furthermore, as part of the bond issue process, the Company was also rated as investment grade (BBB- and Baa3) by the three major credit rating agencies (Moody's, Standard & Poor's, and Fitch Ratings). As of the date of drafting of this Annual Report, the three agencies have already performed their first annual evaluation of the Company, ratifying the credit ratings granted. Taking into account the bond issue, the net cash flow for the period was positive by US\$420.7 million, with a final cash balance to December 31 of US\$574.9 million.

Considering the Company's bonds and financial obligations (leasing and other loans) the leverage ratio (financial debt / EBITDA) at the close of the year was 1.53x.

The following graph shows the evolution of Volcan's cash and debt position at the close of the last eight quarters.

Cash and debt position at the close of the last eight quarters



ACKNOWLEDGMENTS

Upon completing the 2012 Annual Report, the Board of Directors would like to thank the officers, employees, workers, and advisors who have worked and who continue to work for the Company for all the effort and dedication they have shown during the performance of their duties.

Lima, March 2013

The Board of Directors



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San Isidro
LIMA 27- PERU

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
VOLCAN COMPAÑIA MINERA S.A.A.

We have audited the consolidated financial statements of **VOLCAN COMPAÑIA MINERA S.A.A. AND SUBSIDIARIES**, which comprise the consolidated statement of financial position as of December 31, 2012 and 2011, and the consolidated statements of results, of comprehensive results, of changes in equity and of cash flows for the years ended December 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Management of the Parent Company is responsible for the preparation and fair presentation of these financial statements according to International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing, and maintaining appropriate internal control in preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with International Audit Standards as approved by the Board of Deans of Peru Public Accountants' Professional Association. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent Company and Subsidiaries' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Parent Company Management, as well as evaluating the overall presentation of the financial statements.

Pazos, López de Romana, Rodríguez Sociedad Civil de Responsabilidad Limitada, una sociedad peruana, es miembro de BDO Internacional Limited, una compañía limitada por garantía de Reino Unido, y forma parte de la red internacional BDO de empresas independientes asociadas.

BDO es el nombre comercial de la red BDO y de cada una de las empresas asociadas de BDO.



PAZOS, LOPEZ DE ROMANA, RODRIGUEZ
Sociedad Civil de Responsabilidad Limitada

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **VOLCAN COMPAÑIA MINERA S.A.A. AND SUBSIDIARIES** as of December 31, 2012 and 2011, of their financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Lima, Peru
February 19, 2013

Countersigned by

(Partner)

Luis Pierrend Castillo
CPA Registration N° 01-03823

*Pazos, López de Romana
Rodríguez*

Pazos, López de Romana, Rodríguez Sociedad Civil de Responsabilidad Limitada, una sociedad peruana, es miembro de BDO Internacional Limited, una compañía limitada por garantía de Reino Unido, y forma parte de la red internacional BDO de empresas independientes asociadas.

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CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

As of December 31, 2012 and 2011
(In thousand US Dollars)

ASSETS	Notes	2012	2011
Current Assets			
Cash and cash equivalents	5	574,855	154,123
Trade accounts receivable, net	6	114,724	126,947
Other accounts receivable	7	264,302	145,448
Other financial assets	8	30,042	20,296
Inventories, net	9	118,744	97,545
Total current assets		1,102,667	544,359
Non-Current Assets			
Other accounts receivable	7	13,231	6,515
Other financial assets	8, 18 (a)	40,377	8,533
Investments in associates	1 (b)	66,217	61,055
Property, plant and equipment, net	10	660,889	500,913
Mining titles & concessions, and exploration, development & stripping costs	11	744,319	642,438
Deferred income tax assets	16(b)	15,513	16,984
Total non-current assets		1,540,546	1,236,438
Total assets		2,643,213	1,780,797

LIABILITIES AND EQUITY	Notes	2012	2011
Current Liabilities			
Trade accounts payable	12	186,679	148,116
Other accounts payable	13	88,135	107,260
Other financial liabilities	8	59,463	43,465
Financial obligations	14	92,903	45,538
Total current liabilities		427,180	344,379
Non-Current Liabilities			
Long-term financial obligations	14	613,242	14,965
Deferred income tax liability	16(b)	155,642	124,189
Provision for contingencies	28 (f)	16,585	17,005
Provision for the closure of mining units	15(b)	53,622	41,366
Total non-current liabilities		839,091	197,525
Total liabilities		1,266,271	541,904
Net equity			
	17		
Issued capital		1,282,774	1,142,894
Shares in treasury		(224,538)	(217,917)
Other capital reserves		99,233	85,376
Capital reserve		10,800	4,309
Unrealized results		14,322	(10,189)
Accumulated results		194,351	234,420
Total net equity		1,376,942	1,238,893
Total liabilities and net equity		2,643,213	1,780,797

CONSOLIDATED STATEMENT
OF RESULTS

For the years ended December 31, 2012 and 2011
(In thousand US Dollars)

	Notes	2012	2011
Net Sales	20	1,160,785	1,211,614
Cost Of Sales	21	(736,567)	(613,698)
Gross profit		424,218	597,916
Operational (Expenses) Revenues:			
Administrative expenses	22	(58,898)	(60,799)
Selling expenses	23	(35,876)	(26,072)
Other revenues	24	65,138	39,295
Other expenses	24	(55,023)	(39,985)
		(84,659)	(87,561)
Operating profit		339,559	510,355
Financial Revenues (Expenses):			
Revenues	25	47,222	17,404
Expenses	25	(72,700)	(19,354)
Net gain (loss) from derivative financial instruments	18(c)	17,617	(12,630)
		(7,861)	(14,580)
Profit before income tax		331,698	495,775
Income Tax			
	16 (A)	(120,748)	(166,875)
Net profit		210,950	328,900
Weighted average of the number of issued and outstanding shares (in thousands)	26	3,172,115	2,839,519
Basic and diluted earnings per share	26	0.067	0.116

CONSOLIDATED STATEMENT OF
COMPREHENSIVE RESULTS

For the years ended December 31, 2012 and 2011
(In thousand US Dollars)

	Notes	2012	2011
Net profit		210,950	328,900
Other Comprehensive Results			
Net variation in unrealized gain on derivative financial instruments	18 (c)	35,016	50,422
Income tax	18 (c)	(10,505)	(15,127)
Other comprehensive results, net of income tax		24,511	35,295
Total comprehensive results		235,461	364,195

The accompanying notes to the financial statements are part of this statement.

The accompanying notes to the financial statements are part of this statement.

CONSOLIDATED STATEMENT OF
CHANGES IN THE NET EQUITY

For the years ended December 31, 2012 and 2011
(In thousand US Dollars)

	Number Of Shares		Issued	Share in	Other Capital	Capital	Unrealized	Accumulated	Total
	Common A	Common B	Capital	Treasury	Reserves	Reserve	Results	Results	
			US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Balance as of December 31, 2010	928,082,954	1,557,765,234	950,900	(203,000)	68,807	9,062	(45,484)	240,471	1,020,756
Net profit	-	-	-	-	-	-	-	328,900	328,900
Net variation of unrealized gain on derivative financial instruments (Note 18 (c))	-	-	-	-	-	-	35,295	-	35,295
Capitalization of profit	208,195,483	311,405,565	191,994	-	-	-	-	(191,994)	-
Appropriation	-	-	-	-	16,569	-	-	(16,569)	-
Dividends distribution	-	-	-	-	-	-	-	(56,526)	(56,526)
Dividends advance payment	-	-	-	-	-	-	-	(65,191)	(65,191)
Sale of shares in treasury held by subsidiaries	-	5,180	-	5	-	-	-	-	5
Purchase of shares of the Company by a subsidiary	(41,876,241)	-	-	(14,922)	-	(4,753)	-	-	(19,675)
Effect from conversion	-	-	-	-	-	-	-	(4,671)	(4,671)
Balance as of December 31, 2011	1,094,402,196	1,869,175,979	1,142,894	(217,917)	85,376	4,309	(10,189)	234,420	1,238,893
Net profit	-	-	-	-	-	-	-	210,950	210,950
Net variation of unrealized gain on derivative financial instruments (Note 18 (c))	-	-	-	-	-	-	24,511	-	24,511
Capitalization of profit	112,638,193	168,477,047	139,880	-	-	-	-	(139,880)	-
Appropriation	-	-	-	-	13,857	-	-	(13,857)	-
Dividends distribution	-	-	-	-	-	-	-	(68,443)	(68,443)
Dividends advance payment	-	-	-	-	-	-	-	(29,039)	(29,039)
Purchase of shares of the Company by a subsidiary	(15,428,854)	(2,824,558)	-	(1,621)	-	1,491	-	-	(130)
Adjustment	-	-	-	(5,000)	-	5,000	-	-	-
Effect from conversion	-	-	-	-	-	-	-	200	200
Balance as of December 31, 2012	1,191,611,535	2,034,828,468	1,282,774	(224,538)	99,233	10,800	14,322	194,351	1,376,942

The accompanying notes to the financial statements are part of this statement.

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CONSOLIDATED STATEMENT
OF CASH FLOWS

For the years ended December 31, 2012 and 2011
(In thousand US Dollars)

	2012	2011
Operating Activities:		
Collection of sales	1,173,008	1,237,528
Payments to suppliers and third parties	(816,050)	(685,229)
Payments to employees	(186,455)	(170,710)
Payments of income tax and other taxes	(119,353)	(195,350)
Other operating collections	207,511	283,676
Net Cash Increase From Operating Activities	258,661	469,915
Investment Activities:		
Acquisition of property, plant and equipment	(232,321)	(131,330)
Acquisition of investments in shares	(5,162)	(60,139)
Disbursements for acquisition of mining concessions	(12,696)	(13,323)
Disbursements for exploration, development and stripping activities	(135,781)	(122,596)
Net Cash Decrease From Investment Activities	(385,960)	(327,388)
Financing Activities:		
Increase of financial obligations	45,642	17,592
Issue of bonds	600,000	-
Sale of shares in treasury	-	5
Purchase of shares in treasury	(129)	(19,675)
Payment of dividends	(68,443)	(121,716)
Dividends advance payment	(29,039)	-
Net Cash Increase (Decrease) From Financing Activities	548,031	(123,794)
Net Increase Of Cash And Cash Equivalents	420,732	18,733
Cash And Cash Equivalent At The Beginning Of The Year	154,123	135,390
Cash And Cash Equivalent At The End Of The Year (Note 5)	574,855	154,123

CONSOLIDATED STATEMENT
OF CASH FLOWS

For the years ended December 31, 2012 and 2011
(In thousand US Dollars)

	2012	2011
Reconciliation Of Net Results With		
Cash From Operating Activities:		
Net profit	210,950	328,900
Net profit 210,950 328,900		
Plus (less) adjustments in net profit:		
Depreciation and amortization	119,950	103,904
Estimate of doubtful accounts receivable	-	852
Net changes in assets and liabilities		
Increase of operating assets -		
Accounts receivable, net	(113,347)	(29,524)
Inventories	(21,199)	(26,617)
Increase of operating liabilities -		
Trade accounts payable	38,563	43,815
Other accounts payable	23,744	48,585
Net Cash From Operating Activities	258,661	469,915

The accompanying notes to the financial statements are part of this statement.

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We Believe in our talent,
since it is the fuel that allows
us to meet our goals. It is the
force that moves us forward,
it represents everything
we have achieved, we are
achieving and we will achieve.
Moving Forward.

MOVING FORWARD



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

José Picasso Salinas
Director and Member of the Executive Committee since March 1996. Vice-Chairman of the Board of Directors until April 2010 and Chairman of the Board and the Executive Committee thereafter. Mr. Picasso is also Vice-Chairman of the Board of Directors of Compañía Minera Poderosa, Vice-Chairman of Reactivos Nacionales S.A., a Director of Cements Polpaico S.A., and a Director of Bodegas Vista Alegre. Formerly, he has been Vice-Chairman of Embotelladora Latinoamericana S.A.A. (Coca-Cola), and a Director of Compañía Minera Atacocha S.A., EXSA S.A., Castrovirreyna Compañía Minera, Corporación Minera Castrovirreyna S.A., Compañía Molinera del Perú, insurance company La Fénix Peruana S.A., the Lima Stock Exchange (BVL) and Acción Comunitaria.

Felipe Osterling Parodi
Vice-Chairman of the Board of Directors and Member of the Executive Committee since April 2010. He was a Director until April 2010. He works as an attorney at Estudio Osterling Law Firm, and is a member of the Board of Directors of Backus & Johnston Corporation. Member of the Peruvian International Law Society. He was formerly the President of the Peruvian Academy of Law and a Full Member, President, and Member of the Court of Honor of the Lima Bar Association (CAL), a Peruvian Senator, President of the Senate and of the Peruvian Congress. He was also formerly Dean of the Lima Bar Association and Peruvian Minister of Justice.

Mr. Osterling graduated with his Law Degree from the Pontifical Catholic University of Perú (PUCP), and pursued graduate studies at the University of Michigan and New York University. He is a Doctor of Law.

José Ignacio De Romaña Letts
Director since 1993, and Member of the Executive Committee. He worked in the Commercial Department of Compañía de Minas Buenaventura from 1992 to 1999. Head of Volcan’s Commercial Department from 2000 to 2010. Director of Castrovirreyna Compañía Minera S.A. since 2005, and Corporación Minera Castrovirreyna since 2002.

Mr. De Romaña graduated in Business Administration from University of the Pacific.

Daniel Mate Badenes
Director since March 2006. Joint Head of the Zinc, Lead, and Copper Divisions of Glencore International since February 2000, overseeing the areas of marketing and industrial assets, including strategy and operations. He has worked for Glencore since October 1988, starting at the Madrid offices and gaining experience in metals transactions and logistics in Spain and North Africa. After three years in the Glencore offices in Madrid, he joined

the Zinc and Lead Department in Switzerland in August 1991, before being transferred to the Copper Department in February 2002, where he was responsible for zinc concentrates operations in Spain, North Africa, and South America. He was later appointed Head of the International Zinc Marketing Division.

Mr. Mate holds degrees in Economics and Law from the University of Deusto in Spain.

Pablo Moreyra Almenara
Independent Director since 2011. He is an advisor to important Peruvian companies such as Ferreycorp S.A.A., and a founding partner of EQUBO, Estrategia y Finanzas. He has been a Director of Essalud, Procapitales, and BBVA Continental Bolsa. He was formerly a Private Equity Fund Manager at Enfoca Inversiones. He has been a Senior Executive of the BBVA Group in, occupying positions such as Investment Manager of BBVA Horizonte AFP, General Manager of BBVA Continental Mutual Funds, and Financial Planning Manager of BBVA Banco Continental. He was also a Director and Chief Analyst of ING Barings (Perú).

Mr. Moreyra is an Economist graduated from University of the Pacific, and holds an MBA from the Business School of the Peruvian University of Applied Science (UPC). He has pursued studies on the capital market, corporate finance, and has taken refresher courses at various institutions, such as the Harvard Business School and the University of Texas at Austin.

Jose Bayly Letts
Director since March 2012. He is a businessman, having been a Director and General Manager of Agropecuaria del Sur S.A. since 2004. He has also been a Director of Agrobay S.A. since 1999.

Mr. Bayly studied Business Administration at University of the Pacific. He graduated from the Senior Management Program (PAD) and the Corporate Government Program for Business Directors, both programs run by the University of Piura.

Christopher Eskdale
Director since 2012. He began as a Chartered Accountant at Deloitte & Touche in London and Moscow, and has worked for Glencore since 1996.

Mr. Eskdale holds a Master’s from the University of Oxford. He is a Chartered Accountant certified by the Institute of Chartered Accountants of England and Wales.

Irene Letts Colmenares de De Romaña
Director since March 2012. She has also been a Director of Ferrocarril Central Andino S.A. and Ferrovías Central Andina S. A. since 2004, a Director of Proyectos Médicos and Clínica Montesur since 2002, and a Director of Nueva Ginecología y Vida S.A.C. at Jockey Salud since 2007.

Ms. Letts studied at the School of Social Service at the Major National University of San Marcos (UNMSM) and the Faculty of Economics at the University of Lima.

Madeleine Osterling Letts
Director since March 2012. Partner at the Estudio Osterling S.C. Law Firm. She was Legal Vice President of BellSouth Perú S.A. and Telefónica Móviles S.A. until December 2011. She is a member of the Rocky Mountain Mineral Law Foundation and a Contracts Professor at the Peruvian University of Applied Science (UPC).

Ms. Osterling is an Attorney graduated from the Pontifical Catholic University of Perú (PUCP), specialized in mining and environmental law.

Gonzalo Andrade Nicoli
Director from March 2006 to March 2012. Formerly Director and Commercial Manager of Consorcio Minero S.A. and Commercial Director of Compañía Minera Condestable S.A.A. He worked for SOGEM Perú, the commercial arm and subsidiary of the Belgian company Union Minière in Lima, from 1990 to 1992. He then worked at SOGEM offices in New York until 1997. He joined the Trafigura Group in June 1997. He is currently the Commercial Manager of Consorcio Minero S.A., a subsidiary of Trafigura.

Víctor Gobitz Colchado
Independent Director from May 2009 to March 2012. He was a Member of the Executive Committee. He is a Director and has been General Manager of Compañía Minera Castrovirreyna S.A. and Corporación Minera Castrovirreyna; President of the Peruvian College of Engineers (CIP), the Mine Safety Institute (ISEM) and the National Mining Society (SNM). In the past, he worked for Compañía Minera San Ignacio de Morococha from 1989 to 1992; held the position of Corporate Financial Planning Manager of Minera Aurífera Retamas S.A.C. from 1993 to 1996; was General Manager of Empresa Administradora Chungar S.A. from 1996 to 1999; and Assistant General Manager and Central Operations Manager of Volcan Compañía Minera S.A.A. from 1999 to 2004.

Mr. Gobitz holds a degree in Mining Engineering from the Pontifical Catholic University of Perú (PUCP) and an MBA from the Graduate School of Business Administration (ESAN).

SENIOR MANAGEMENT

Juan José Herrera Távara
General Manager since 2009. Previously, he was the General Superintendent of Perubar, Mine Superintendent at Compañía Minera del Sur (Bolivia) and Assistant to the Operations Manager at Corporación Minera Nor Perú. He has been the General Manager of several mining companies since 1996, including Perubar, Yauliyacu and Iscaycruz, and Compañía Minera Atacocha. He was formerly an Alternate Director of Compañía Minera San Ignacio de Morococha, starting in 2006. Director of the National Mining Society (SNM).

Mr. Herrera graduated as a Mining Engineer from the National University of Engineering (UNI) and holds a Master’s Degree in Mining Engineering from Queen’s University in Canada. He took part in a graduate training program at Gold Fields in South Africa. He graduated from the Senior Management Program (PAD) run by the University of Piura in October 2002.

Juan Ignacio Rosado Gómez de La Torre
Deputy General Manager since June 2010. Formerly Vice Chairman and Finance Director of Hochschild Mining Plc.. He has also worked as Senior Project Manager for McKinsey & Company from August 2000 to January 2005. A formerly Director of Lake Shore Gold Corp. from March 2008 to June 2010 and Zincore Metals in 2010, both mining companies listed on the Toronto Stock Exchange.

Mr. Rosado graduated with a Degree in Economics from the University of the Pacific and holds a Master’s in Business Administration from the Ross School of Business at the University of Michigan.

Roberto Maldonado Astorga
Central Operations Manager since January 2008. Previously worked for Volcan as Engineering and Projects Superintendent from September 2000 to August 2004, and later as General Superintendent of the Animón mine until March 2007. Formerly the Las Bambas Project Manager for Xstrata Perú.

Mr. Maldonado is a Mining Engineer graduated from the National University of Engineering (UNI) and holds a Master’s Degree in Mineral Engineering Management from Pennsylvania State University.

José Montoya Stahl
Central Planning Manager since June 2010. Previously, he has worked for large corporations such as Votarantim Metais, Exsa S.A., and Minera Yanacocha S.R.L. in the Production and Planning Departments for open pit and underground mines. Mr. Montoya graduated from the Pontifical Catholic University of Perú (PUCP) as a Mining

Engineer and holds a Master’s Degree in Economics from the Colorado School of Mines. He has participated in executive development programs run by the University of Piura (Perú) and the Fundación Don Cabral (Brazil).

José Carlos del Valle Castro
Central Financial Manager since September 2010. Over the course of his career, he has held management positions in renowned international companies such as Wells Fargo Bank in San Francisco (California), Standard Chartered Bank in the USA and Perú, and McKinsey & Company in Venezuela and Perú. Before joining the Company, he was the General Manager of Textil San Cristóbal S.A.

Mr. del Valle studied economics and business administration at the University of the Pacific. He graduated with a Degree in Business Administration from California State University at Hayward, and holds a Master’s in Business Administration from the Wharton School at the University of Pennsylvania, where he majored in both finance and strategic management.

David Brian Gleit
Business Development Manager since September 2011. He has broad professional experience in investment and financial advice, and has held a range of positions: at Marketing and Institutional Relations Director at Aronson+Johnson+Ortiz in Philadelphia ; as General Manager of Compass Perú; as a Founder and General Manager of Perú Investment Advisers S.A.C; as Financial Advisor at Inteligo Bank Ltda. Of Interbank Group in Nassau and Bahamas ; and with Stracon S.A.C., a mining contractor, as Finance and Administration Manager.

Mr. Gleit studied Literature and Economics at the University of Vermont and holds an MBA in Finance from the Drexel University, United States of America.

Jorge Murillo Núñez
Financial Planning and Control Manager since January 2011. Mr. Murillo has been a Financial Consultant with KPMG Consulting; Financial Comptroller for Perú and Colombia at Bearing Point; Assistant Corporate Financial Planning Manager of the Gloria Group; and Budget Manager of Hochschild Mining.

He graduated as an Industrial Engineer from the Pontifical Catholic University of Perú (PUCP) and holds a Diploma in Finance from the same university, as well as an MBA from the Graduate School of Business Administration (ESAN).

José Antonio Cuadros Obando
Operations Manager of the Cerro de Pasco, San Sebastián, and Vinchos Units since March 2010. Over the course of

his career, he has also been Head of Planning, Technical Superintendent, and Operations Manager of Empresa Minera Iscaycruz. Before joining the Company, he was the manager of the Selene and Pallancata Mining Units of Compañía Minera Ares – Hochschild Mining.

Mr. Cuadros graduated as a Mining Engineer from the Jorge Basadre Grohmann National University in Tacna, and holds a Master’s Degree in Geotechnical Engineering from the Pontifical Catholic University of Chile.

Edgardo Zamora Pérez
Operations Manager of the Yauli Unit since September 2012. He joined Volcan in May 2000. He has 12 years of professional experience, holding such positions in mine operations. He served as Superintendent of Planning until March 2007.

Mr. Zamora is a Mining Engineer graduated from the Major National University of San Marcos (UNMSM).

Herman Flores Arévalo
Operations Manager of the Alpamarca, Río Pallanga, and Carhuacayán Units since January 2007. He joined Volcan in 1999, as Superintendent of Planning and Mine Superintendent at Cerro de Pasco. He previously worked at Centromin Perú.

Mr. Flores is a Mining Engineer graduated from the National University of Engineering (UNI), with a Master in Business Administration from the Graduate School of Business Administration (ESAN).

José Manuel Blanco Collao
Operations Manager of the Chungar Unit since September 2012. He has broad experience in mining and hydroenergy projects, and has worked for different mining companies, such as San Ignacio de Morococha S.A., where he was Operations Manager; at the Cerro de Pasco Expansion Project (Centromin Perú); Compañía Minera Atacocha; Compañía Minera Simsa; and Compañía Minera Poderosa.

Mr. Blanco is a Mining Engineering graduated from the Jorge Basadre Grohmann National University in Tacna.

Daniel Torres Espinoza
Operations Manager of the Andaychagua Unit. He joined Volcan in September 2008.

Previously, he was Superintendent of Planning at different mining companies, such as Minera Yauliyacu, Compañía Minera Huarón, Empresa Administradora Chungar, and the Yauli Unit of Volcan. Mr. Torres is a Mining Engineer graduated from the National University

of Engineering (UNI), with Quick MBA graduate studies at GERENS.

Ulises Oliveros Salas
Project Manager since June 2011. He has 20 years of professional experience in project management in the mining and metallurgy industry and has taken part in the different stages of project development, from feasibility studies and engineering to construction. He was the Project Manager of the Tia Maria Project at Southern Perú Copper Corporation; Head of Administration and Control of the Ilo Refinery upgrading project; and Project Manager of the project for the rerouting of the Tratay River. He has also taken part in different projects involving the expansion of concentrator plants and infrastructure.

Mr. Oliveros graduated as a Civil Engineer from the Pontifical Catholic University of Perú (PUCP), and holds a Master's in Business Administration from the Private University of Tacna.

Pedro Martínez Recio
Corporate Research and Metallurgical Projects Manager since May 2010. Over the course of his career, he has been General Manager of the Río Tinto Mining Company in Spain, with gold, silver, and copper mines. He has served as a metallurgical consultant to numerous companies and led multiple projects in Spain, Nicaragua, and South Africa. His last job prior to joining Volcan was as Metallurgical Manager at the Spanish company Aguas Teñidas, part of the Trafigura Group, which processes polymetallic ore containing copper, lead, zinc, and silver.

Mr. Martínez holds a Degree in Chemical Sciences from the University of Sevilla in Spain, and a Master of Science in Mineral Processing from the Royal School of Mines at the University of London, United Kingdom.

César Farfán Bernales
Explorations Manager. He joined Volcan in September 2001.

Mr. Farfán is a Geological Engineer graduated from the Major National University of San Marcos (UNMSM) with graduate studies in Geology and Metallogeny at the Central University of Quito in Ecuador.

Eduardo Julio Magnasco La Torre
Operational Excellence Manager since November 2010. Over the course of his career, he has held the positions of Assistant Director of Airworthiness at the Peruvian Aviation Administration (DGAC) in Lima; Director

of Quality Assurance at Aviación Faucett company; Maintenance Manager at Americana de Aviación in Lima, Perú; Director of Quality Control at Tans Perú; and Maintenance Manager at Taca Perú.

Mr. Magnasco is an Aerospace Mechanical Engineer with experience in the areas of operations, maintenance, logistics, regulations, quality, human resources, and management. He holds a Master's in Business Administration from the Diego Portales University in Chile.

Felipe Injoque Espinoza
Social Responsibility Manager since December 2010. He has 30 years of experience in consulting, teaching, and management in the fields of forestry, agro-industrial development, natural resources conservation, protected area planning, and the management of social and environmental matters in mining and other sectors. He has held a range of positions at Minera Yanacocha, Rescan Perú, Mauricio Hochschild and Cía, and Compañía Minera Atacocha.

Mr. Injoque graduated in Forestry Engineering from the La Molina National University of Agriculture, and holds a Master’s Degree in Environmental Sciences from the Graduate School of the La Molina National University of Agriculture.

José Estela Ramírez
Manager of Energy since July 2011. He joined Volcan in March 2009. Over the course of his career, he has been Operations Manager of Empresa de Generación Cahua; General Manager of Egasa Arequipa; a Director of Egesur; and Head of the Studies Division of COES Sur.

Mr. Estela is a Mechanical Engineer graduated from the National University of Engineering, and holds a Master’s in Business Administration from the Graduate School of Business Administration (ESAN) and a graduate diploma in Electricity Company Management from Vattenfall, Sweden.

Mario Eduardo De las Casas Vizquerra
Logistics Manager since February 2010. He gained broad experience from 1990 to 1998 at the Logistics Departments of Buenaventura S.A. and Minera Yanacocha S.A. He was Logistics Manager of Volcan Compañía Minera from 1998 to 2007, and Assistant Contracts, Logistics, and Procurement Manager in the Projects Department of Votorantim Metais – Cajamarquilla Refinery from 2007 to January 2010.

Mr. de las Casas graduated in Business Administration from the Ricardo Palma University, and holds an Executive Diploma (PADE) in Logistics from the School of Business Administration (ESAN).

Néstor Hernán Astete Angulo
Human Resources Manager from November 2010 to December 2012. He was formerly Executive HR Director of the Aeroméxico Group and HR Projects Director for Latin America of Banco Santander in Mexico. He has been the Executive Director of HR at Banco Santander in Mexico, Brazil, and Perú, and served as HR Manager of Orión (the financial arm of the Carsa Group) as well as working for the Occidental Petroleum Corporation and Armco Peruana S.A. He has been Talent and Personnel Manager in various Latin American countries, creating teams and managing mergers and cultural change in multinational corporations.

Mr. Astete graduated as an Industrial Engineer from the University of Lima, and specialized in Human Resources at the Graduate School of Business Administration (ESAN).

Roberto Servat Pereira de Sousa
Labor Relations Manager. He joined Volcan in January 2007. He was previously Vice-Minister of Employment, Vice-Minister of Social Promotion, an Advisor to the Minister's Office, General Director of the Legal Counseling Department, and a member of the Consultative Commission of the Ministry of Employment and Job Creation; a Judge of the Bankruptcy Division in Matters of Fair Competition and the Defense of Intellectual Property of INDECOPI; and a member of the Steering Committee of the Superintendency of Healthcare Service Providers. He is currently a Professor at the University of Lima and the Peruvian University of Applied Sciences (UPC).

Mr. Servat graduated as an Attorney from the University of Lima in 1993. He holds a Master's Degree in Public Administration from the Ortega & Gasset Institute, at the Complutense University of Madrid.

Ernesto Zelaya Pflucker
Mining Projects Manager. He joined Volcan in January 2009 as Projects and Investments Manager.

Previously, he was Assistant General Manager of Operations at Compañía Minera Atacocha; Central Operations Manager at Volcan; Corporate Operations Manager of the Milpo Group; General Manager at Minera Rayrock; and Superintendent of Production at Breakwater Resources Inc. Mr. Zelaya is a Mining Engineer graduated from the National University of Engineering (UNI), with an

Executive Diploma (PAD) in Operations Management from the University of Piura.

José Manzaneda Cabala
Metallurgical Operations Manager. He joined Volcan in September 2012.

Previously, he was Head of Metallurgy at Compañía Minera Condestable S.A., Compañía Minera Atacocha S.A., Empresa Minera Iscaycruz S.A., and Sociedad Minera El Brocal S.A. Mr. Manzaneda is a Metallurgical Engineer graduated from the National University of Engineering (UNI), with a Master's Degree in Ore Processing.

Luis Alberto Narvaez Cueva
Manager of Environmental Affairs. He joined Volcan in June 2011.

Previously, he was the Corporate Environmental Manager at Xtrata Perú S.A and in other mining companies, such as BHP Billiton, BHP Discovery, Corporación Minera Nor Perú, Compañía Minera Santa Isabel, and Compañía Minera Manto Azul S.A.

Mr. Narvaez is a Mining Engineer graduated from the Pontifical University of Perú (PUCP), with graduate studies in Mining and the Environment from the National University of Engineering (UNI).

Sergio Giampietri Ramos
Corporate Asset Security Manager since March 2011. He was previously a Navy Officer, holding different operational jobs and high-ranking positions. He has been an advisor to a range of private security and commercial diving projects. Over the course of his career, he held various command posts and positions in special operations units.

Mr. Giampietri is a Bachelor in Naval Maritime Sciences, and holds a Master's in Business Administration from the Graduate School of the San Ignacio de Loyola University. He also holds a Master in Science (MS) in Defense Analysis from the United States Naval Graduate School in Monterey, California, and a Graduate Diploma in Command, General Staff, and Administration for Defense.

Jesús Ylazaca Valdivia
Geological Operations Manager since May 2012. He was previously Corporate Superintendent of Geology starting in April 2010. He has been the Regional Geological Manager at Panamerican Silver México and Project Head at Minera Andina de Exploraciones.

Mr. Ylazaca is a Geologist graduated from the San Agustín de Arequipa University, with a Master's in Mineral Resources from the Antofagasta University in Chile.

Juan Marceliano Rojas
Occupational Health and Safety Manager since April 2012. Previously, he was Superintendent of Safety, Health, and the Environment at Hochschild in Lima, Perú. From April 2005 to March 2012, he worked as Safety Supervisor at Votorantim Metais – Unidad Cajamarquilla S.A.C.

Mr. Marceliano is a Mining Engineer, with graduate studies at the Peruana Unión University – Lima in Business Administration, with a concentration in Business Management, Finance, and Human Resources Management.

Paolo Cabrejos Martin
Commercial Manager since September 2010. He joined Volcan in November 2008 as Deputy Commercial Manager. He has 11 years of national and international experience in trading zinc, lead, and copper concentrates at companies such as Glencore International AG, Louis Dreyfus Commodities, and BHL.

Mr. Cabrejos graduated in Business Administration from the University of the Pacific.

Carlos Eduardo Flores Trelles
Information Technology Manager since December 2010. He was formerly Corporate IT Director at Yanbal International Corporation and held various executive positions in the IT field at Bellsouth International Corporation. He is a Professor at the University of Lima Business School and the Pontifical Catholic University of Perú (PUCP) Business School.

Mr. Flores graduated in Systems Engineering from the University of Lima and holds an MBA, specializing in strategic business administration, from Centrum PUCP. He also holds a graduate Diploma in Information Security from Centrum PUCP, and has attended the Executive Diploma (PAD) Program in Human Resources Management at the University of Piura. Executive Specialization Diploma (PEE) in Organization and Administration from the Graduate School of Business Administration (ESAN).

Pedro Navarro Neyra
Treasury and Administration Manager since December 2010. He is also Managing Director of Compañía Industrial Limitada Huacho S.A.

Mr. Navarro holds a Degree in Business Administration and a Master's in Business Administration from the University

of Piura, as well as a Master's Degree in Strategic Finance Management from the UPC (Perú) and EOI (Spain).

Pedro Torres Torres
Accounting and Tax Manager since November 2010. He joined Volcan in February 2010 as Head Accountant, and worked for 17 years as Audit Manager at Pricewaterhouse Coopers. During his last ten years as Audit Manager, he worked with large companies from different sectors, both Peruvian and foreign.

Mr. Torres is a Certified Public Accountant and a graduate of San Martín de Porres Private University. He holds a Master's in Business Administration from the Université du Québec á Montreal in Canada; a Diploma in Finance from the University of Piura; as well as a Specialization Diploma in International Financial Reporting Standards and International Accounting Standards from University of the Pacific.

Juan Begazo Vizcarra
Audit Manager since July 2010. He joined Volcan in December 2008 as Administration and Control Manager. He formerly worked as Finance Director of Gold Fields, and was Comptroller General of Doe Run and Accounting Manager and Head Accountant of Centromin Perú.

Mr. Begazo is a Certified Public Accountant and he is a member of the Mining Accounting Experts' Committee and a Professor in the Mine Management Diploma Program at the University of Lima.

Alfonso Rebaza González
Legal Manager since September 2010. He has experience in corporate law, mining law, arbitration, and contracts. He is a partner at the Estudio Osterling Law Firm, and a Professor of Civil Law at the Pontifical Catholic University of Perú's Faculty of Law.

Mr. Rebaza graduated as an Attorney from the Pontifical Catholic University of Peru (PUCP).

Jorge Luis Cotrina Luna
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