



VOLCAN ANNUAL REPORT 2016





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REPORT
2016

DISCLAIMER

"This document contains accurate and sufficient information about Volcan Compañía Minera S.A.A.'s business activities in 2016. Regardless of the issuer's liability, the undersigned are responsible for the content herein, in accordance with applicable laws."



José Picasso Salinas
Chairman of the Board



Juan Ignacio Rosado Gómez de la Torre
Chief Executive Officer

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PART 1

**LETTER TO THE
SHAREHOLDERS**



Yanamachay Lagoon



Islay Mine - Chungar

Dear Shareholders,

2016 was a very difficult year for the global economy due to several reasons, which include a series of political events: the United Kingdom voted via referendum to exit the European Union (Brexit), Colombia voted to reject the peace accords with the FARC, the United States elected Republican candidate Donald Trump on a protectionist and anti-immigration platform as president for the 2017-2021 term, and the ISIS (Islamic State of Iraq and Syria) conflict in the Middle East, which has triggered an exodus to the west.

In 2016, global GDP grew by 3.1%, slightly below 2015 levels (3.2%). The slower pace of growth is explained by the deceleration in developed markets such as the U.S. and the Eurozone, as well as the slowdown of emerging markets such as China (6.7%) and India (6.6%). International financial markets were highly volatile, particularly as a result of the uncertainty generated by the UK Brexit implementation strategy, negotiations between oil producing countries and the U.S. elections. However, election results and the OPEC agreement have helped to dissipate uncertainty. The markets adopted positive growth prospects for the U.S. economy in light of expectations of higher infrastructure spending and tax cuts, which were also reflected in the U.S. Federal Reserve's second increase in the benchmark interest rate since 2008 - as of the date that this report was submitted, the FED has already made its third increase. In this context, by year end stock markets had shown significant increases¹.

The national scenario was not without its political events, including general elections for the 2016-2021 term. After a polarized electoral campaign, Pedro Pablo Kuczynski was elected president by a narrow margin in the second round. However, the Fuerza Popular party, led by Keiko Fujimori, won absolute majority in Congress, obtaining 73 of the 130 seats. These election results set the tone for the second half of the year, where friction prevailed between the Executive and Legislative branches. Despite this, 30 days after taking office, in his presentation to Congress, the prime minister received

the vote of confidence for the Ministerial Cabinet, and the Executive branch was delegated legislative powers to accelerate the regulations needed to implement the reforms required in Peru. In December 2016, the Executive branch subsequently promulgated 112 legislative decrees in different sectors of the Peruvian economy.

In November, Lima hosted the Asia-Pacific (APEC) Summit, with the participation of presidents from member states, including U.S. president, Barack Obama, Chinese president, Xi Jinping, and Canadian prime minister, Justin Trudeau, among other important authorities, such as bankers and investors from APEC member countries. After the summit, the president of China visited Peru on official mission as head of state, consolidating Peru-China relations. In September 2016, President Kuczynski made his first official state visit to China.

In economic terms, the Peruvian GDP rose 3.9% in 2016, higher than the growth rates registered in the two preceding years, as a result of increased growth in the mining and hydrocarbons sector (16.3%). However the fishing, construction and manufacturing sectors dropped 10.1%, 3.1% and 1.6%, respectively. Peru's current balance of payments had a minor deficit, dropping from 4.9% of the GDP in 2015 to 2.8% of the GDP in 2016. This minor deficit provoked an appreciation of 1.7% in the Sol, closing 2016 at PEN 3.36 per USD. Inflation in 2016 was 3.2%, which is above the target range of 1.0% to 3.0% established by the Central Reserve Bank of Peru.

Growth in the mining sector was driven by an increase in copper production (38.4%) due mainly to the startup of operations in the Las Bambas mining project in Apurímac and the expansion of Cerro Verde in Arequipa. In addition, domestic silver production rose 6.7%, mainly due to increased production at the Uchucchacua mine in Buenaventura.

Private investment has been on the decline for five years in a row, especially in mining, which has been

¹ Developed markets: U.S. S&P 500 (+9.5%), Germany DAX (+6.9%), Japan Nikkei 225 (+0.4%), France CAC 40 (+4.0%), UK FTSE 100 (+14.4%) and Spain IBEX 35 (-2.0%). Emerging markets: Peru SP/BVL Peru General Index (+58.1%), Colombia COLCAP (+17.2%), Chile IPSA (+12.8%) and Brazil BOVESPA (+38.9%)

affected by the presence of social conflicts, bureaucratic red tape, lack of authority and delays in the adoption of certain political measures.

I cannot fail to mention that the excessive enforcement on tax, labor, environmental and social matters leave little room for development of the mining industry in Peru. This, in addition to the damage caused by the Law of Prior Consultation and inefficient use of mining royalties, which should be distributed proportionate to the needs of each region, has resulted in social conflicts that have yet to be resolved. This has delayed private investment and led to cost overruns for local mining companies.

According to the Fraser Institute's annual ranking for 2016, Peru rose only eight positions for attractiveness in mining investment, placing 28th out of 104 jurisdictions, thanks to a substantial improvement in the perception of Peru's geological potential. However, in terms of perception of public policies and practices associated with the sector, Peru continues to lag halfway down the list, behind Botswana, Ghana, Chile and Mexico, among others. This requires a greater emphasis on government policies that build on the mining potential in Peru and facilitate investments, guaranteeing the startup of important projects such as Tía María, Cuajone, Quellaveco, Conga, Río Blanco, Galeno, Michiquillay, La Granja.

As we have been saying for years, we are responsible for promoting the development of Peru. Windows of opportunity don't open every day, and we cannot forget that we compete to attract new investments that ultimately go to the countries offering the best conditions. We see neighboring countries that have not traditionally focused on mining, such as Ecuador, Colombia and more recently Argentina, with Mauricio Macri's new government, who are beginning to improve their positioning, attracting investors to take advantage of their mining potential.

During the second half of 2016, the mining industry saw a significant recovery in prices. Silver closed 2016 at 16.24 USD/ounce, 17.5% above the 2015 closing price of 13.82 USD/ounce. The price of zinc rose 60.2% from 1,600 USD/MT at the close of 2015 to 2,563 USD/MT at the end of 2016. Likewise, the price of lead rose 10.2%, from 1,802 USD/MT at the close of 2015 to 1,985 USD/MT at the end of 2016; copper rose 17.0% to 5,501 USD/MT; and gold rose 8.6% to 1,153 USD/MT. This recovery came about after almost five years of continuous falling metals prices, which led to a collapse in share prices in the mining sector, shutdowns and partial suspensions of mining operations, reduction of operating investments and financial challenges involving liquidity and inactivity in mining companies.

Several mining companies were forced to sell assets and/or increase their capital. Such low price levels have meant poor results for mining companies, and some have faced the need to register impairments in their accounts, in accordance with international accounting standards.

In the midst of these difficulties, Volcan obtained satisfactory results for zinc (273,000 FMT), silver (22.0 million ounces) and lead (52,000 FMT), i.e., respective decreases of 4.1%, 11.4% and 12.3%, compared to 2015. This is primarily explained by a decrease in production at the Yauli unit due to less mine development and preparation work in the San Cristóbal mine and lower activity in the Carahuacra Norte pit.

Drastic cost-reduction measures were taken throughout the Company, resulting in a substantial decrease in production costs. This decrease is the result of the implementation four years ago of our continuous improvement system, an integral part of our operational management implemented to optimize mining methods, revise the scope and number of contractors, reduce consumption among our main

suppliers and use energy more efficiently, among other improvements.

The unit cost in 2016 was 49.5 USD/MT, 8% lower than the 53.7 USD/MT of 2015. This decrease is the result of our ongoing improvement system, a comprehensive part of operational management.

As a result of the first semester's low prices, most mining companies around the world faced the need to drastically reduce their investments. Investment in our operating units was down 5%, from USD 119 million in 2015 to USD 113 million in 2016. In total, Volcan invested USD 122 million in 2016, 30% less than the USD 174 million invested in 2015. This reduction is mainly due to the completion of the construction of the Oxides plant and the Rucuy hydroelectric plant.

In 2016, net sales were USD 822 million, 3.4% higher than the USD 795 million in 2015. As a result, Volcan showed a substantial improvement in its financial margins. The Company's gross margin increased to 29% from 17% in 2015. This was due to the higher price of metals, a lower production cost and the decreased volume in concentrate sales from third parties which generates a lower margin. EBITDA reached USD 303 million, compared to USD 225 million in 2015. Meanwhile, net profits reached USD 84 million.

In terms of Volcan's total reserves, the Company implemented geostatistical tools to generate resource block models, applied almost in their entirety to the mineralized structures of our operating units, which has resulted in a better interpretation and categorization of these structures. The current process generates solid reserve models, which provide greater support for mining plans.

Volcan has worked with a select portfolio of exploration prospects and projects over the last few years, including: Zoraida, Huaytayán and Chumpe in Yauli; Shuco, Rica Cerreña and Piritas de Plata in Cerro; Islay 4

in Chungar; Romina II, Carhuacayán and Condorsenga in Alparmarca; and the greenfield project, Palma.

IN DECEMBER 2016, NEGOTIATIONS FOR ACQUISITION OF ROMINA II CAME TO A CLOSE. ROMINA II IS LOCATED IN THE DISTRICT OF PACARAOS, 15 KM WEST OF THE ALPAMARCA MINE.

This is a high-grade polymetallic mineralization project whose main body is Puagjanca, which will be treated in the Alparmarca plant.

Looking beyond current projects, in line with our long-term vision, we continue to systematically assess multiple growth opportunities, some based on the development of our own concessions, and others related to opportunities that arise in the market both domestically and abroad.

In 2016 we strengthened our safety system. However, we deeply regret the occurrence of three fatal accidents at Yauli, involving two contractor employees and one Volcan employee. Investigations ensued to determine the cause of each and corrective measures were taken, with an emphasis on supervision, training and assessment to strengthen controls.

In the energy business, Volcan pressed forward with its strategy of investing in hydroelectric generation and a proprietary electricity transmission system to guarantee a constant, reliable source of power for its operating units. During 2016, Volcan concluded construction of the 20 MW (120 GWh-year) Rucuy hydroelectric plant in the Chancay-Hualal basin, with a total investment of

USD 50 million. With this latest addition, the Company now has 13 hydroelectric plants in operation with a total capacity of 63 MW. The Company's total energy consumption in 2016 was 635 GWh with a maximum power demand of 84 MW. The Company is currently continuing to study the expansion of the Tingo hydroelectric plant (15 MW) and the construction of the Chancay 2 and 3 plants (30 MW).

During a session of the Board of Directors, Volcan, through its subsidiary Empresa Administradora de Puertos S.A.C., consolidated 100% ownership of Terminales Portuarios Chancay S.A., a company that has been developing studies for the Multipurpose Port Project in the city of Chancay in the Lima region. Volcan has commissioned MBA Lazard to launch a competitive search process for a partner in Terminales Portuarios Chancay.

With regard to corporate social responsibility and environmental management, Volcan continued to focus on establishing relations of mutual trust and respect with the populations in our areas of influence and in other regions that are of strategic importance to our operations. The Company is well aware of the importance of mining companies in the development of our nation and its people, particularly in remote areas. It is important to remember that the Company is a pioneer in executing the Public Works and Tax Credit program, developing and/or awarding 14 projects valued at PEN 100 million, including investments in: transportation, schools, water and sanitation.

In terms of corporate reorganization, on January 1, 2016, a merger went into effect, through which Compañía Minera Alpamarca S.A.C. absorbed Empresa Administradora Chungar S.A.C. Likewise, the split of an equity block for the constitution of a new company called Óxidos de Pasco S.A.C. was completed.

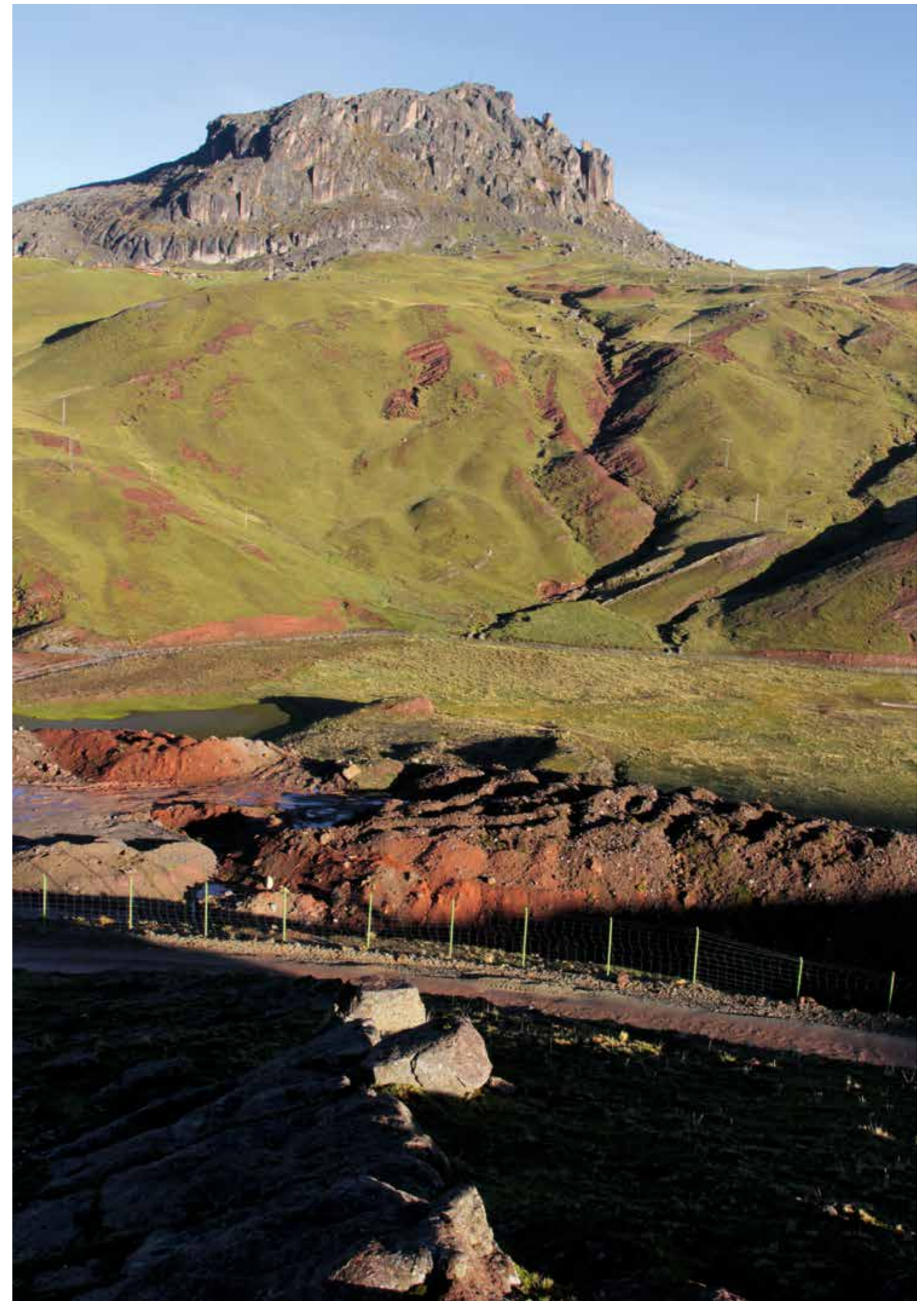
Finally, we would like to report that as of the date that this report was submitted, Volcan has entered the FTSE Global Equity stock indexes. Volcan thereby joins Credicorp Capital and Buenaventura as the only Peruvian shares included in the FTSE indexes for emerging markets in Latin America.

On behalf of the Board of Directors, I would like to take this opportunity to thank our employees for their hard work, dedication and commitment to the Company's objectives.

In closing, I would like to thank you, our shareholders, for your trust, support and interest in Volcan's activities.

Sincerely,

José Picasso Salinas
Chairman of the Board



Road to Chungar

PART 2

**MACROECONOMIC
ENVIRONMENT**





Mahr Túnel Plant - Yauli

INTERNATIONAL OUTLOOK

In 2016, the global economy grew by 3.1%, slightly lower than in 2015 (3.2%). The slower pace is explained by the deceleration in developed markets such as the U.S. and the Eurozone, and in emerging markets such as China and India.

In 2016, international financial markets showed episodes of high volatility, particularly as a result of the uncertainty generated over the UK Brexit implementation strategy, negotiations between oil producing countries and the U.S. elections. However, after the election results and the OPEC agreement the uncertainty dissipated, and markets adopted positive growth prospects for the U.S. economy in light of expectations of higher infrastructure spending and tax cuts, producing mainly gains in the stock market by the end of the year².

PERUVIAN ECONOMY

In 2016, the Peruvian GDP rose 3.9%, higher than the growth rates registered in the two preceding years, as a result of increased growth in the mining and hydrocarbons sector. The GDP in this sector grew 16.3% as a result of an increase in metal mining (21.2%), mainly associated with the increased copper production after the start of operations in the Las Bambas mining project. By contrast, non-primary sectors such as manufacturing and construction continued to show negative rates of change proportionate to the decline

in private investment, mainly due to the contraction of mining investment.

National Production of Principal Metals

	2015	2016	var%
Zinc (thousands FMT)	1,421	1,337	-5.9
Lead (thousands FMT)	316	314	-0.4
Copper (thousands FMT)	1,701	2,354	38.4
Silver (millions Oz)	131.9	140.6	6.7
Gold (thousands Oz)	4,720	4,919	4.2

Source: Ministry of Energy and Mines

Peru's current balance of payments had a deficit of 2.8% of the GDP, less than the deficit of 4.9% of the GDP observed in 2015. Proportionate to the higher prices for metals, trade balance results were positive (USD 1.73 billion), thanks to higher volumes of traditional exports. The lower current account deficit, partially offset by the uncertainty generated by the election of a new president in the United States, caused the Sol to appreciate by 1.7%, closing 2016 at PEN 3.36 per USD.

Inflation in Metropolitan Lima ended the year at 3.2%, slightly higher than the target range of Peru's Central Bank (between 1.0% and 3.0%). This result was determined by increases in the cost of dining out and student enrollment and tuition prices.

METAL PRICES

2016 started out with very weak prices for metals and raw materials. The global market was still suffering from the perception of productive overcapacity that had affected all of these markets since 2015, including iron, petroleum, copper, zinc and others. On the demand side, the market was not convinced that the existing productive capacity would be absorbed and believed that inventories would continue to grow.

² Developed markets: U.S. S&P 500 (+9.5%), Germany DAX (+6.9%), Japan Nikkei 225 (+0.4%), France CAC 40 (+4.0%), UK FTSE 100 (+14.4%) and Spain IBEX 35 (-2.0%). Emerging markets: Peru SP/BVL Peru General Index (+58.1%), Colombia COLCAP (+17.2%), Chile IPSA (+12.8%) and Brazil BOVESPA (+38.9%)

January was critical, with zinc falling below the 1,500 USD/MT, a level of prices deemed unsustainable for most of the industry. However, zinc began recovering little by little beginning in February. A consolidation of consensus on the sharp decline in mining supply began to exert upward pressure on prices. The magnitude of confirmed mine closures and production cuts lowered global productive capacity by 10%. Zinc did nothing but recover throughout the year. By April, it was stabilizing at levels around 1,800 USD/MT and by July it was back above 2,000 USD/MT. On the demand side, the prospects improved in the second half of

the year due to increased expenditures expected in infrastructure in the U.S. after the election of Donald Trump as president, as well as the announcement from the Chinese government of major investments in this area. Zinc continued to climb to around 3,000 USD/MT in November and closed the year slightly below 2,600 USD/MT.

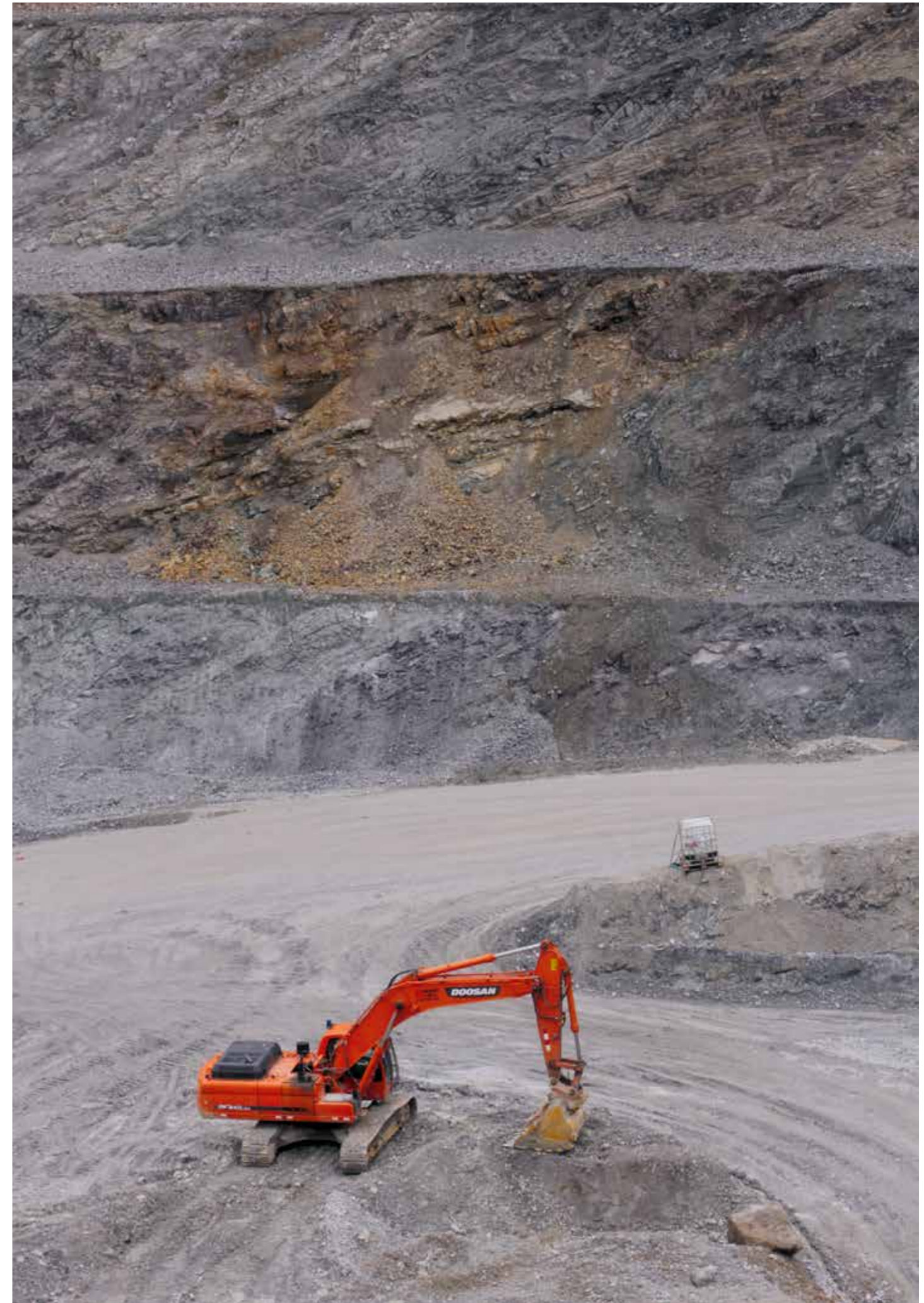
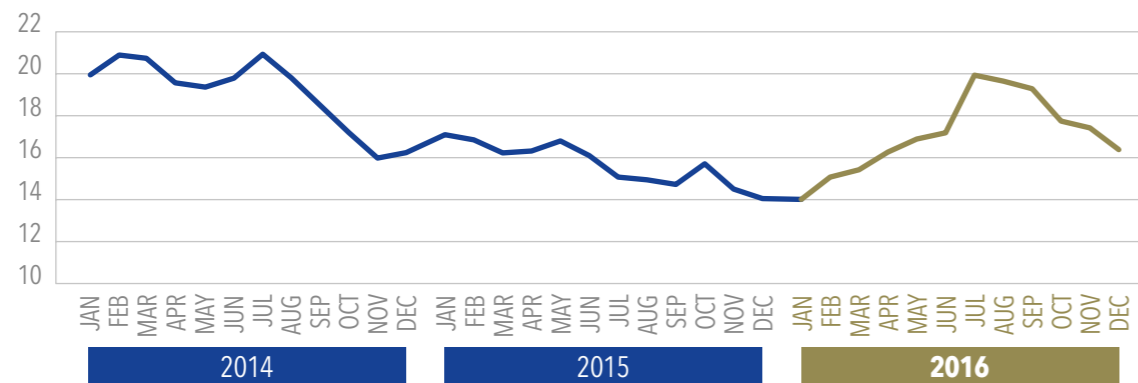
Lead was also benefitted from this situation. After hovering around 1,600 USD/MT at the beginning of the year, it recovered its price and came close to 2,400 USD/MT.

Evolution of Average Metals Prices

	2010	2011	2012	2013	2014	2015	2016
Zinc (USD/MT)	2,168	2,193	1,948	1,910	2,162	1,933	2,091
Lead (USD/MT)	2,141	2,402	2,062	2,142	2,096	1,786	1,871
Copper (USD/MT)	7,535	8,821	7,949	7,326	6,860	5,502	4,863
Silver (USD/oz)	20.2	35.1	31.2	23.9	19.1	15.7	17.1

The behavior of precious metals was not unlike that of basic metals. Gold and silver grew stronger during the year as a consequence of ongoing delays in the end to the monetary stimulus by the U.S. Federal Reserve. Silver started out the year at levels of 14 USD/ounce and climbed above 20 USD/ounce. However, the election of Donald Trump and other market uncertainties caused the price to drop in August. Silver prices closed the year slightly above 16 USD/oz.

Average Silver Price Evolution (USD/oz)



Alpamarca Pit - Alpamarca

PART 3

OUR COMPANY





Raúl Rojas Pit - Cerro de Pasco

COMPANY HISTORY

In 2016, Volcan celebrated 73 years since initiating operations in 1943 in the heights Ticlio pass. Through the continuous hard work and dedication of its directors and employees, Volcan has become one of the leading producers of silver, zinc and lead in Peru and the world.

Initially, Volcan's operations included the Carahuacra and Ticlio mines that were part of a group of 30 mining concessions. The ore extracted was sold to the Mahr Túnel concentrator plant, owned at the time by U.S. company Cerro de Pasco Copper Corporation. However, the Cerro de Pasco Copper Corporation was expropriated by the military government in the early 1970s.

In the 1990s, in a context of economic reforms implemented by the government at the time and aimed at stimulating private investment in public companies, Volcan began expanding its operations through the acquisition of mining areas and their respective assets.

The vision of the Board of Directors and the leadership of Dr. Roberto Letts were fundamental to the Company's growth.

Through an international public auction in 1997, Volcan Compañía Minera S.A. acquired the Mahr Túnel, San Cristóbal and Andaychagua mining operations and the Mahr Túnel and Andaychagua plants by purchasing Empresa Minera Mahr Túnel S.A., which then belonged to Centromin Perú. The acquisition was valued at USD 128 million plus an investment commitment of USD 60 million. One year later, Empresa Minera Mahr Túnel S.A. merged with Volcan Compañía Minera S.A. and the resulting company was named Volcan Compañía Minera S.A.A.

Subsequently, in 1999 Volcan acquired Empresa Minera Paragsha S.A.C. from Centromin Perú for USD 62 million plus an investment commitment of

USD 70 million. In addition, Volcan agreed to take on USD 20 million of Centromin's financial debt. This transaction included the Cerro de Pasco unit. As a result of this acquisition, Volcan became the largest zinc producer in Peru.

In 2000, Volcan acquired Empresa Administradora Chungar S.A.C. and Empresa Explotadora de Vinchos Ltda. S.A.C., owners of the Animón and Vinchos mines, respectively, in transactions with a total value of USD 20 million in cash and USD 16 million in Volcan Class B shares. This acquisition included the Françoise and San José II hydroelectric plants, with total generation capacity of 2.2 MW. Operations began at the Vinchos silver mine in 2004.

Volcan also acquired the Baños I, II, III and IV and Chicrín hydroelectric plants, with a combined capacity of 7.5 MW.

In 2006, Volcan acquired Minera Santa Clara and Llacsacocha S.A., owner of the Zoraida Mine. One year later, Volcan bought Compañía Minera El Pilar, owner of El Pilar Mine, adjacent to Cerro de Pasco Mine and pit.

In 2009, Empresa Administradora Chungar S.A.C. expanded the Baños IV hydroelectric plant, giving Volcan a total of 13 MW of installed capacity.

Then, in 2010 Volcan acquired Compañía Minera San Sebastián, whose mining concessions are also located near Cerro de Pasco.

In 2011, the Company approved a simple reorganization of the Cerro de Pasco unit. As a result, that unit was renamed Empresa Administradora Cerro S.A.C. and it became a subsidiary of Volcan Compañía Minera S.A.A. The purpose of the reorganization was to allow each mine unit to independently manage improvements in their operating results through cost reduction and growth.

Subsequently, in January 2012, as part of an international bond issue under Rule 144A and Regulation S of the United States Securities Act of 1933, Volcan placed 10-year corporate bonds totaling USD 600 million at a fixed rate of 5.375%. This bond issue provided financing for future growth projects such as the oxide plant at Cerro de Pasco and the new Alparmarca operating unit.

In February 2012, Volcan bought Empresa Hidroeléctrica Huanchor S.A.C., with a capacity of 19.6 MW, from Sociedad Minera Corona S.A. for USD 47 million. Also that year, Empresa Administradora Chungar S.A.C. completed construction and started up operation of the Baños V hydroelectric plant. The 9.2-MW plant required a total investment of USD 24 million.

In 2013, the Islay Mine was consolidated into the Chungar operating unit through acquisition of two nearby mining concessions for USD 17 million. Early that year the Company completed expansion of the Animón concentrator plant from 4,200 to 5,200 tpd (tons per day). Also in 2013, the Company finished expanding the Victoria and Andaychagua plants in the Yauli unit, increasing capacity to 10,500 tpd.

In 2014, Volcan continued expanding the treatment capacity of Yauli plants to reach 10,800 tpd. Also, operations began at the Jacob Timmers shaft (Chungar), with a nominal capacity of 4,000 tpd.

In July 2014, Volcan acquired the 1.25-MW Tingo hydroelectric plant and 82 km of 22.9-kV and 50-kV transmission lines, for a total of USD 13.5 million. The Company plans to expand this plant to approximately 15 MW and connect it to the Alparmarca and Chungar units.

In 2014, the company started operations at the new Alparmarca unit and the Cerro de Pasco oxide plant,

which reached full capacity in June 2015. Investment totaled USD 280 million.

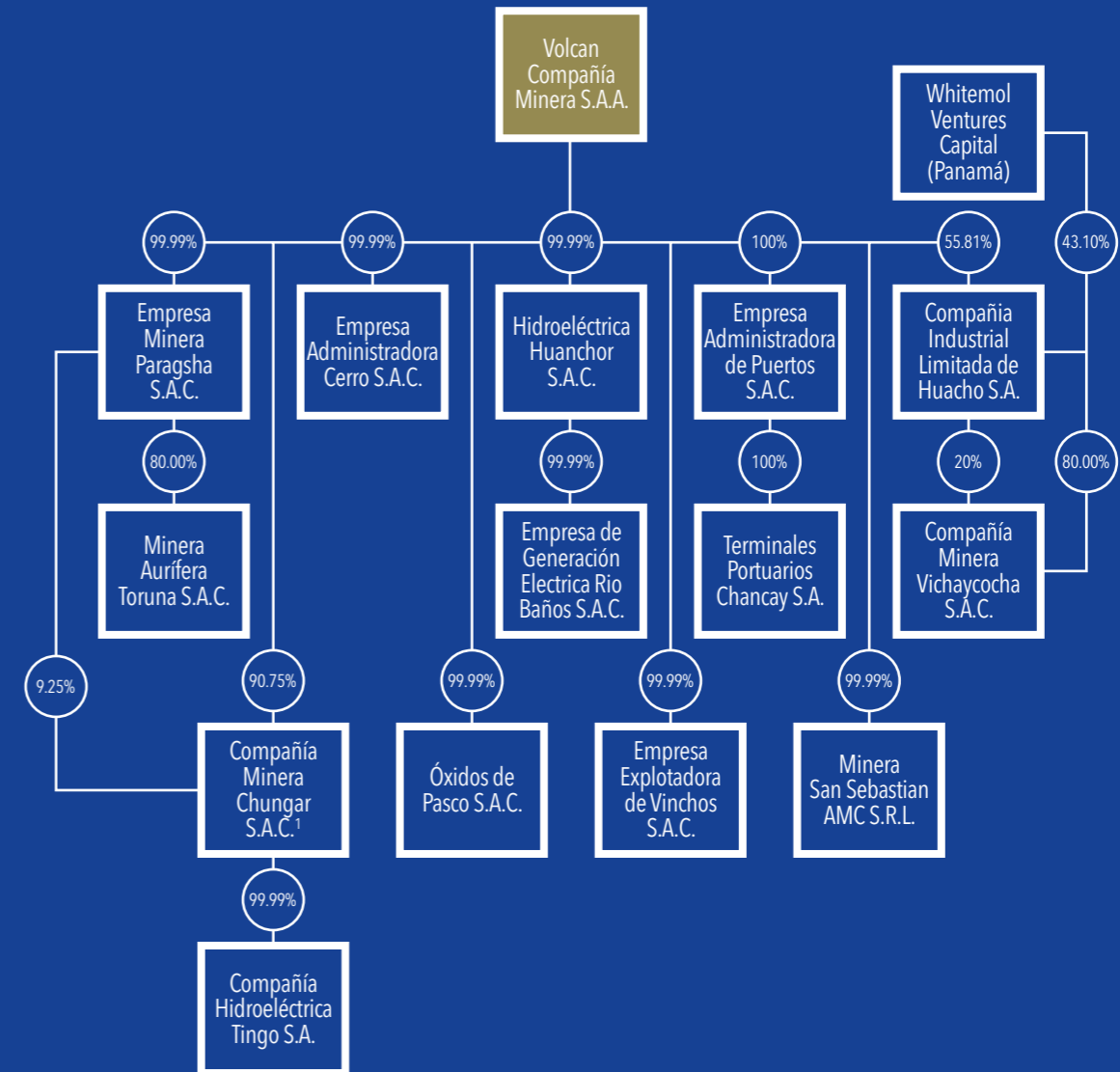
In 2015, reorganization of the following companies took place: the merger in which Chungar absorbed the equity of El Pilar, Huascarán, Santa Clara, Shalca and Troy, which took effect on September 1, 2015; the splitting from Empresa Administradora Cerro S.A.C. of a block of equity composed of assets and liabilities related to the oxide plant, which took effect on October 1, 2015; and the merger in which Compañía Minera Alparmarca S.A.C. absorbed Empresa Administradora Chungar S.A.C., which took effect on January 1, 2016.

IT IS IMPORTANT TO NOTE THAT IN AUGUST 2016 THE RUCUY 20-MW HYDROELECTRIC PLANT (120 GWH/YEAR) BEGAN OPERATIONS. THE TOTAL INVESTMENT IN THIS UNIT WAS USD 50 MILLION.

With this latest addition, the Company now has 13 hydroelectric plants in operation with a total capacity of 63 MW.

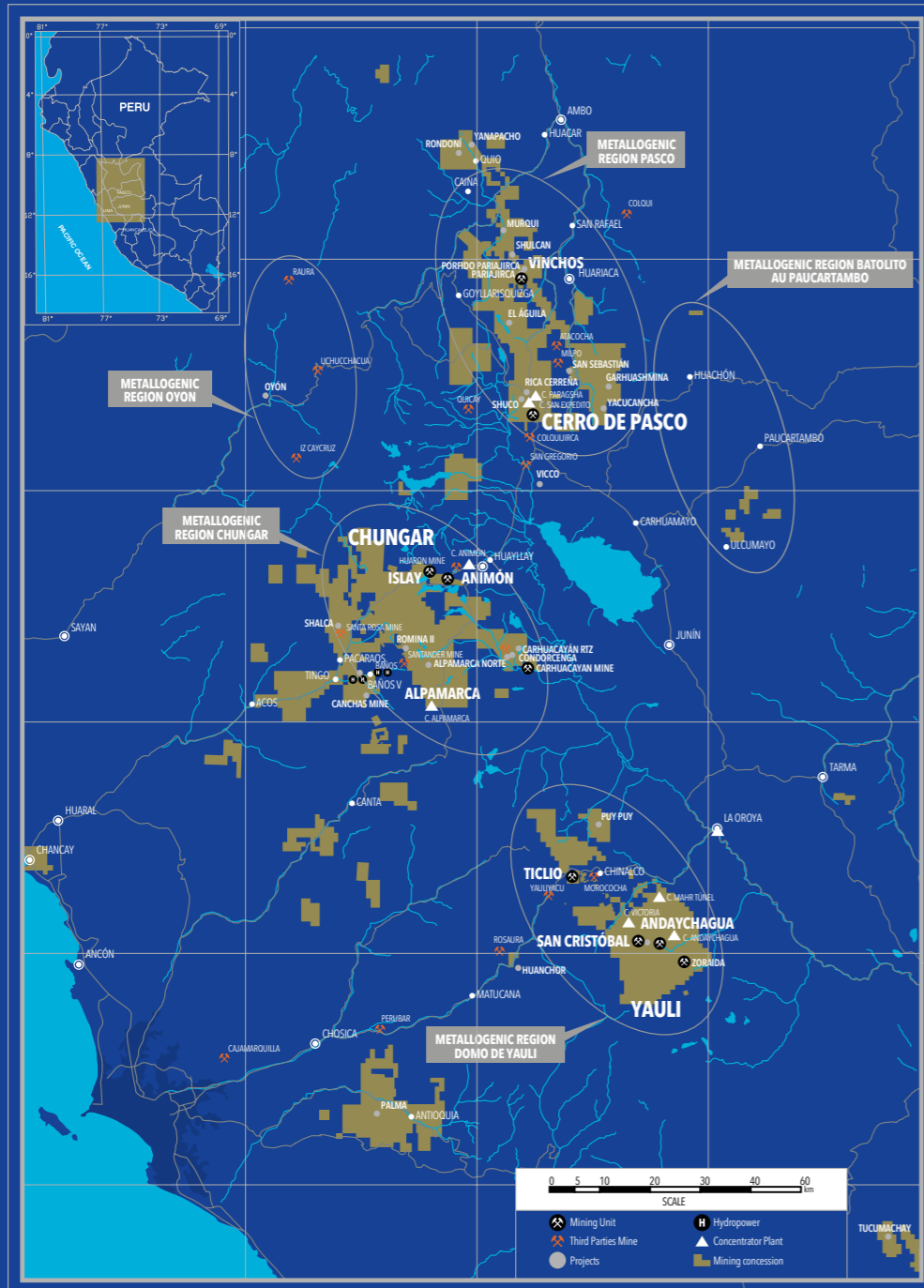
As a result, 73 years after its founding Volcan has more than 344,000 hectares of mining concessions, 12 mines, seven concentrator plants and a lixiviation plant, and is a truly diversified, international leader in zinc, lead and silver production.

CORPORATE STRUCTURE 2016



¹As of January 1 2016, Compañía Minera Alparmarca S.A.C. absorbed Empresa Administradora Chungar S.A.C. entire equity as part of a fusion, the latter extinguished without liquidation. After the fusion, Compañía Minera Alparmarca S.A.C. changed its corporate name to "Compañía Minera Chungar S.A.C."

LOCATION OF PRINCIPAL MINING HOLDINGS



Road to Alparmarca

PART 4

**BOARD OF
DIRECTORS
AND SENIOR
MANAGEMENT**





San Cristóbal Mine - Yauli

BOARD OF DIRECTORS

Board of Directors as of December 31, 2016

Name and Last Name	Position
José Picasso Salinas	Chairman
José Ignacio De Romaña Letts	Vice Chairman
José Bayly Letts	Director
Christopher Eskdale	Director
Irene Letts Colmenares de De Romaña	Director
Daniel Mate Badenes	Director
Pablo Moreyra Almenara	Director
Felipe Osterling Letts	Director
Madeleine Osterling Letts	Director

Professional Background of the Board of Directors:

José Picasso Salinas

Director and member of the Executive Committee since March 1996. Vice chairman of the Board of Directors; since April 2010, chairman of the Board and the Executive Committee.

Mr. Picasso is also chairman of the Board of Reactivos Nacionales S.A., vice chairman of the Board of Compañía Minera Poderosa and member of the following boards: Bodegas Vista Alegre and Cemento Polpaico S.A. He previously served as vice chairman of Embotelladora Latinoamericana S.A.A. (Coca-Cola) and member of the boards of Compañía Minera Atacocha S.A., EXSA S.A., Castrovirreyna Compañía Minera, Compañía Molinera del Perú, Compañía de Seguros La Fénix Peruana S.A., Bolsa de Valores de Lima and Acción Comunitaria.

José Ignacio De Romaña Letts

Member of the Board of Directors since 1993 and vice chairman of the Board since September 2014. He is a member of the Executive Committee. Mr. De Romaña

worked in the sales division of Compañía de Minas Buenaventura from 1992 to 1999 and was the head of Volcan's sales division from 2000 to 2010. He also served as member of the boards of Castrovirreyna Compañía Minera S.A. and Corporación Minera Castrovirreyna from 2002 to 2012.

Mr. De Romaña holds a business administration degree from Universidad del Pacífico.

Mr. José Ignacio De Romaña Letts is the son of the director Irene Letts Colmenares de De Romaña.

José Bayly Letts

Director since March 2012. A businessman, Mr. Bayly has served as director and CEO 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 Universidad del Pacífico. He completed the Senior Management Program and the Corporate Governance Program for Company Directors at Universidad de Piura.

Christopher Eskdale

Director since March 2012. A certified public accountant, he worked at Deloitte & Touche in London and Moscow and has been with Glencore since 1996.

Mr. Eskdale holds a master's degree from Oxford University and is a public accountant certified by the Institute of Chartered Accountants in England and Wales. He is in charge of worldwide zinc marketing for Glencore.

Irene Letts Colmenares de De Romaña

Director since March 2012. She has also served on the boards of Ferrocarril Central Andino S.A. and Ferrovías Central Andina S.A. since 2004, on the boards of

Proyectos Médicos and Clínica Montesur since 2002, and the board of Nueva Ginecología y Vida S.A.C. at Jockey Salud since 2007.

Mrs. Letts studied social work at Universidad Nacional Mayor de San Marcos and economics at Universidad de Lima.

Mrs. Irene Letts Colmenares de De Romaña is the mother of vice chairman José Ignacio De Romaña.

Daniel Maté Badenes

He has served as co-director of the zinc, lead, and copper divisions at Glencore International since February 2000, overseeing marketing and industrial assets, including strategy and operations. Mr. Maté has worked at Glencore since 1988, starting at the office in Madrid and later obtaining experience in metals transactions and logistics in Spain and North Africa. After three years at Glencore's Madrid office, he joined the zinc and lead department in Switzerland in August 1991. In February 2002, he transferred to the copper department, where he was responsible for zinc concentrate operations in Spain, North Africa and South America. He was subsequently placed in charge of worldwide zinc marketing for Glencore.

Mr. Maté is an economist and has a law degree from Universidad de Deusto in Spain.

Pablo Moreyra Almenara

Independent director since 2011. He is founding partner of EQUBO, Estrategia y Finanzas. Previously, Mr. Moreyra was a private equity fund manager at Enfoca Inversiones. In Grupo BBVA in Peru, he was investment manager of AFP Horizonte, CEO of BBVA Continental Fondos Mutuos, and financial planning manager of BBVA Banco Continental. He was also a member of the Board and chief analyst at ING Barings (Peru).

Mr. Moreyra holds a degree in economics and an MBA from Universidad del Pacífico. He studied capital markets, corporate finance, and management topics at Harvard Business School, IESE and the University of Texas at Austin. He also followed the Corporate Governance Program for Independent Directors organized by Universidad de Piura, Ernst & Young, and Universidad del Pacífico.

Felipe Osterling Letts

Director since September 2014. He holds a degree in economics from Universidad del Pacífico in Lima, an MBA from Henley Management College in the United Kingdom and a master's degree in corporate management from the School of Management at Universidad de Piura.

Felipe Osterling Letts is the brother of Madeleine Osterling Letts, a member of the Board of Directors.

Madeleine Osterling Letts

Director since March 2012. A partner at the law firm Estudio Osterling S.C., she served as vice chairman of legal affairs at BellSouth Perú S.A. and Telefónica Móviles S.A. until December 2011. She is a member of the Rocky Mountain Mineral Law Foundation and teaches contract law at Universidad Peruana de Ciencias Aplicadas.

Ms. Osterling earned a law degree from Pontificia Universidad Católica del Perú, specializing in mining and environmental law. She also holds a master's degree in corporate management from the School of Management at Universidad de Piura.

Madeleine Osterling Letts is the sister of Felipe Osterling Letts, a member of the Board of Directors.

SENIOR MANAGEMENT

Senior Management as of December 31, 2016

Names and Last Names	Position
Juan Ignacio Rosado Gómez de la Torre	Chief executive officer
Roberto Fernando Maldonado Astorga	Chief operations officer
José Edmundo Montoya Stahl	Chief corporate development officer
Jorge Leoncio Murillo Núñez	Chief finance officer
Paolo Iván Cabrejos Martín	Sales manager
Alberto Víctor Manuel Gazzo Baca	Human resources manager
Roberto Juan Servat Pereira de Sousa	Corporate social responsibility and labor relations manager
Renzo Muenta Barzotti	Employee development manager
Mario Eduardo de las Casas Vizquerra	Logistics manager
Alvaro Luis Cabrera Ramírez	Energy manager
Edgardo Zamora Pérez	Yauli operations manager
Carlos Manuel García Zapata	San Cristóbal operations manager
Francisco Grimaldo Zapata	Andaychagua operations manager
James Atalaya Chacón	Chungar operations manager
Eduardo Enrique Malpartida Espinoza	Alpamarca operations manager
Herman Flores Arévalo	Cerro de Pasco operations manager
Jorge Simón Chávez Manrique	Geology manager
César Emilio Farfán Bernales	Regional explorations manager
Alfonso Rebaza González	Legal counsel
Juan Alberto Begazo Vizcarra	Audit manager
Carlos Eduardo Flores Trelles	Information technology manager
Juan Silbino Marceliano Rojas	Occupational health and safety manager
Sergio Martín Giampietri Ramos	Corporate asset security manager
Eduardo Julio Magnasco La Torre	Maintenance and quality manager
José Remigio Manzaneda Cabala	Manager of metallurgical operations
Juan Luis Arenas Gomez Sanchez	Industrial plants manager
Percy Luis Rivera López	Environmental affairs manager
David Brian Gleit	Investor relations manager
Mauricio Scerpella Iturburu	Budgeting and management control manager
Pedro Simón Navarro Neyra	Treasury manager
Willy Antonio Montalvo Callirgos	Accounting and tax manager
Jorge Luis Cotrina Luna	Head of securities

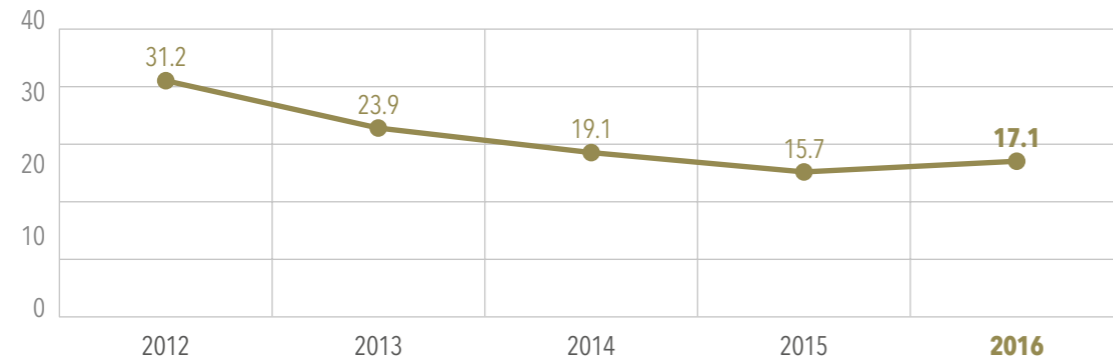
PART 5

PRINCIPAL INDICATORS

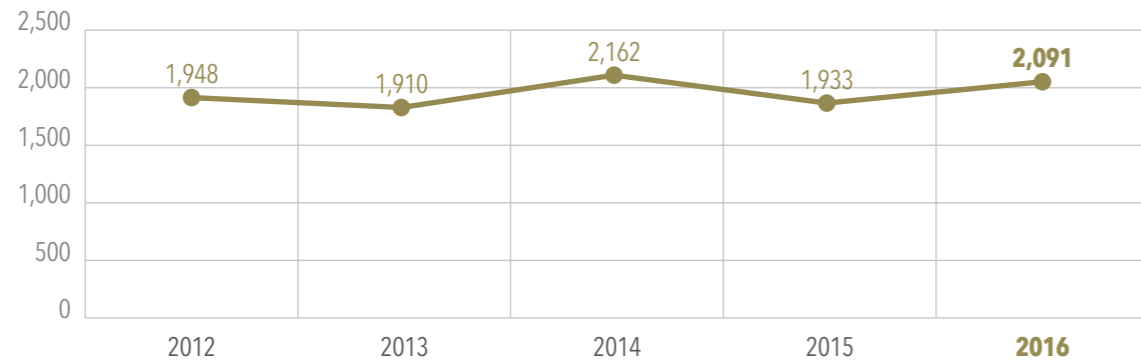


MARKET INDICATORS

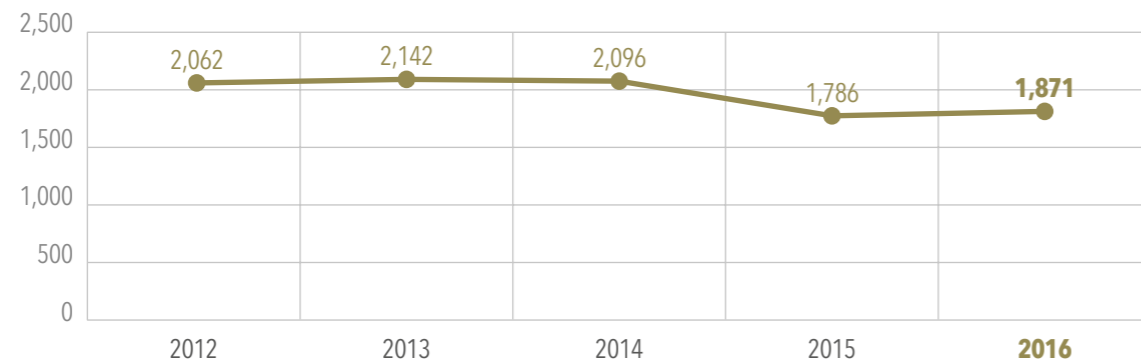
Evolution of the average spot price for SILVER (USD/OZ)



Evolution of the average spot price for ZINC (USD/MT)

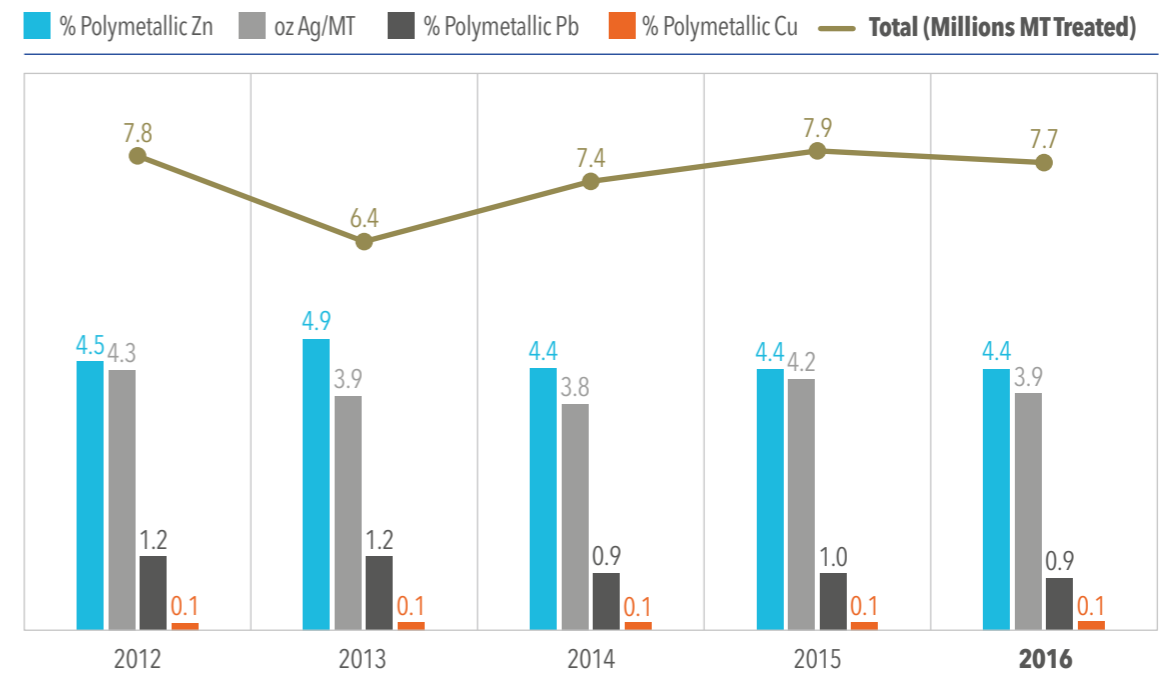


Evolution of the average spot price for LEAD (USD/MT)

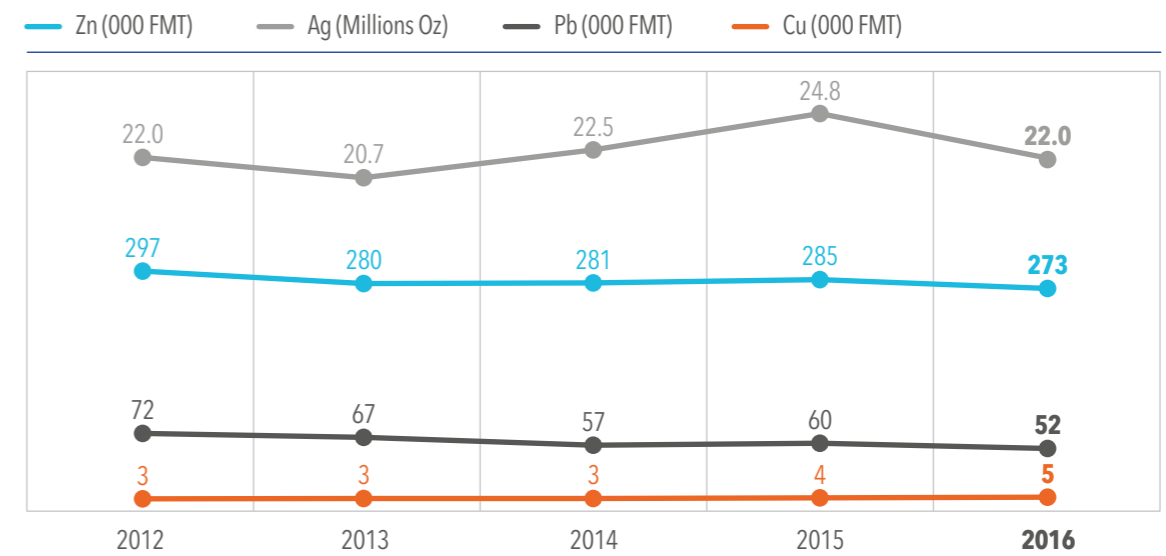


PRODUCTION INDICATORS

Evolution of production and average grade



Evolution of Fines Production



2016 ranking of production in Peru - fines

ZINC

Company	Thousands MT
Volcan Compañía Minera S.A.A. and subsidiaries	273.4
Compañía Minera Antamina S.A. ⁴	261.5
Compañía Minera Milpo S.A.A.	258.7
Compañía de Minas Buenaventura S.A.A.	51.5
Catalina Huanca Sociedad Minera S.A.C.	47.0

PLOMO

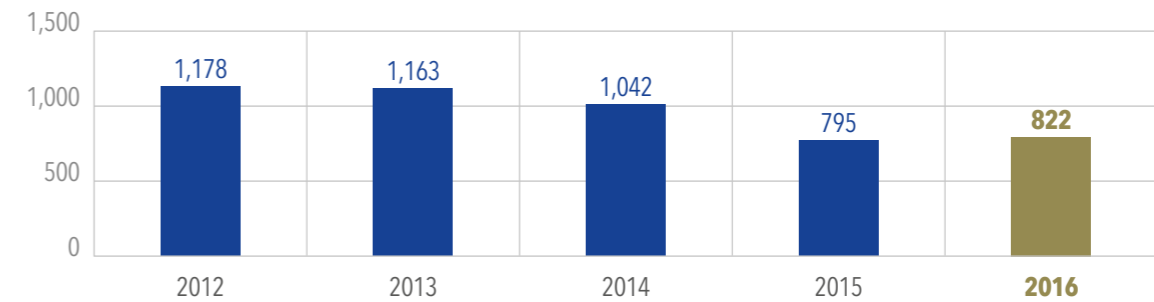
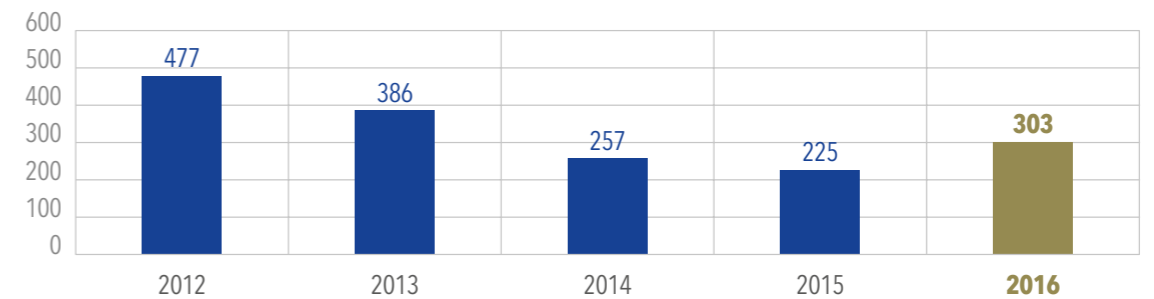
Company	Thousands MT
Volcan Compañía Minera S.A.A. and subsidiaries	52.2
Compañía Minera Milpo S.A.A.	50.2
Compañía de Minas Buenaventura S.A.A. ⁵	30.8
Compañía Minera Raura S.A. ⁴	24.1
Sociedad Minera Corona S.A.	16.5

PLATA

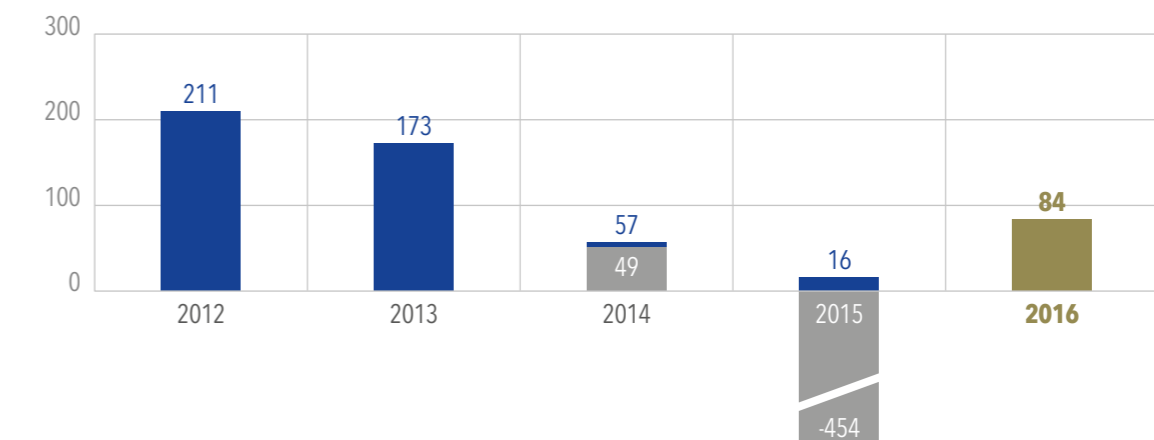
Company	Millions Oz
Compañía de Minas Buenaventura S.A.A.	24.7
Volcan Compañía Minera S.A.A. and subsidiaries	22.0
Compañía Minera Antamina S.A. ⁴	20.9
Hochschild Perú ⁶	13.9
Compañía Minera Milpo S.A.A.	8.3

⁴ Considers MINEN information⁵ Considers MINEN information. Includes 61.37% of El Brocal⁶ The total production of Hochschild is 17.3 millions ounces of silver, including Santa Cruz in Argentina

FINANCIAL INDICATORS

Evolution
OF SALES (MILLIONS OF USD)Evolution
OF EBITDA (MILLIONS OF USD)Evolution
OF NET PROFIT (MILLIONS OF USD)

■ Net Profit before Exceptionals ■ Net Profit after Exceptionals



PART 6

**ORE RESERVES
AND RESOURCES**





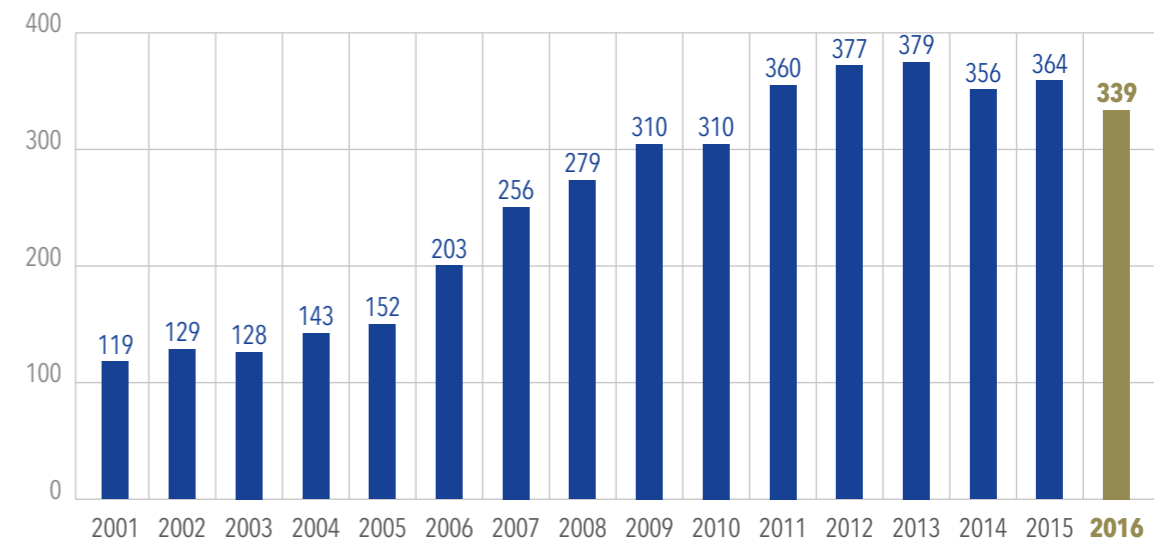
Alparmarca Pit - Alparmarca

The ore reserves and resources have been estimated as of December 31, 2016 in accordance with the international standards of the Joint Ore Reserves Committee (JORC⁷).

An estimate of the Company's resources and reserves is made by applying industry best practices.

Volcan continued to develop systematic brownfield exploration programs and diamond drilling in potential areas to delineate resources and infill drilling with the objective of replenishing and increasing reserves in its mining operations. More details about the exploration program are provided in the Exploration and Growth section.

Historical Evolution of Reserves and Resources - Volcan and Subsidiaries (millions of tons)



Reserves and resources as of December 31, 2016 were calculated using long-term metal price projections: 2,300 USD/MT for zinc, 2,100 USD/MT for lead, 5,800 USD/MT for copper, 1,200 USD/ounce for gold and 18 USD/ounce for silver.

Evolution of Metal Prices Applied to Reserve Estimates

Prices	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Zinc (USD/MT)	1,800	1,500	1,800	1,800	1,800	1,800	1,900	2,200	2,200	2,300
Lead (USD/MT)	1,800	1,500	1,800	1,800	1,800	1,800	2,000	2,000	2,000	2,100
Copper (USD/MT)	5,000	5,000	5,000	5,000	6,500	6,500	6,500	6,500	6,500	5,800
Silver (USD/oz)	12.0	12.0	12.0	12.0	15.0	15.0	20.0	18.0	18.0	18.0
Gold (USD/oz)	700	700	700	900	1,000	1,000	1,200	1,200	1,200	1,200

⁷The JORC (Joint Ore Reserves Committee) Code is a code of professional practice that establishes standards for public information for the results of ore exploration, resources, and reserves. It provides a system for classifying ore according to levels of confidence in the geological information and technical and economic considerations contained in public reports.

MINERAL RESERVES

Mineral reserves consist of ore classified as proven and probable. Mineral resources are additional to ore reserves.

Historical Evolution of Total Resources - Volcan and Subsidiaries

Evolution of ore reserves	Thousands MT	Grades				Fines		
		Zn %	Pb %	Cu %	Ag oz/TM	Zn Thousands MT	Pb Thousands MT	Ag Millions of Oz
2001	48,459	8.10	2.20	0.10	3.10	3,925	1,066	150
2002	51,467	7.00	1.90	0.10	3.20	3,603	978	165
2003	51,620	6.90	2.00	0.10	3.70	3,562	1,032	191
2004	58,680	5.80	1.60	0.10	3.50	3,403	939	205
2005	64,553	6.40	1.90	0.10	3.60	4,131	1,227	232
2006	76,455	5.80	1.70	0.10	3.60	4,434	1,300	275
2007	110,320	4.80	1.50	0.00	3.30	5,295	1,655	364
2008	123,129	4.20	1.30	0.00	3.10	5,171	1,601	382
2009	140,260	4.00	1.30	0.00	2.90	5,610	1,823	407
2010	148,429	3.85	1.15	0.06	3.05	5,715	1,707	453
2011	135,691	3.86	1.12	0.05	3.23	5,238	1,520	438
2012	109,673	3.75	1.05	0.12	3.23	4,112	1,147	355
2013	69,417	3.93	0.97	0.12	3.98	2,728	676	276
2014	73,699	3.69	0.91	0.14	3.47	2,722	672	256
2015	76,891	3.69	0.91	0.14	3.47	2,840	701	267
2016	65,242	3.89	0.94	0.14	3.29	2,536	614	215

Source: Volcan Cia. Minera

The implementation of geostatistical tools to generate resource block models, applied almost in their entirety to the mineralized structures of our operating units, has resulted in a more precise interpretation and categorization of these structures. The current process generates solid reserve models, which provide greater support for mining plans.

In the Yauli unit, the application of geostatistical models to minor structures, assessed previously with traditional methods, led to their reclassification as resources, causing a drop in reserves over 2015. This effect was accompanied by adjustments to the estimated potential of the Andaychagua vein and the exclusion of subsidence, landslide, intangible and non-economic areas in the same vein.

In the Chungar unit, the reduction of reserves was due to a reinterpretation of older structures estimated by traditional methods in the Animón mine.

The Cerro de Pasco unit shows changes to its oxide stockpiles as a result of the ore treated in the plant, based on the production plan established for the unit.

In the Alpamarca unit, variations in reserves are due to adjustments resulting from mining in 2016 and improvements in the interpretation and estimation of resources based on new geological information developed and a better understanding of the deposit.

THE CURRENT PROCESS GENERATES SOLID RESERVE MODELS, WHICH PROVIDE GREATER SUPPORT FOR MINING PLANS.

Proven and Probable Ore Reserves by Mining Unit

Proven and Probable Ore Reserves	Thousands MT	Grades				Fines			
		Zn %	Pb %	Cu %	Ag oz/MT	Zn Thousands MT	Pb Thousands MT	Cu Thousands MT	Ag Millions of oz
Yauli	27,349	5.34	0.89	0.22	3.24	1,461	244	60	89
Proven	11,973	5.55	0.96	0.17	3.44	664	115	20	41
Probables	15,376	5.18	0.84	0.26	3.08	797	129	40	47
Cerro	27,363	2.03	0.79	0.06	3.63	556	217	16	99
Proven	2,292	3.40	1.43	0.05	5.66	78	33	1	13
Probables	25,071	1.91	0.73	0.06	3.45	478	184	15	86
Chungar	9,805	5.21	1.50	0.14	2.52	511	148	14	25
Proven	4,254	5.74	1.54	0.15	2.69	244	65	6	11
Probables	5,551	4.80	1.48	0.13	2.38	267	82	7	13
Alpamarca	725	1.11	0.69	0.08	2.78	8	5	1	2
Proven	49	0.74	0.45	0.13	5.18	0	0	0	0
Probables	676	1.14	0.71	0.08	2.60	8	5	1	2
Total	65,242	3.89	0.94	0.14	3.29	2,536	614	91	215
Proven	18,569	5.31	1.15	0.15	3.55	987	213	28	66
Probables	46,674	3.32	0.86	0.13	3.19	1,549	401	63	149

Source: Volcan Cia. Minera

Ore Reserves by Mining Method

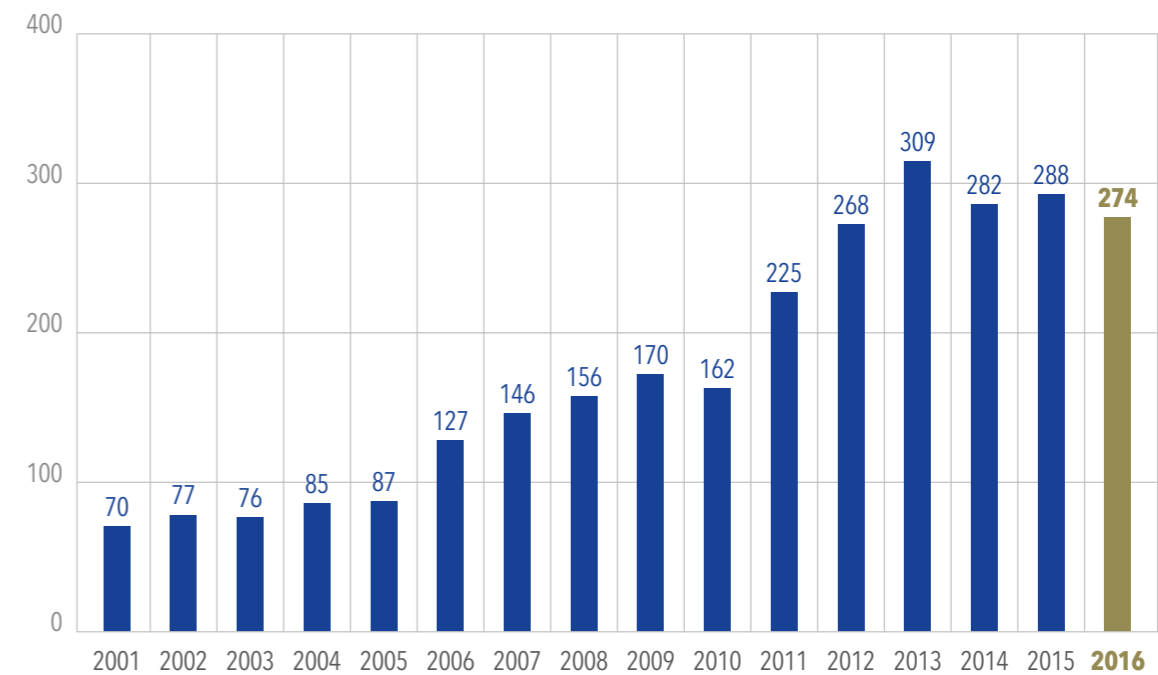
Inferred ore resources by mining method	Thousands MT	Grades			
		Zn %	Pb %	Cu %	Ag oz/MT
Underground mines	34,446	5.67	1.13	0.16	3.25
Yauli					
San Cristóbal	13,037	6.39	1.05	0.20	4.28
Carahuacra	3,878	6.28	0.50	0.09	2.50
Andaychagua	4,215	3.84	0.66	0.10	3.68
Ticlio	3,341	6.07	1.63	0.19	1.60
Cerro					
Paragsha Mine	-	-	-	-	-
Chungar					
Animón	8,658	5.65	1.59	0.15	1.90
Islay	1,147	1.89	0.83	0.05	7.15
Alpamarca					
Río Pallanga	170	1.30	0.79	0.18	5.58
Vinchos					
Vinchos	-	-	-	-	-
Open pits	24,577	2.28	0.79	0.09	2.29
Yauli					
Carahuacra N & others	758	2.56	0.70	0.01	0.96
Oyama	2,120			0.94	0.73
Cerro					
Raúl Rojas	15,290	3.51	1.21	0.00	1.56
Óxidos in situ	5,854				4.94
Alpamarca					
Alpamarca	555	1.06	0.66	0.05	1.92
Stockpiles	6,219	0.32	0.51	0.25	7.48
Cerro					
Marginales Sp					
Oxides SP	1,521			0.14	9.32
Pyrite Sulfide SP	4,698	0.43	0.67	0.28	6.88
Total inferred resources	65,242	3.89	0.94	0.14	3.29

Source: Volcan Cía. Minera

MINERAL RESOURCES

The mineral resources listed below are not part of proven and probable reserves.

Historical Evolution of Measured, Indicated and Inferred Resources Volcan and Subsidiaries (millions of tons)



The resources measured and indicated are made up of mineralized material, which has a high degree of certainty but didn't make the cut off for reserves, and in the event of a potential price improvement it could potentially move into this category.

Inferred resources include mineralized material that is economically viable but whose level of geological certainty is not yet sufficient for it to be evaluated and classified as reserves.

Such resources are an important indicator of the capacity for growth and the future sustainability of operations.

A significant portion of these resources will become reserves in the short and medium term.

SUCH RESOURCES ARE AN IMPORTANT INDICATOR OF THE CAPACITY FOR GROWTH AND THE FUTURE SUSTAINABILITY OF OPERATIONS.

Measured, Indicated and Inferred Resources by Unit

Resources measured *, indicated and inferred	Thousands MT	Grades				Fines			
		Zn %	Pb %	Cu %	Ag oz/MT	Zn Thousands MT	Pb Thousands MT	Cu Thousands MT	Ag Millions of oz
Yauli	48,406	4.28	0.88	0.23	2.84	2,074	426	112	137
Measured	5,808	2.71	0.70	0.11	1.82	158	41	7	11
Indicated	8,615	2.40	0.64	0.14	1.71	206	56	12	15
Inferred	33,982	5.03	0.97	0.28	3.30	1,710	329	94	112
Cerro	134,403	2.15	0.87	0.10	2.62	2,891	1,163	135	353
Measured	26,370	2.96	1.07	0.04	1.54	780	282	11	40
Indicated	84,889	2.08	0.85	0.12	2.62	1,765	719	99	222
Inferred	23,144	1.49	0.70	0.11	3.88	345	162	25	90
Chungar	16,000	5.60	1.78	0.14	3.18	896	284	23	51
Measured	699	5.04	1.44	0.10	2.64	35	10	1	2
Indicated	1,280	3.20	1.03	0.09	2.54	41	13	1	3
Inferred	14,021	5.85	1.86	0.15	3.27	820	261	21	46
Alpamarca	3,444	0.93	0.66	0.09	3.11	32	23	3	11
Measured	24	0.63	0.42	0.13	5.34	0	0	0	0
Indicated	1,768	0.94	0.67	0.07	2.17	17	12	1	4
Inferred	1,653	0.93	0.64	0.11	4.08	15	11	2	7
Vinchos	742	2.66	2.77	0.15	7.66	20	21	1	6
Measured	155	1.49	1.53	0.39	5.46	2	2	1	1
Indicated	414	2.33	2.71	0.07	8.17	10	11	0	3
Inferred	173	4.50	4.00	0.11	8.40	8	7	0	1
Rondoní	64,355			0.49	0.17			314	11
Indicated	42,360			0.49	0.19			208	8
Inferred	21,995			0.48	0.13			106	3
Palma	5,590	7.43	1.50		1.42	415	84		8
Inferred	5,590	7.43	1.50		1.42	415	84		8
San Sebastián	910	6.06	3.85	0.48	8.69	55	35	4	8
Inferred	910	6.06	3.85	0.48	8.69	55	35	4	8
Total Resources	273,850	2.33	0.74	0.22	2.13	6,383	2,035	593	584
Measured	33,057	2.95	1.01	0.06	1.63	975	335	19	54
Indicated	139,326	1.46	0.58	0.23	1.83	2,039	811	321	255
Inferred	101,468	3.32	0.88	0.25	2.71	3,369	889	252	275

*Measured and indicated resources are in addition to reserves. Source: Volcan Cia. Minera

The Company's measured and indicated resources as of December 31, 2016, were 172.4 million tons.

Measured and Indicated Resources by Mining Method

Measured and Indicates ore resources by mining method	Thousands MT	Grades			
		Zn %	Pb %	Cu %	Ag oz/MT
Underground mines	30,497	3.39	0.95	0.07	1.58
Yauli					
San Cristóbal	2,633	3.95	0.54	0.20	2.55
Carahuacra	486	5.30	0.56	0.06	2.29
Andaychagua	2,894	3.37	0.36	0.09	2.13
Ticlo	1,519	3.47	0.72	0.25	1.35
Cerro					
Paragsha mine	19,242	3.40	1.08	0.03	1.03
Animón	1,069	4.92	1.47	0.14	1.87
Chungar					
Islay	709	0.86	0.42	0.03	3.39
Shalca	201	8.68	2.25	0.07	3.49
Alpamarca					
Alpamarca	1,173	0.94	0.65	0.08	2.51
Vinchos					
Vinchos	569	2.10	2.39	0.16	7.43
Open pits	124,088	1.48	0.60	0.23	1.66
Yauli					
Carahuacra N & others	2,320	2.25	0.56	0.01	1.19
Zoraida	3,660	0.87	1.22		1.61
Oyama	910			0.69	0.65
Cerro					
Raúl Rojas	44,680	3.10	1.15	0.00	1.23
Óxidos in situ	-	0.00	0.00	0.00	0.00
Piritas (sulfuros)	29,539	1.24	0.59	0.25	4.49
Alpamarca					
Alpamarca	618	0.91	0.70	0.05	1.63
Rondoní					
Rondoní	42,360	0.00	0.00	0.49	0.19
Stockpiles	17,797	0.78	0.59	0.17	3.10
Cerro					
Pb-Zn Marginal	5,301	1.97	0.57		0.55
Oxides SP	609			0.15	4.60
Pyrite Sulfide SP	11,887	0.29	0.63	0.25	4.16
Total measured and indicated resources	172,382	1.75	0.66	0.20	1.79

Source: Volcan Cia. Minera

In the 2016 estimate, new criteria were applied to define the resource cut off, using a value that was higher than the one used in previous years and closer to variable costs. This resulted in a decrease in inferred resources, but raises the likelihood that these resources may become part of the reserves once the level of geological certainty increases.

The inferred resources as of December 2016 are in the order of 101.5 million tons.

Inferred Resources by Mining Method

Measured and indicated ore resources by exploration type		Thousands MT	Grades			
			Zn %	Pb %	Cu %	Ag oz/MT
Underground mines		50,918	6.03	1.40	0.18	3.45
Yauli	San Cristóbal	15,517.55	6.64	1.14	0.31	4.92
	Carahuacra	3,035	7.56	0.92	0.11	3.18
	Andaychagua	2,964	4.10	0.76	0.08	2.88
	Tidlio	5,491	5.14	1.23	0.22	1.82
Cerro	Paragsha mine	1,872	5.16	1.36	0.05	1.05
Chungar	Animón	10,419	7.31	2.26	0.19	2.66
	Islay	3,549	1.55	0.70	0.05	5.08
	Shalca	54	5.36	1.13	0.03	1.65
Alpamarca	Alpamarca	647	0.97	0.66	0.06	1.83
	Río Pallanga	234	1.77	1.15	0.29	8.63
	Tirol	464	0.34	0.25	0.13	6.35
Vinchos	Vinchos	173	4.50	4.00	0.11	8.40
Proyecto Palma	Palma	5,590	7.43	1.50	0.00	1.42
Proyecto San Sebastián	San Sebastián	910	6.06	3.85	0.00	8.69
Open pits		46,197	0.61	0.31	0.32	1.62
Yauli	Carahuacra N & others	1,225	1.96	0.51	0.02	1.18
	Zoraida	1,970	1.16	1.45	0.00	1.83
	Oyama	3,780	0.00	0.00	0.73	0.68
Cerro	Raúl Rojas	4,890	2.35	0.92	0.00	0.94
	In situ oxides	667	0.00	0.00	0.00	4.50
	Pyrite (Sulfides)	11,362	1.01	0.55	0.13	4.93
Alpamarca	Alpamarca	308	1.08	0.82	0.06	1.90
Rondoní	Rondoní	21,995	0.00	0.00	0.48	0.13
Stockpiles		4,354	0.42	0.68	0.21	5.57
Cerro	Oxides SP	154	0.00	0.00	0.15	8.03
	Pyrite Sulfides SP	4,200	0.44	0.71	0.21	5.48
Total inferred resources		101,468	3.32	0.88	0.24	2.71

Source: Volcan Cia. Minera

The inferred resources of the polymetallic mines represent 56% of the total, pyrites and oxides 16%, and projects 28%.

Distribution of Inferred Resources

Inferred resources		DMT	%	%	
Polymetallic Mines	Yauli	33,982	33.5%		
	Chungar	14,021	13.8%		
	Alpamarca	1,653	1.6%	56%	
	Vinchos	173	0.2%		
	Cerro UG	1,872	1.8%		
	Cerro OP	4,890	4.8%		
Pyrite	Cerro Py	15,562	15.3%		16%
Oxides	Cerro Ox	821	0.8%		
Projects	Rondoní	21,995	21.7%		
	Palma	5,590	5.5%	28%	
	San Sebastián	910	0.9%		
TOTAL		101,468	100%	100%	

Source: Volcan Cia. Minera

PART 7

MINING OPERATIONS





Oxidos Plant

VOLCAN'S MINING OPERATIONS ARE LOCATED IN THE CENTRAL HIGHLANDS OF PERU.

This region is particularly propitious for mining due to its geological characteristics, proximity to Lima and easy access to principal highways.

Volcan has five operating units: Yauli, Chungar, Cerro de Pasco, Alpamarca and the Pasco oxides plant. Together, they have nine underground mines, three open pits, seven concentrator plants with a treatment capacity of 21,900 tpd and a lixiviation plant of 2,500 tpd.



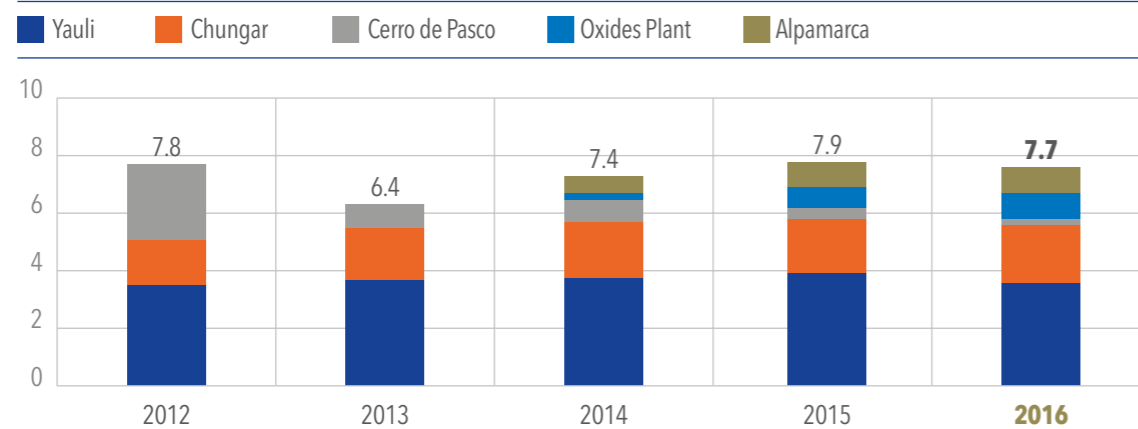
The composition of each unit is detailed below:

Volcan's Mining Operations

Unit	Mines		Plants	
	Name	Type	Name	Type
Yauli	San Cristóbal	underground	Victoria	concentrator
	Andaychagua	underground	Mahr Tunel	concentrator
	Tidlio	underground	Andaychagua	concentrator
	Carahuacra	underground		
	Carahuacra Norte	open pit		
Chungar	Animón	underground	Animón	concentrator
	Islay	underground		
Cerro de Pasco	Mina Paragsha	underground	Paragsha	concentrator
	Raúl Rojas	open pit	San Expedito	concentrator
	Vinchos	underground		
Alpamarca	Río Pallanga	underground	Alpamarca	concentrator
	Alpamarca	open pit		
Óxidos de Pasco	Stockpiles	stockpiles	Óxidos	leaching

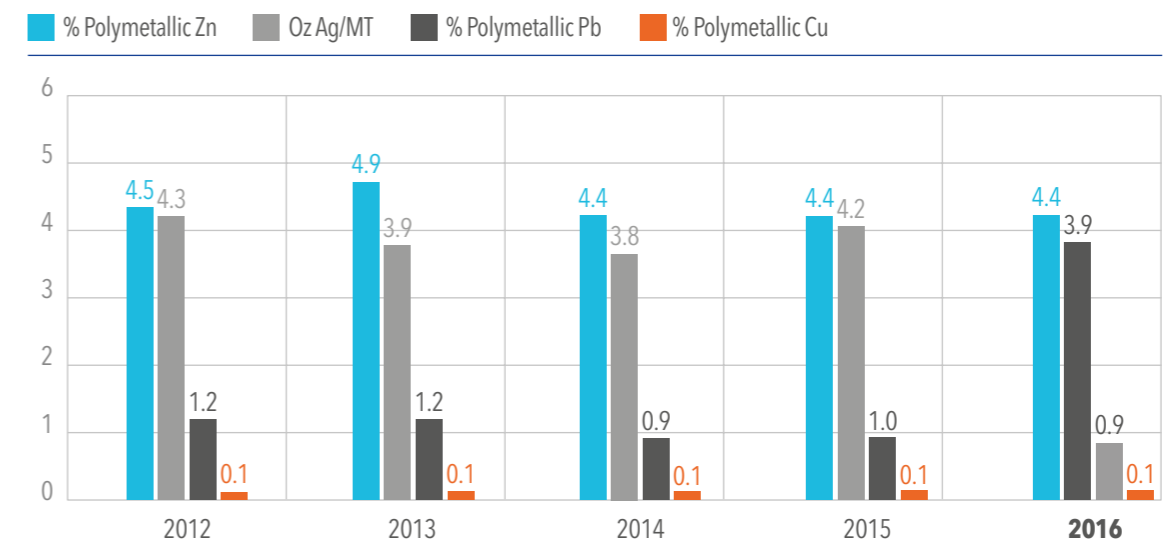
Treated tonnage decreased from 7.9 million in 2015 to 7.7 million in 2016, mainly due to lower production in the Yauli and Cerro de Pasco units. Production was partially offset by increased treatment in the Chungar and Oxides unit.

Evolution of Treated Tonnage (millions of tons)



During 2016, mineral ore grades were on average 4.36% zinc, 0.86% lead, 0.14% copper and 3.95 oz per ton of silver. Zinc, lead and copper grades in 2016 were similar to 2015 grades; however, silver grades in 2016 were lower than 2015 grades due to lower head grades in Yauli and Chungar.

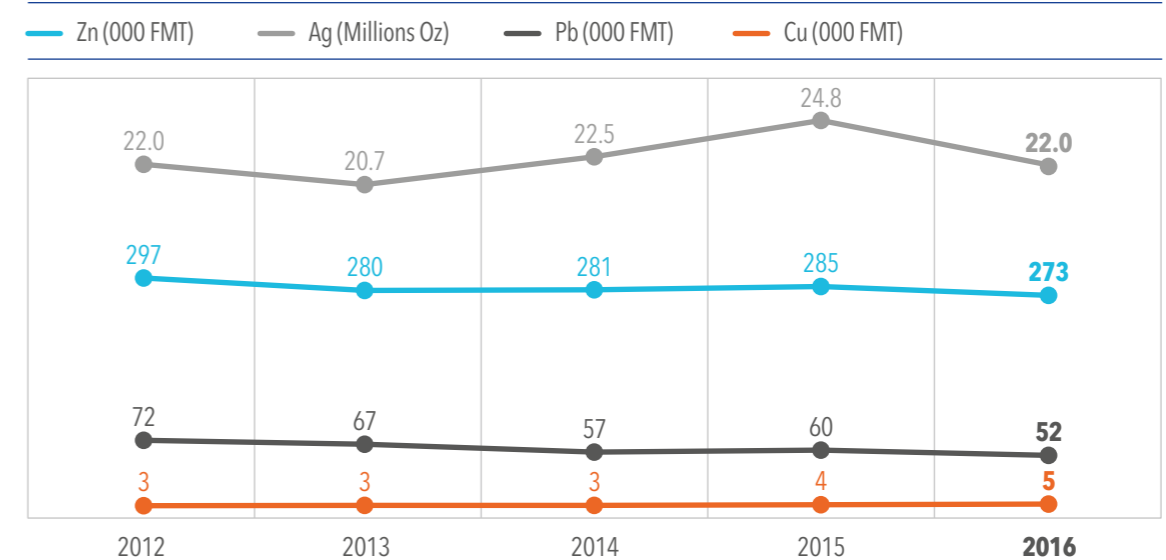
Evolution of Average Grades Volcan Consolidated



In terms of fines, in 2016 the Company produced 273,400 tons of zinc fines, 52,200 tons of lead fines, 5,200 tons of copper fines 22.0 million ounces of silver and 1,600 ounces of gold. The lower production of zinc is primarily due to the lower tonnage treated at Yauli. The lower production of silver is due to the lower production at Yauli and lower silver grades in the head in both Yauli and Chungar.

Operational efforts were focused on controlling and reducing expenses and generating positive operating margins in a scenario of low metals prices.

Evolution of Fines Production Volcan Consolidated





Victoria Plant - Yauli

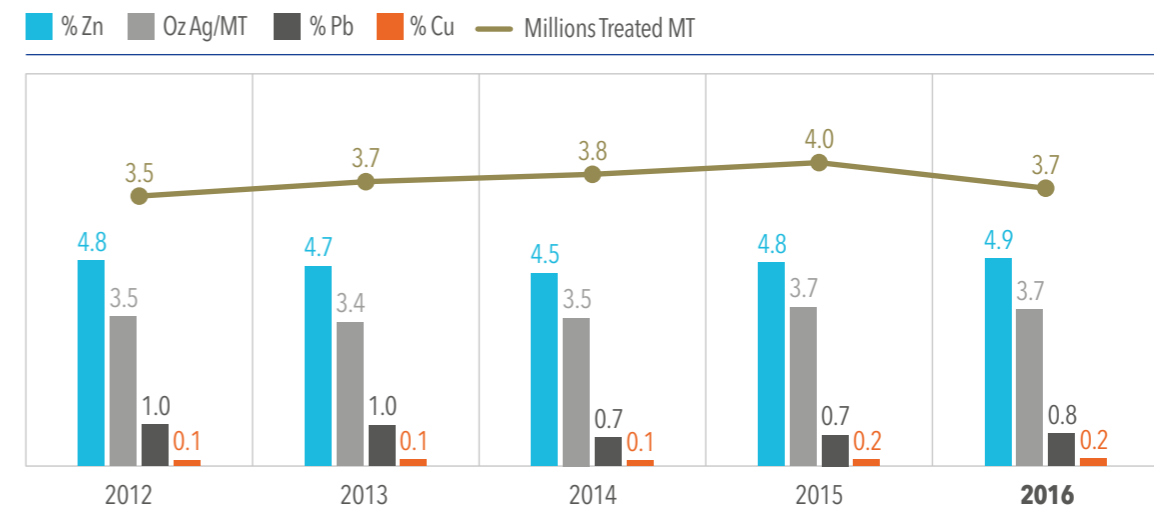
YAULI

YAULI IS LOCATED IN THE JUNÍN REGION, 40 KILOMETERS FROM THE CITY OF LA OROYA AND 170 KILOMETERS FROM LIMA, AND IT IS ACCESSIBLE BY ROAD AND RAIL.

The unit consists of four underground mines and one open pit, from which the ore is treated in three concentrator plants whose total installed capacity is 11,400 tpd. During 2016, the total volume of ore processed at the three concentrator plants was 3.7 million tons. Ore grades were 4.85% Zn, 0.76% Pb, 0.18% Cu and 3.65 oz Ag/MT, which represents 47% of Volcan's consolidated treated ore.



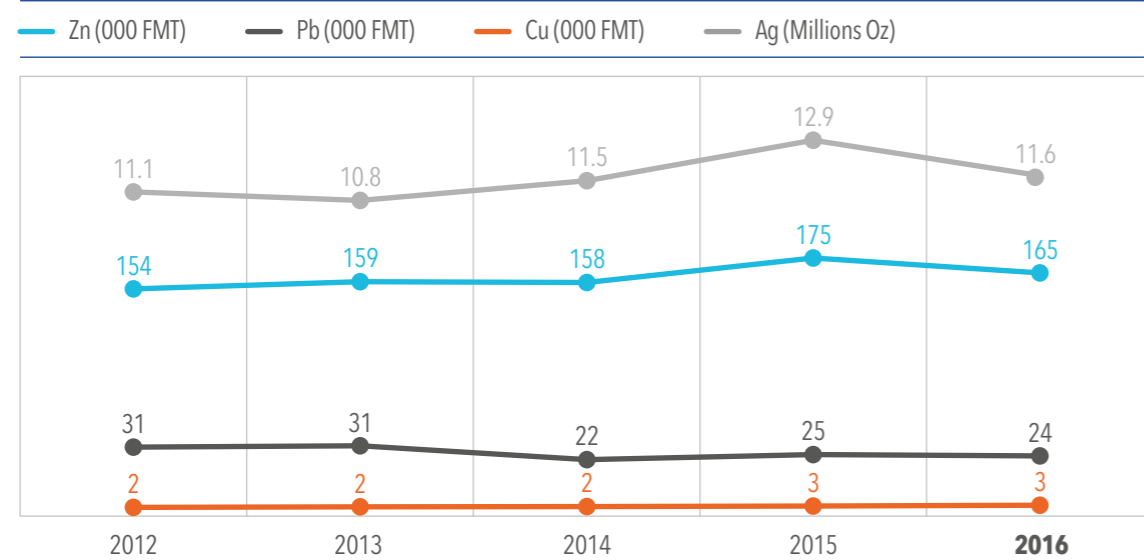
Evolution of Treated Tonnage and Average Grades Yauli



The decrease in production at Yauli in 2016 is primarily explained by the fact that mine development and preparation work continued to recover after the limitations that resulted in the low metal prices observed through 1Q16.

Production of silver fines reached 11.6 million ounces, representing a 10% reduction over 2015; zinc production reached 164,900 tons of fines, with a 6% reduction; and production of lead fines reached 24,400 tons, with a 4% reduction. Tons of copper fines increased 27% over the previous year.

Evolution of Fines Production Yauli



In 2016, processing in the Victoria plant stabilized and tailings storage works were secured in three tailings dams: Mahr Tunnel, Rumichaca and Andaychagua.

Yauli Production by Mine

	Treated tonnage (000 MT)		Zn grade (%)		Pb grade (%)		Cu grade (%)		Ag grade (Oz/MT)	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
San Cristóbal	1,555	1,175	5.0	5.6	0.8	0.7	0.2	0.3	3.3	3.5
Andaychagua	1,127	1,047	3.9	3.7	0.7	0.9	0.1	0.1	5.9	5.9
Ticlío	289	357	5.6	5.5	1.8	1.5	0.3	0.4	2.4	1.9
Carahuacra	653	805	6.9	6.0	0.3	0.4	0.1	0.1	2.1	2.0
Carahuacra Norte Pit	369	273	2.0	1.8	0.3	0.4	0.0	0.0	2.9	3.1
Total Yauli	3,994	3,657	4.8	4.9	0.7	0.8	0.2	0.2	3.7	3.7

MINES

In 2016, the San Cristóbal and Andaychagua mine production was lower than in 2015. Due to the lower prices over the past few years, mine development and preparation work slowed down in order to maintain a positive contribution. The Carahuacra mine, which had higher zinc grades, increased its production by 23% over the previous year. In the second half of 2016, mine development and preparation work increased to normalize production levels.

Throughout the year, 1,766 meters of shafts were raisebored to improve mine ventilation. Likewise, work was done to secure and ensure the mine power systems, involving the construction of six substations (two in San Cristóbal, one in Carahuacra, one in Ticlío and two in Andaychagua). In terms of in-mine communications, digital communications systems extended deeper into the San Cristóbal, Carahuacra and Andaychagua mines to improve operational control and oversight, and to prepare the necessary infrastructure for the continued installation of in-mine tracking and instrumentation systems.

SAN CRISTÓBAL MINE

Throughout the year, mine development and preparation work continued on four main structures and production was secured on higher grade and potency areas. Greater attention was given to pit development as the mine was expanded downward. Likewise, to offset the tonnage deficit, the Chumpe high area was set up over the San Cristóbal vein. On the other hand, mine standardization continued in an effort to improve working conditions and prevent losses in the productive process.

ANDAYCHAGUA MINE

In 2016, the Andaychagua mine maintained its advances deeper into the Andaychagua vein,

preparing the mine 12 months ahead of production. In addition, extraction in the Andaychagua vein began from the northeast utilizing long-hole drilling, reducing operational costs. To maintain the tonnage, alternatives were studied over the Ramal Techo, Prosperidad, Esther and Cuerpo V veins.

The Robert Letts shaft project was completed, with a 4,000 tpd capacity, which will reduce extraction costs and provide better operating conditions as a result of increased productivity. Work continued with the pumping system at depth to enable the development of ramps below level 1250.

TICLIO MINE

The Ticlío mine continued its production stabilization process, increasing its mineral contribution by 23% over 2015. Likewise, pumping system projects have continued in the central area, as well as the construction of an electrical substation, which have facilitated a pumping capacity of 300 l/s, ensuring the preparations for deepening.

CARAHUACRA MINE

In 2016, the Carahuacra mine continued its growth process and was able to increase production by 23% over 2015. To reach this goal, mine development and preparation work was increased for the Mary and María Laura veins. Likewise, mine infrastructure works continued and the new workshop at level 1020 was completed, as well as the construction of an electrical substation.

CARAHUACRA NORTE PIT

The Carahuacra Norte pit continued its marginal ore extraction and sorting process, with a total contribution of 251,000 DMT of extracted tonnage.

CONCENTRATOR PLANTS

In 2016, improvement work continued in the metallurgical processes, stabilizing production in the Victoria Plant at 5,200 tpd.

Treated Tonnage at Yauli, by Concentrator Plant

	Treated tonnage (000 MT)		Zn concentrate (000 MT)		Pb concentrate (000 MT)		Cu concentrate (000 MT)	
	2015	2016	2015	2016	2015	2016	2015	2016
Victoria	1,752	1,791	175	184	20	19	4	7
Andaychagua	1,211	1,109	78	71	18	20	0	0
Mahr Túnel	1,031	758	86	65	16	13	6	5
Total Yauli	3,994	3,657	339	319	54	52	10	13

In 2016, the metallurgical performance of the Yauli unit continued to be satisfactory. The three concentrator plants recorded average recoveries of 92.9% for zinc, 88.5% for lead, 48.7% for copper and 87.2% for silver. This satisfactory performance is attributed to better release of sulphides thanks to finer milling of ore achieved through the application of re-milling systems and dual high-pressure sorting, and the application of flotation reagent collectors.

Likewise, the application of opaque microscopy, a new geo-metallurgical concept, allowed the concentrator plants to mineralogically characterize the ore zones prior to processing. At the same time, operation of the Courier online analyzer has been maintained, the real-time results of which enable a timely correction of any deviations occurring during the metallurgical process by flotation.

VICTORIA PLANT

In 2016, the Victoria concentrator plant was consolidated to process 5,200 tpd. A better release of metallic content was also achieved thanks to optimization of the high-pressure milling-sorting of the rougher flotation tailings⁸. The operation of new flotation cells was optimized, especially for the lead-

copper separation circuit, achieving an excellent copper recovery with significant gold content. At the Victoria plant, zinc recovery was 93.5%, lead recovery was 84.3%, while copper recovery was 50.6 % and silver recovery was 83.3%.

The operation of the Victoria concentrator plant is automated, including Courier online analysis systems, and it has a control system that regulates the ratio of water to ore during the milling process.

ANDAYCHAGUA PLANT

The Andaychagua plant has consolidated its ore treatment capacity to 3,450 tpd. In 2016, to increase the metallurgical recovery, water/ore ratio control systems were developed in the milling-sorting circuits. In addition, auto-controlled high-pressure ore sorting was maintained, as well as the dual sorting system in re-milling tailings from the rougher flotation. Operations continued to be controlled in real time using the on-site display screens of the Courier online analyzer. An automatic reagent dosification system is under development, which considers tonnage from treatment and the ore grades that enter the process. Zinc recovery was 91.1%, lead recovery was 92.4% and silver recovery was 91.5%.

⁸The SK-240 flash cell provides instant flotation of ore released in the milling circuit load. The flash cell minimizes over-grinding of valuable ore and also allows for obtaining and recovering high-grade concentrates in a single stage.

MAHR TÚNEL PLANT

The Mahr Túnel plant maintains its treatment capacity at 2,750 tpd. An important step at this plant has been the application of new flotation reagents that enabled the flotation of zinc values without using lime. This important achievement is being gradually replicated in all the Volcan concentrator plants.

During the year, the Mahr Túnel concentrator plant maintained significant metallurgical efficiency, with zinc recovery at 93.3%, lead recovery at 90.9%, copper at 69.1%, and silver at 83.1%.

CHUNGAR

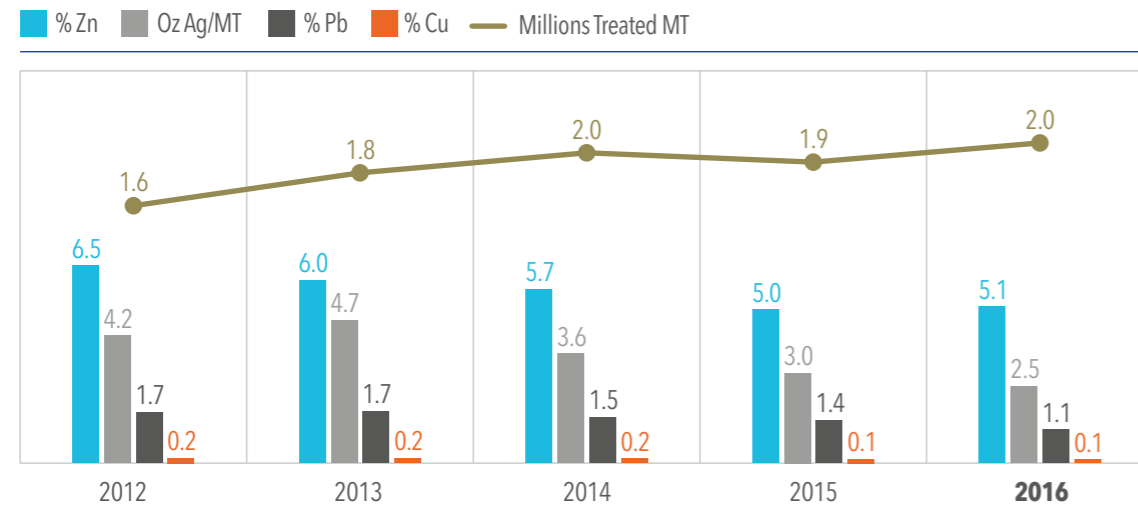
CHUNGAR IS LOCATED IN THE PASCO REGION, 219 KILOMETERS EAST OF LIMA. IT CONSISTS OF TWO UNDERGROUND MINES, ANIMÓN AND ISLAY, AND A CONCENTRATOR PLANT ALSO CALLED ANIMÓN.

In 2016, 96% of the treated ore from at the Chungar unit was processed at the Animón plant, while 4% was processed at the San Expedito plant, part of the Cerro de Pasco unit. The excess mineral treated mineral from the Islay mine (Chungar) that was treated at San Expedito rented this service on a quarterly basis from the Cerro de Pasco unit.

In 2016, the Chungar unit processed 2.0 million tons, including the San Expedito plant, with ore grades of 5.14% Zn, 1.11% Pb, 0.12% Cu and 2.53 oz Ag/MT, which represented 26% of Volcan's consolidated treated ore.



Evolution of Treated Tonnage and Average Grades Chungar



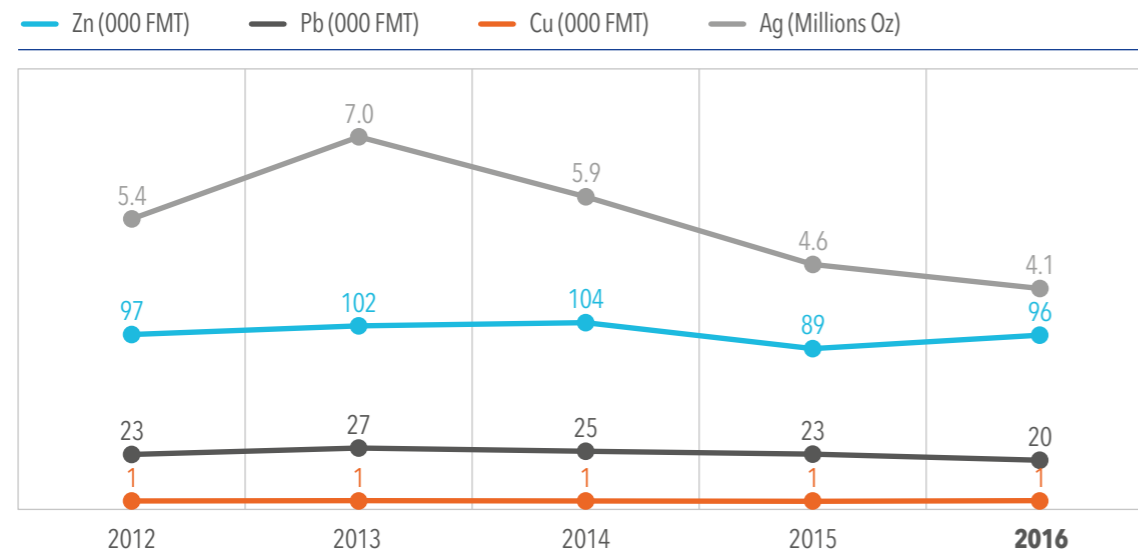
In 2016, production of zinc fines was 96.4 tons, a 9% increase from 2015. This increase was due to the additional tonnage treated and a better zinc grade, due to the larger input from the Animón mine with higher grade zinc compared to the Islay mine.

Production of silver fines was 4.1 million ounces and lead was 19,900 tons, which meant a 10% and 15%

reduction, respectively, from 2015. These reductions are explained by lower silver and lead grades, due to a larger input of lower-grade metals from the Animón mine compared to the Islay mine.

In addition, 1,400 tons of copper were produced, representing a 35% increase over 2015. This copper was recovered in the bulk lead concentrate.

Evolution of Fines Production Chungar



Chungar

In 2016, the Animón tailings dam heightening project was started, and reached 4,623 masl, with 15% advance. This project will increase the useful life of the tailings dam until May 2018. Likewise, the blending

field expansion was reached 100% completion across an area of 4,498 m2, for stockpiling ore from Animón and Islay.

Chungar Production, By Mine

	Treated tonnage (000 MT)		Zn grade (%)		Pb grade (%)		Cu grade (%)		Ag grade (Oz/MT)	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Animón	1,365	1,518	6.5	6.4	1.7	1.3	0.2	0.1	1.9	1.5
Islay	532	497	1.3	1.2	0.7	0.7	0.0	0.0	5.6	5.5
Total Chungar	1,896	2,016	5.0	5.1	1.4	1.1	0.1	0.1	3.0	2.5

MINES

The Chungar unit has two underground mines: the Animón mine, with a 4,200 tpd production capacity, and the Islay mine, with a 1,500 tpd production capacity.

TONNAGES PRODUCED FROM THESE TWO MINES ARE PROCESSED IN THE ANIMÓN PLANT, AND THE EXCESS PRODUCTION FROM ISLAY IS SENT TO THE SAN EXPEDITO PLANT AT THE CERRO DE PASCO UNIT.

ANIMÓN MINE

In 2016, production at the Animón mine consolidated at 4,200 tpd, and long hole drilling methods were optimized for the purpose of efficiently exploiting narrow ore veins. The main improvements made to

infrastructure in the Animón mine include progress in the new shotcrete plant inside the mine and progress in the new pumping system in the lower areas of the mine. The ventilation system was also upgraded with the operation of compressors for optimizing the wet shotcrete support process. KPI controls for excessive dilution and excessive rupture within the operation are also being improved.

Finally, in 2016, the new maintenance workshop was completed and 90% of the pumping system for two of the Animón lines was executed, which will assure reliability of the water-pumping system inside the mine.

ISLAY MINE

Infrastructure works were undertaken in the Islay mine to optimize the water-pumping system inside the mine, executing a total of five standardized chambers.

2016 also saw the completion of two 120 l/s-capacity pump lines. This progress in infrastructure will enable development of the lower levels of the Sur (or South) vein. A raise borer was also used to advance the ventilation infrastructure at depth, in order to prepare and mine the Sur, Islay Piso and Lizeth veins.

CONCENTRATOR PLANT

Concentrator Plant

Treatment Animón Plant (000 MT)	2015	2016
Treated tonnage	1,896	2,016
Zn concentrate	158	179
Pb concentrate	31	0
Cu concentrate	3	0
Bulk concentrate	6	40

ANIMÓN PLANT

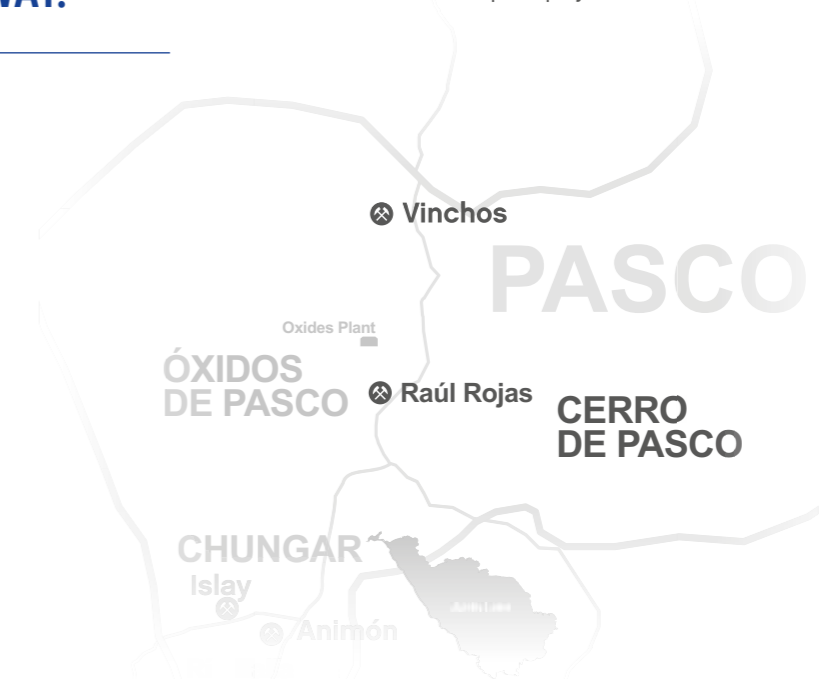
In 2016 the Animón plant increased its treated tonnage by 6% over the previous year, resulting in concentrator plant treatment capacity reaching 5,500 tpd due to significant improvements such as installation of the secondary crusher, and changing from utilizing steel bars to steel balls in the primary milling system. This has enabled the plant to improve milling grain size and avoid down times for bar additions.

CERRO DE PASCO

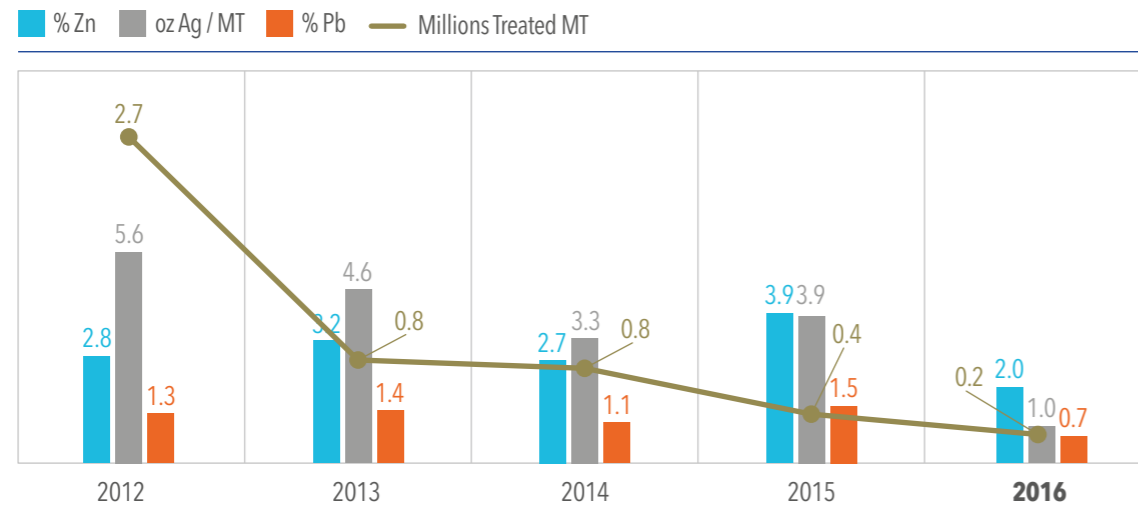
THE CERRO DE PASCO IS LOCATED IN THE PASCO REGION APPROXIMATELY 295 KILOMETERS FROM LIMA AND CAN BE REACHED VIA THE CENTRAL HIGHWAY.

In November 2015 the unit suspended its production. However, during 3Q16 metallurgical tests were run with ore from the polymetallic ore stockpiles and the results were successful. Subsequently, in November 2016, the unit restarted its operations.

During 2016, 233,000 tons of stockpiled ore were processed at the Paragsha-San Expedito plant, having ore grades of 2.01% Zn, 0.71% Pb and 0.97 oz Ag/MT. This ore comes from stockpiled polymetallic mineral.

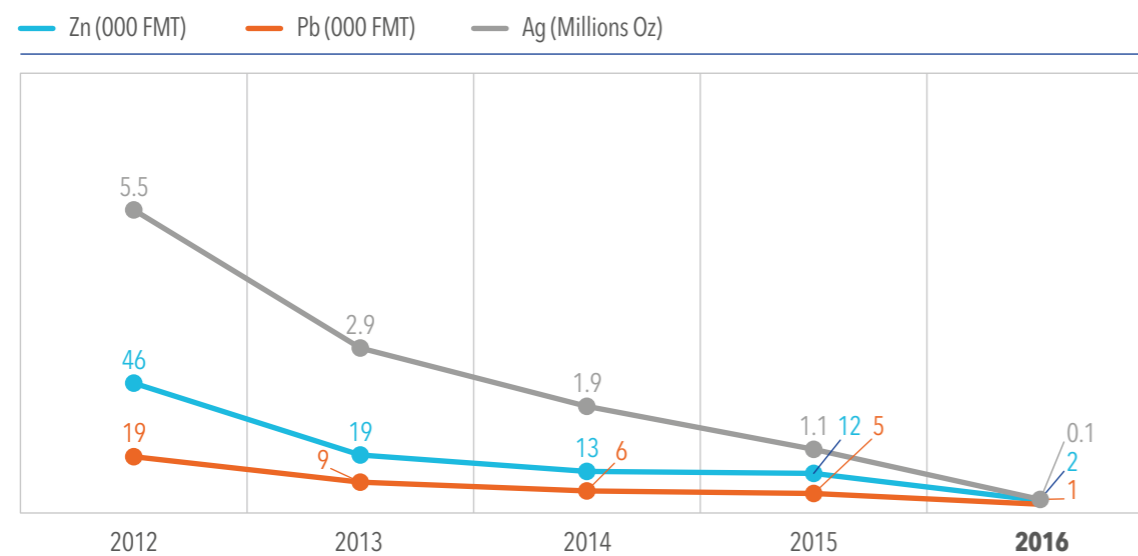


Evolution of Treated Tonnage and Average Grades Cerro de Pasco



In 2016, fines production totaled 2,300 tons of zinc, 900 tons of lead and 100,000 ounces of silver.

Evolution of Fines Production Cerro de Pasco



Over the course of 2017, treatment of this ore will continue and we expect to achieve significant improvements in the head grades through the application of new sorting technology.

Cerro de Pasco Production, By Mine

	Treated tonnage (000 MT)		Zn grade (%)		Pb grade (%)		Ag grade (Oz/MT)	
	2015	2016	2015	2016	2015	2016	2015	2016
Paragsha Underground Mine	252	0	5.3	0.0	2.0	0.0	4.0	0.0
Tajo Raúl Rojas Marginals	35	233	2.1	2.0	0.6	0.7	1.3	1.0
Islay (Chungar)	111	0	1.5	0.0	0.6	0.0	4.5	0.0
Vinchos	0.2	0	1.3	0.0	1.2	0.0	3.9	0.0
Total Cerro de Pasco	399	233	3.9	2.0	1.5	0.7	3.9	1.0

MINES

PARAGSHA UNDERGROUND MINE

It is kept in operating conditions, and, as a result of the implementation of the energy efficiency program and better cost controls, the energy costs for mine ventilation, compressed air and water pumping were reduced. Tajo Raúl Rojas ore stockpiles.

IN 2016, ORE STOCKPILED FROM PREVIOUS YEARS FROM THE RAÚL ROJAS PIT WAS TREATED.

During the year, tests were conducted using a sorting technology to improve the head grade. The results have been very positive. Use of this new technology will begin in 2017.

VINCHOS MINE

In 2016, no ore was produced in the Vinchos mine. Operations in this mine are under temporary suspension.

CONCENTRATOR PLANT

Concentrator plant

Treatment San Expedito Plant (000 MT)	2015	2016
Treated tonnage	399	233
Zn Concentrate	27	6
Pb Concentrate	13	2

SAN EXPEDITO/PARAGSHA PLANT

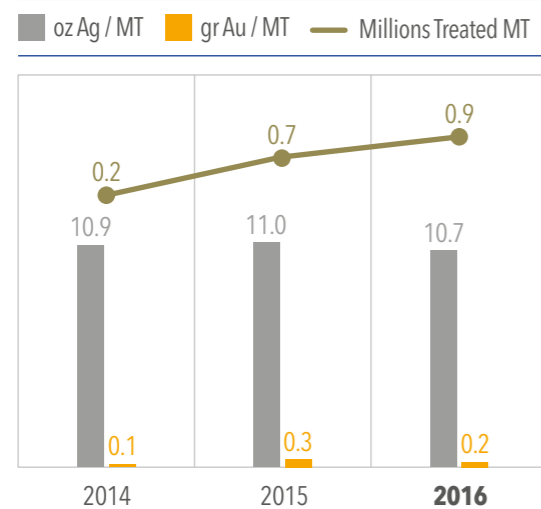
During 2016, the crusher, milling and filtering circuits at the Paragsha concentrator plant continued to be operational, as were the zinc circuit at the Paragsha plant and the lead circuit at the San Expedito plant.

The Paragsha-San Expedito plants operated an average of fifteen days a month in ore processing runs from the Islay mine and polymetallic marginal ore from the Raúl Rojas pit in Cerro de Pasco. During the year, marginal ore processing was improved and the zinc, lead, and silver head grades were improved, leading to higher metal recovery rates and greater volumes of concentrates.

PASCO OXIDES PLANT

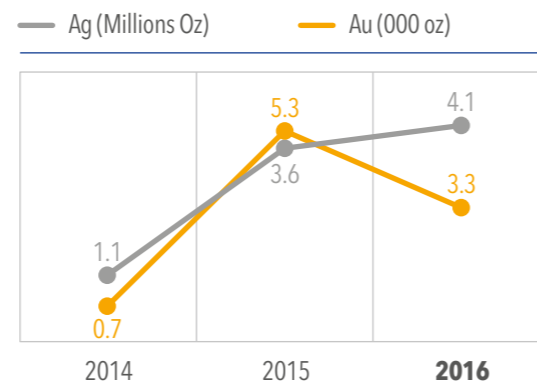
During 2016, 900,000 tons of stockpiled oxides were processed, having ore grades of 10.7 oz Ag/MT and 0.2 gr Au/MT. This tonnage represented 12% of Volcan's consolidated treated ore. It should be noted that the oxides plant started operating at 100% capacity in June 2015.

Evolution of Treated Tonnage and Average Grades Oxides



During the year, silver fines production reached 4.1 million ounces and gold fines production reached 3,300 ounces.

Evolution of Fines Production Oxides



OXIDES PLANT

In 2016, this plant had a stable process with an average processing rate of 2,500 tpd. During the year, improvements were made to reagent consumption control and assembly load consumption. The plant had a stable process with high mechanical availability and reliability, which substantially improved its results.

Oxide Plant

Treatment Planta Óxidos	2015	2016
Treated Tonnage (000 MT)	743	900
Dore bars (000 kg)	134	162

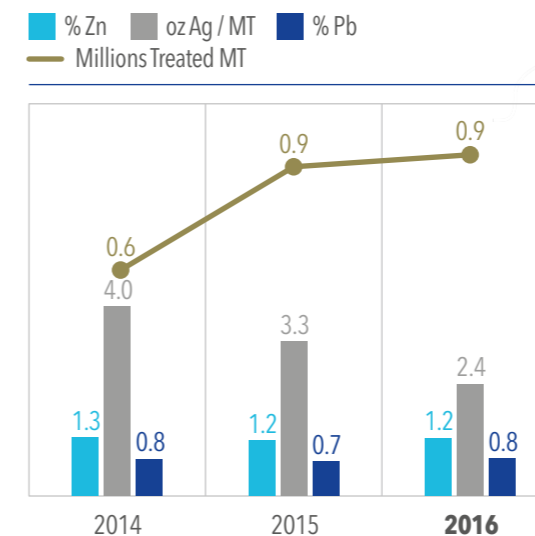


ALPAMARCA

THE ALPAMARCA IS LOCATED IN THE SANTA BÁRBARA AREA OF CARHUACAYÁN, YAULI PROVINCE, JUNÍN REGION, 182 KILOMETERS EAST OF LIMA.

The installed capacity of the plant as designed is 2,500 tpd. In 2016, ore processed in the concentrator plant came from the Alpamarca open pit. Processing reached 910,000 tons with average grades of 1.24% Zn, 0.80% Pb and 2.39 oz Ag/MT, which represented 12% of treated ore from Volcan overall.

Treated Tonnage and Average Grades Alpamarca

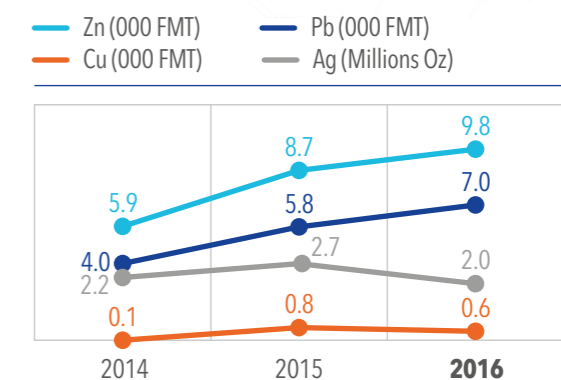


In 2016, fines production totaled 9,800 tons of zinc, 7,000 tons of lead, 600 tons of copper and 2 million ounces of silver fines in concentrate.

The Alpamarca plant, which began operations in April 2014, consists of the Río Pallanga underground mine, the Alpamarca open pit and the Alpamarca concentrator plant.



Evolution of Fines Production Alpamarca



In 2016, production was 910,000, which came from the Alpamarca pit, as no ore was produced in the Río Pallanga underground mine due to lower margins, a consequence of low prices.

Alpamarca Production, By Mine

	Treated Tonnage (000)		Zn grade (%)		Pb grade (%)		Cu grade (%)		Ag grade (Oz/MT)	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Río Pallanga	144	0	0.9	0.0	0.5	0.0	0.1	0.0	5.4	0.0
Alpamarca	735	910	1.3	1.2	0.8	0.8	0.1	0.1	2.9	2.4
Total Alpamarca	879	910	1.2	1.2	0.7	0.8	0.1	0.1	3.3	2.4

MINES

RÍO PALLANGA MINE

Advances and production in the underground mine were suspended due to lower margins compared to the margin in the Alpamarca open pit.

ALPAMARCA PIT

During 2016, ore production reached 910,000 tons with average ore grades of 1.24% Zn, 0.80% Pb and 2.39 oz Ag/MT. To attain this production, 7.6 million tons of overburden were removed, reaching an average stripping ratio of 7.8.

CONCENTRATOR PLANT

Concentrator Plant

Treatment Alpamarca Plant (000 MT)	2015	2016
Treated tonnage	879	910
Zn Concentrate	15	17
Bulk Concentrate	12	12

In 2016, the Alpamarca concentrator plant processed 2,500 tpd of polymetallic ore in stable form with high

mechanical availability and reliability. The metallurgical performance of the Alpamarca plant is among the best in the company, despite having lower head grades.

Improvements were made in the ore-sorting and crusher stages, and the milling stage was also improved and optimized. This led to better metallurgical results and a reduction in the use of reagents such as copper sulphate and cyanide.

Metallurgical recovery from the concentrator plant is significant: 86.8% for zinc, 95.5% for lead and 91.5% for silver. The results mentioned are very interesting because they are achieved with low head grades. The main achievements are:

- Real-time reagent dosification as a function of the Courier system analyzer measurements
- Management of loads circulating from milling with the capacity to increase ore processing in real time
- The application of flotation in Flash cells for recovery of lead-silver values
- The increase of ore processing to a maximum capacity of 2,650 tpd

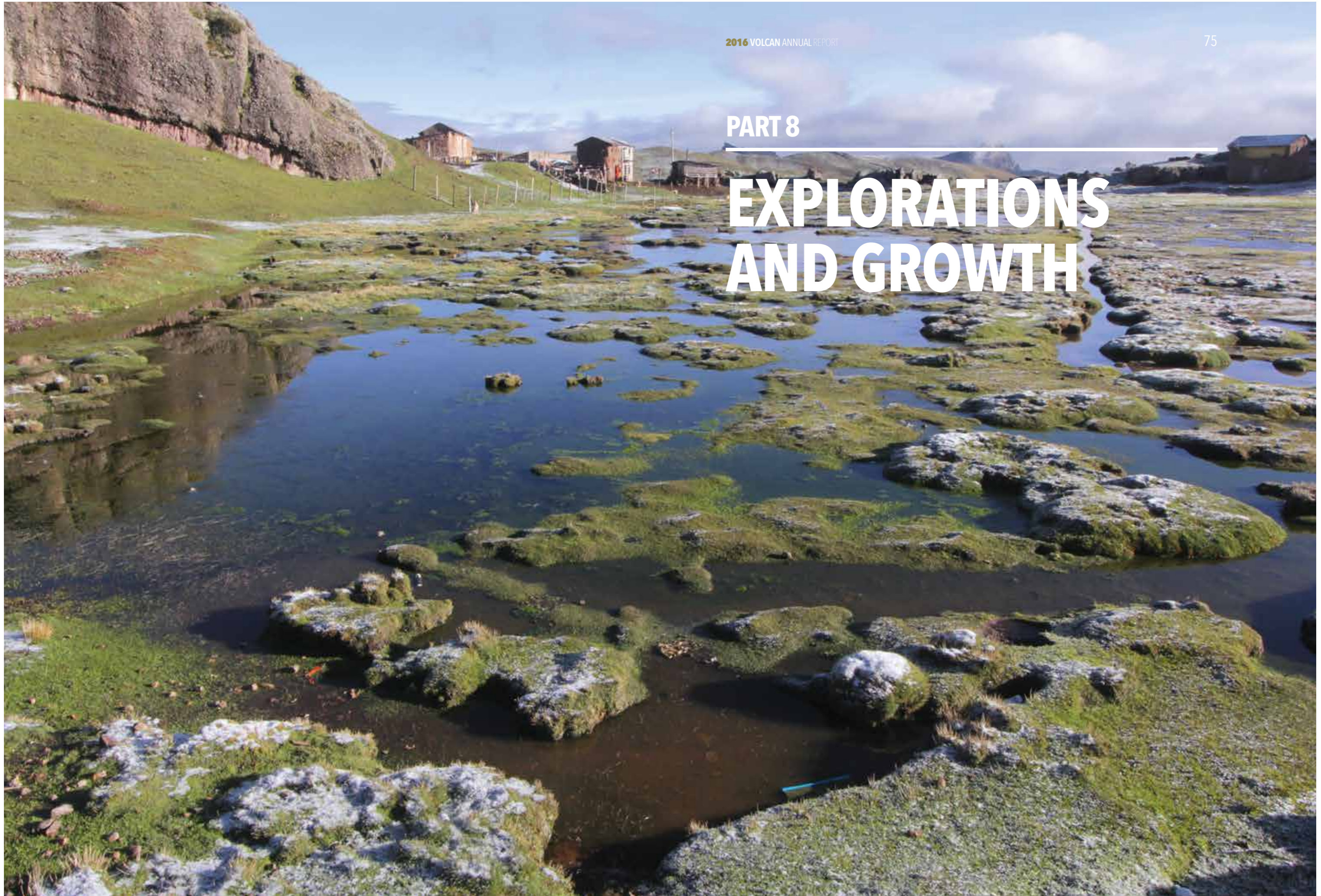
It is important to note that the Alpamarca concentrator plant is intensely addressing the concept of process automation that will subsequently be used as a model for all Volcan concentrator.



Alpamarca Plant - Alpamarca

PART 8

EXPLORATIONS AND GROWTH



Road to Chungar

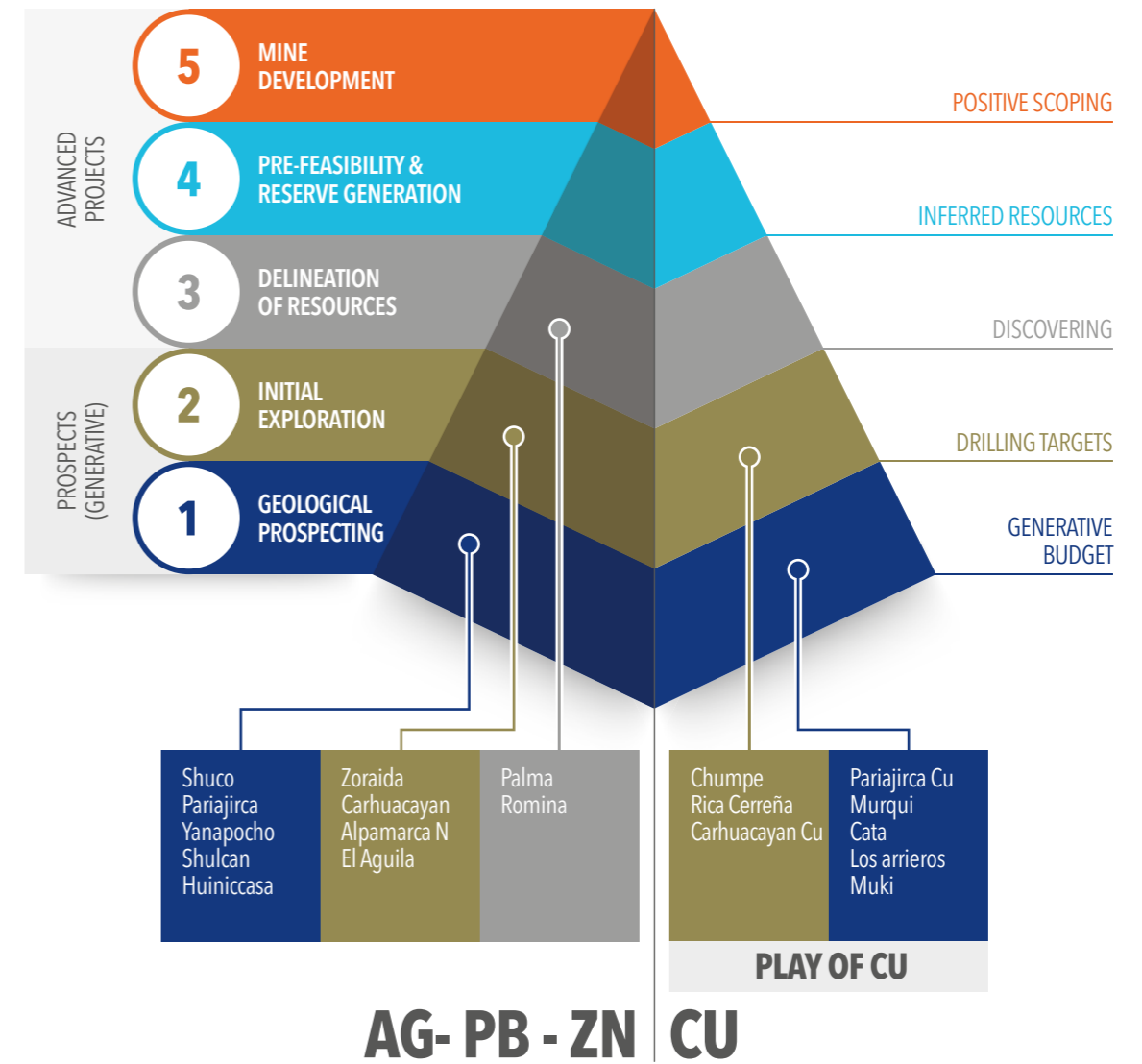


Alpacarca Staff

EXPLORATIONS

Volcan has been working on a select portfolio of exploration prospects and projects over the last few years. This work has been developed with a transformational focus in accordance with the Company's growth objectives. These prospects and projects are in different stages of development, from generative prospects to advanced projects.

Noteworthy among these are Zn-Pb-(Ag) polymetallic prospects Romina II, Carhuacayán and Palma, which are very likely to be developed. The company also has plans to enter the copper market with the development of a large project, which includes very attractive prospects such as Condorcenga and Chumpe.



Volcan prospects and projects are located in three metallogenic regions in Central Peru: (1) the Zn-Pb-(Ag) and Cu regions in the western mountain range with Zn-Pb-(Ag) cordillerano deposits and Cu-(Au, Mo) porphyry deposits, (2) the coastal strip of Zn-Pb-(Ag) with volcanogenic massive sulphide

(VMS) deposits and IOCG-type Cu-(Au) deposits, and (3) the region of Cu-Zn-(Au) deposits in the eastern mountain range. These three areas are contained in a general polygonal region that is 400 km long by 100 km wide, which is the company's area of exploratory interest.

Exploration of polymetallic projects and prospects

STAGE

- Advanced
- Generative
- Initial
- Reevaluation
- Project Zone



GREENFIELD EXPLORATION (GREENFIELD)

During 2016, the Company continued its explorations in central Peru to identify, evaluate and develop new transformational targets.

GENERATING NEW TRANSFORMATIONAL PROJECTS

At the close of 2016 the Company had the following prospects listed for exploration in 2017, to confirm whether they continue to the next phase.

SHUCO

Shuco is located 3 km west of the city of Cerro de Pasco. It is a Zn-Pb-(Ag) polymetallic prospect, with a mineralization that outcrops in the form of oxidized replacement bodies that can be over 200 meters long by 15 to 20 meters thick.

There are five outcropping bodies that hover near 80° northeast. Internally, these consist of semi-massive to massive oxides (predominantly Fe), which indicate that before oxidation, the bodies were rich in sulphides. Geochemical reconnaissance from "chip" samples from these bodies showed significant concentrations of Zn and Pb (up to 2.2% and 0.36%, respectively), indicating that they were Zn-Pb-(Ag).

The Company is currently requesting permits from the General Directorate for Mining Environmental Affairs (DGAAM) of the Ministry of Energy and Mines for a diamond drilling program in 2017 to determine if the mineral at depth is economically viable to extract.

CONDORSENGA

Condorsenga is located at the heart of the Santa Barbara

de Carhuacayán mining district, 2 km west of the Cu-(Au) porphyry project explored by RTZ in the 1990s and 20 kilometers east of the Alpamarca mine.

The prospect has evidence of Cu-Mo-(Au) porphyry mineralization. A "lithocap" or "hat" area has been identified and mapped. The Company will execute a drilling program with at least five boreholes between 800 and 900 meters deep, from the same platforms used for exploration of Zn-Pb-(Ag) bodies.

CHUMPE

Chumpe is a porphyry copper prospect located in the Yauli Dome, 20 km southeast of Toromocho. It shares several characteristics with the Toromocho mega-project.

During the first half of 2015, specialized mineralogical mapping was completed, identifying a "lithocap" of what is likely porphyry with an extension of about 1 km².

Based on the preliminary results, a four-borehole drilling program has been designed, with each borehole being advanced to a depth of 900 to 1,000 meters. For this purpose, we have applied to the competent authority for approval of an DIS EIS for implementation of this program during 2017.

RICA CERREÑA

Located in Cerro de Pasco, immediately northwest of the Raúl Rojas pit, this is a Cu-(Au) and/or Cu-(Mo) porphyry prospect. This is a blind (no outcropping) mineralization prospect but with a well-developed porphyry lithocap.

Volcan has a plan to complete five diamond drill boreholes (1,000 meters each) to confirm the project's potential. We will apply to the competent authority for approval of an DIS for implementation of this program during 2017.

⁹A lithocap is the top of a porphyritic system (Cu porphyry) where typically there is mineralization and acid and oxidizing epithermal alteration (with high sulphidation). The lower portions of the lithocap typically contain higher-temperature minerals, such as pyrophyllite, diaspore, andalusite and others.

POST-DISCOVERY DEVELOPMENT

In 2016, the Company's portfolio of projects was analyzed to prioritize the development of polymetallic projects that meet the new criteria and are economically viable. Those chosen include: Romina II, Carhuacayán and Palma.

ROMINA II

Located in the Pacaros district, 15 km west of the Alpamarca mine, this is a Zn-Pb-(Ag) polymetallic mineralization project, whose mineralization outcrops in the form of replacement bodies.

The project is in the advanced exploration phase, with Puagjanca sector having the most advanced development. Initial explorations were conducted between 2008 and 2012 by Vororantin Metais and later by Milpo, involving a total of 13,263 meters of diamond drilling in 43 boreholes.

In 2016, Volcan developed a surface diamond drilling program with a total of 5,126 meters in 14 boreholes to assess the Puagjanca body. The initial results of the diamond drilling program identified a semi-tubular body that is approximately 70 meters wide by 130 meters long and 400 meters deep, formed by a body of zinc and lead sulphides with silver contents, surrounded by a skarn halo with disseminated and veined mineralization.

In late 2016, the Company began preparations to apply to the competent authority for approval of a semi-detailed exploratory EIS for an underground tunnel that connects to the Puagjanca body mineralization at depths and continues diamond drilling at depths.

CARHUACAYÁN

Situated 20 km east of the Alpamarca mine, this is a polymetallic project of zinc, lead and silver located in

a mountainous area. The mineralization is observed in veins, breccia bodies and replacement layers.

In the third quarter of 2016, we obtained DGAAM approval for the semi-detailed exploration EIS and the commencement of exploration activities, giving rise to the diamond drilling program, drilling the first two boreholes in 2016 with a total of 1,400 meters that intercepted the Candelaria and La Tapada bodies at depths.

In 2017, we will continue implementation of the diamond drilling program that is already underway.

PALMA

Located 60 km southeast of the city of Lima, this project is aimed at extracting volcanogenic massive sulfides (VMS) distributed in mineralized layers of zinc, lead and silver.

The first stage of the project involved 17,000 meters of diamond drilling. Drilling enabled an estimate of inferred resources and identified that the ore is structured in layers, with optimal potencies and good rock quality, with mineralization open at depth and laterally.

During 2015, a diamond drilling program was conducted totaling 7,486 meters in ten different boreholes, which were successful in confirming the presence of massive sulphide deposits along 2.5 km, as well as the continuity of the mineral deposits at depth.

In 2016, an underground tunnel was designed to reach the mineralization found and continue to drill further, preparing a modification to the semi-detailed exploration EIS. This modification is currently awaiting approval from the competent authority to start excavation of the tunnel and development of the underground diamond drilling program, which will take place in 2017, once the corresponding environmental permits have been approved.

BROWNFIELD EXPLORATION

ZORAIDA (YAULI)

Located 7 kilometers south of Andaychagua (Yauli), Zoraida is mainly a silver project with lead and zinc content. Given its geological characteristics, it could become the third polymetallic system in the Yauli dome, along with San Cristóbal and Andaychagua.

After the identification of a vein system parallel to the Andaychagua vein, with lengths of 2 to 3 km, in 2016 a permit application (DIS) was presented for the drilling program, which is awaiting approval by the competent authority.

ALPAMARCA NORTE

This is a Zn-Pb-(Ag) polymetallic prospect located immediately to the north and west of the Alpamarca mine. It is a blind mineralization prospect but shows reasonable indications of mineralization at depth.

It shows minimal sulphide mineralization on the surface but has at least five main corridors of carbonate (basically calcite) vein networks housed in red layers from the Casapalca Formation. A geophysical prospecting campaign was carried out to develop an idea of the depth at which sulphide mineralization could occur. This included 45 km of magnetometry as well as induced polarization. The resulting geophysical anomalies are spatially consistent with the vein corridors and suggest that sulphides would be found at around 250 meters in depth.

An initial diamond drilling program of 4,000 meters has been designed for implementation in 2017, and we will apply to the competent authority for the permits needed for this program.

CURRENT OPERATIONS

EXPLORATIONS IN YAULI

The exploration campaign conducted in 2016 focused on developing the value chain of the mineral resources, with an emphasis on brownfield exploration, definition of mineral potential, delineation of inferred resources and infill drilling.

Brownfield exploration was mainly conducted to complete the geological re-mapping of the veins that outcrop in the mining district and assess the structural alignments and their correlation with the veins identified and developed in the underground mines. This work has made it possible the reinterpretation of the mining district's geological-structural model and the generation of a brownfield exploration program based on perforating new structures and drilling the northeastern extensions of the primary mineralized structures in the district. To date, the results have been positive in the Carahuacra mine.

In 2016, in line with the proposed exploration strategy, 58,516 meters were diamond drilled, distributed as follows: 8,115 meters in the brownfield program, 6,549 meters aimed at detecting potential resources; 16,627 meters to delineate inferred resources; and 27,225 meters of infill drilling in the San Cristóbal, Andaychagua, Carahuacra and Ticlio mines.

The results were favorable, and high levels of polymetallic and silver mineralization were intercepted, confirming lateral continuity and continuity at-depth in the resources of the principal mineralized structures, identifying new resources in new mineralized structures such as Prosperidad 1, as well as the existence of

significant mineralized potential in the northeastern extension of the Mary and Andaychagua veins. The

Drilling at Yauli

Mine	Growth (m)	Potential (m)	Resources (m)	Infill Drilling (m)	TOTAL(m)
San Cristóbal	2,616	1,826	6,304	6,617	17,363
Andaychagua	3,981	1,254	6,574	8,456	20,265
Ticlio	0	0	1,601	5,460	7,061
Carahuacra	1,518	3,469	2,148	6,692	13,828
Total	8,115	6,549	16,627	27,225	58,516

EXPLORATIONS IN CHUNGAR

The exploration campaign conducted in 2016 focused on developing the value chain of the mineral resources, with an emphasis on brownfield exploration, definition of mineral potential, delineation of inferred resources and infill drilling.

Brownfield exploration was conducted to complete the re-mapping and sampling of structures, assess the structural alignments and their correlation with the veins that have been identified in the underground mines, and reinterpret the diamond drill boreholes from previous years.

This has led to an improvement in the geological-structural model for the district, fundamental in the determination of new drilling targets with objectives of potential size.

In all, 63,214 meters of diamond drilling were completed in the Animón and Islay mines, distributed as follows: 11,118 meters in the brownfield program,

results obtained provide a sound basis for continuing the exploration program planned for 2017.

4,800 meters to detect potential resources; 25,234 meters to delineate inferred resources; and 22,062 meters of infill drilling. The results have generally been favorable, making it possible to confirm the continuity of the mineralized bodies in terms both of depth and horizon (direction), and to identify and define new mineralized bodies and discover new structures with economic potential.

THE EXPLORATION CAMPAIGN CONDUCTED IN 2016 FOCUSED ON DEVELOPING THE VALUE CHAIN OF THE MINERAL RESOURCES.

Drilling at Chungar

Mine	Growth (m)	Potential (m)	Resources (m)	Infill Drilling (m)	TOTAL(m)
Animón	5,525	2,474	17,043	13,646	38,688
Islay	5,594	2,326	8,191	8,415	24,526
Total	11,118	4,800	25,234	22,062	63,214

EXPLORATIONS IN ALPAMARCA

Local exploration was mainly concentrated on developing the infill drilling program underneath the Anita pit, to better support the operation. 547 meters were diamond drilled, distributed in six perforations.

Of these, only one hole showed economically viable mineralization in silver, intercepting 11 meters of corrected capacity with 11.77 ounces/t of silver.

Drilling at Alpamarca

Mine	Growth (m)	Potential (m)	Resources (m)	Infill Drilling (m)	TOTAL(m)
Alpamarca	0	0	0	547	547
Río Pallanga	0	0	0	0	0
Total	0	0	0	547	547

INORGANIC GROWTH - ACQUISITIONS AND JOINT VENTURES

Inorganic growth, giving priority to activities in the central highlands, continues to be a potential path for growth. In 2016, the Company continued to evaluate opportunities for acquiring projects and mining operations that are aligned with its strategy.

Acquisitions are evaluated with the goal of maintaining Volcan's leadership in zinc, lead and silver production. The priorities for the Company are opportunities in

the area of influence and the existence of competitive advantages that will support the development of synergies with the current portfolio through the addition of these assets.

A noteworthy acquisition was the right to obtain 100% of the Romina II polymetallic project (located 15 km west of the Alpamarca mine).

PART 9

**BUSINESS
MANAGEMENT**





Animon Plant - Chungar

Although the recovery of market prices took time, the market for concentrates, especially zinc, had been showing a positive trend since 2015. Mine closures made their presence felt and treatment charges started at levels of 160 USD/MT and closed the year between 20 USD/MT and 40 USD/MT on a CIF basis for the main Asian port. The concentrate shortage caused some metal production cuts mainly in China towards the end of 2016. Other refineries around the world faced lower treatment charges, which compromised their economic stability.

The lead concentrate market also experienced a similar situation, exacerbated by the growing demand resulting from the higher treatment capacity in refineries for these concentrates. In addition to the fall in production, the quality of the remaining concentrates in the market began to decline in several parts of the world, which resulted in refineries becoming more

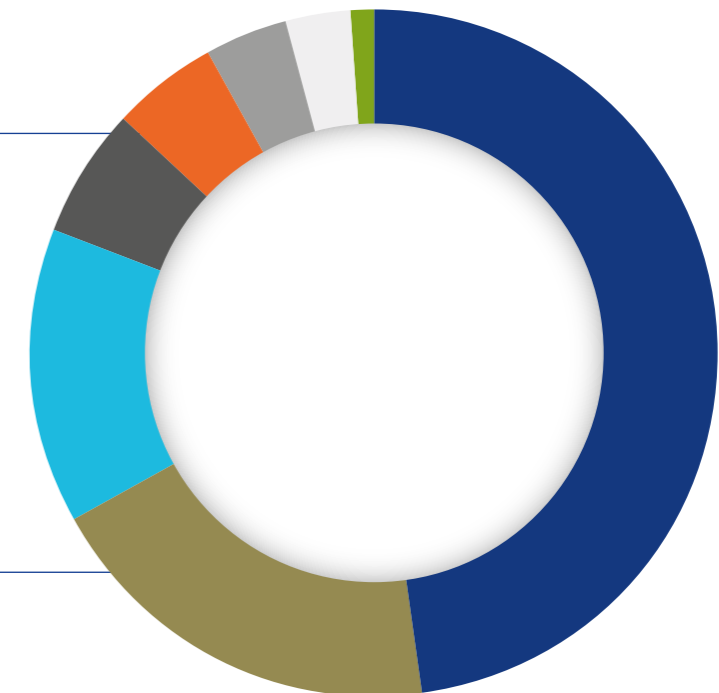
insistent in seeking out certain types of concentrates, especially concentrates with high silver content.

VOLCAN MAINTAINED ITS MARKET DIVERSIFICATION POLICY IN THE PURSUIT OF GREATER VALUE FOR ITS CONCENTRATES.

Different types of concentrate were placed more effectively by closely coordinating the variables of quality with Operations. In addition, a series of changes were made in the distribution chain, which led to greater savings in costs and expenses, as well as a shorter cash-to-inventory conversion time.

Sales by Destination (Percentage of Value in USD)

- 48%** Peru
- 19%** South Korea
- 14%** China
- 6%** Canada
- 5%** USA
- 4%** Belgium
- 3%** Australia
- 1%** Others



The total fines sales volume decreased mainly due to the lower production during the year and a lower sales tonnage. The volumes are outlined below.

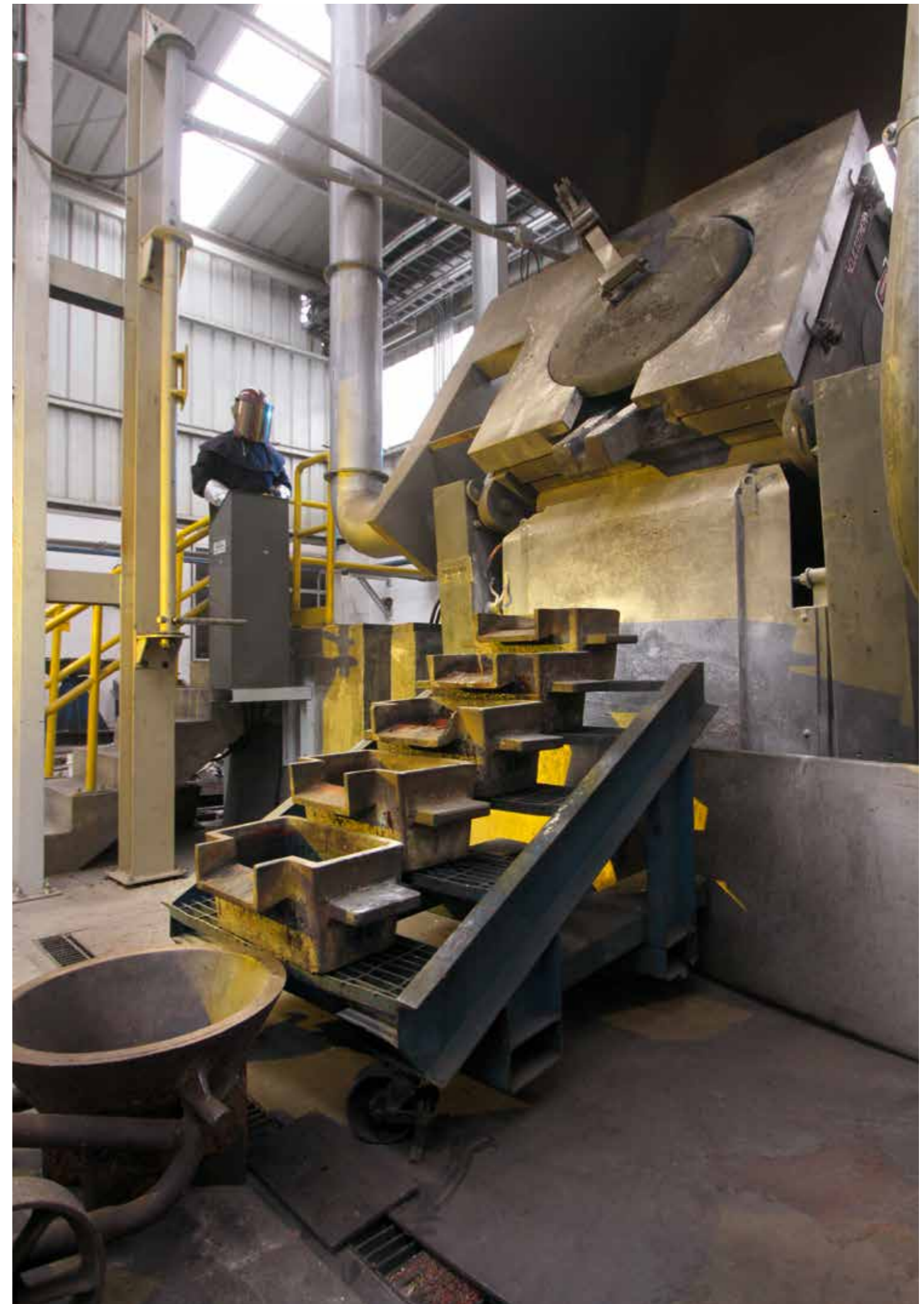
Fines Sales Volume By Business

Fine Sales		2015	2016	Var. %
Mining Business	Zinc (thousands FMT)	296.3	273.8	-7.6
	Lead (thousands FMT)	57.2	53.8	-5.9
	Copper (thousands FMT)	4.0	3.9	-2.0
	Silver (million Oz)	25.2	22.7	-10.0
	Gold (thousands Oz)	12.7	11.8	-7.1
Commercialization Business	Zinc (thousands FMT)	48.5	30.5	-37.1
	Lead (thousands FMT)	1.9	1.4	-25.0
	Copper (thousands FMT)	2.1	1.4	-32.3
	Silver (million Oz)	1.4	1.1	-20.9
	Oro (miles Oz)	0.6	0.2	-76.1
Total	Zinc (thousands FMT)	344.8	304.3	-11.8
	Lead (thousands FMT)	59.2	55.3	-6.6
	Copper (thousands FMT)	6.1	5.3	-12.5
	Silver (million Oz)	26.6	23.8	-10.6
	Gold (thousands Oz)	13.3	11.9	-10.4

The average sales price of zinc increased from 1,917 USD/MT in 2015 to 2,077 USD/MT in 2016 (+8.3%), lead from 1,782 USD/MT to 1,858 USD/MT (+4.3%) and silver from 15.6 USD/oz to 17.0 USD/oz (+8.8%). These price increases offset the fall in production, aiding the recovery from the previous year, which had recorded the lowest prices in over 5 years.

Sales Prices By Metal

Sale Prices	2015	2016	Var. %
Zinc (USD/MT)	1,917	2,077	8.3
Lead (USD/MT)	1,782	1,858	4.3
Copper (USD/MT)	5,426	4,901	-9.7
Silver (USD/Oz)	15.6	17.0	8.8



Oxides Plant

PART 10

**ANALYSIS OF
RESULTS AND
INVESTMENTS**



Andaychagua Plant - Yauli

SALES

Net Sales Breakdown

	Sales (Millions USD)	2015	2016	Var. %
Mining Business	Zinc	348.3	351.4	0.9
	Lead	62.5	69.9	11.7
	Copper	10.1	8.5	-15.8
	Silver	315.4	311.2	-1.3
	Gold	9.9	8.4	-15.1
	Total	746.5	749.4	0.4
	Adjustments*	-40.0	7.8	-119.4
	Net Sales	706.5	757.2	7.2
Commercialization Business	Zinc	64.7	48.2	-25.5
	Lead	2.4	1.8	-24.2
	Copper	7.6	4.2	-44.4
	Silver	14.9	12.1	-18.8
	Gold	0.2	0.1	-56.1
	Total	89.8	66.4	-26.0
	Adjustments*	-1.8	-2.1	
	Net Sales	88.1	64.3	-26.9
Total	Zinc	413.0	399.6	-3.3
	Lead	65.0	71.7	10.4
	Copper	17.7	12.7	-28.1
	Silver	330.3	323.3	-2.1
	Gold	10.1	8.5	-16.1
	Total	836.3	815.9	-2.4
	Adjustments*	-41.8	5.7	-113.6
	Net Sales	794.5	821.5	3.4

* Adjustments: i) final shipment liquidations of previous terms, ii) adjustment for open positions (embedded derivative and sales adjustment), iii) hedging results

COSTS

DURING THE PAST FEW YEARS, THE COMPANY HAS MADE GREAT EFFORTS TO REDUCE OPERATIONAL PRODUCTION COSTS, AND 2016 WAS NO EXCEPTION.

Reductions are the result of the ongoing continuous-improvement system implemented in 2013, mainly for the purpose of achieving operating efficiencies, reducing the cost of supplies, optimizing the scope and cost of services contracts, and achieving energy savings.

As a result of this, the consolidated unit cost dropped 7.9%, from 53.7 USD/MT in 2015 to 49.5 USD/MT in 2016. In absolute terms, the cost of production fell by 7.8%, from USD 412.8 million in 2015 to USD 380.7 million in 2016.

Absolute Costs (Millions of US\$)

Unit	2015	2016	var %
Yauli	235.4	220.0	-6.5
Chungar	94.8	101.6	7.1
Cerro	32.5	3.9	-88.1
Óxidos	20.1	33.7	67.3
Alpamarca	28.8	21.5	-25.2
Transport*	1.2		
Consolidated	412.8	380.7	-7.8

*Corresponds to the transport cost of intercompany ore

Unitary Costs (USD/MT)

Unit	2015	2016	var %
Yauli	58.6	60.5	3.3
Chungar	48.1	50.9	5.7
Cerro	97.4	16.6	-82.9
Óxidos	39.1	37.4	-4.2
Alpamarca	33.2	23.5	-29.2
Consolidated*	53.7	49.5	-7.9

*The reported cost of production is the cost of production itself, which does not include the cost of buying ore concentrates and third parties, nor those extra costs from the liquidation of staff.

The Cerro de Pasco unit ceased operations in November 2015, and reopened in mid-2016 to treat marginal ore from the Raúl Rojas pit. Elsewhere, Alpamarca has had significant reductions since the temporary suspension of the Rio Pallanga mine in December 2016, leaving only the open pit operating, which has lower costs. Finally, it is important to highlight that the absolute cost of the Oxides plant increased by 67% because. Prior to the plant reaching capacity in June 2015, the cost of operation was considered a capital investment.

In 2016, the cost of sales was USD 581.2 million, 12.4% lower than the 2015 cost of USD 663.2 million. This reduction is mainly explained by the following: lower depreciation and amortization as a result of the devaluation of fixed assets, intangible assets and inventories in December 2015, obtaining a reduction of USD 38.4 million in this line item; USD 32.1 million lower production costs; and USD 18.3 million lower third-party concentrate purchases.

Sales Cost Breakdown By Business

Cost of Goods Sold (millions USD)	2015	2016	var %
Volcan's Cost of Goods Sold	577.2	510.9	-11.5
Own Cost of Production	412.8	380.7	-7.8
D&A of Cost of Production	155.3	116.8	-24.7
Extraordinary Costs	3.5	2.8	-21.0
Own Inventories Change	4.2	10.6	153.2
Exceptionals	1.5		
Third-party Cost of Goods Sold	82.3	63.0	-23.5
Concentrates Purchase	81.5	63.1	-22.5
Thirds Inventories Change	0.8	-0.1	-115.6
Workers Participation	3.7	7.3	98.9
Total	663.2	581.2	-12.4

INVESTMENTS

In 2016, Volcan's investments totaled USD 122.5 million, 29.6% lower than the previous year (USD 173.9 million). This reduction has two primary sources: the completion of the Oxides plant, and the major part of the investment for the Rucuy hydroelectric plant project both in 2015. The Rucuy project began in 2010, but the plant started operations in August 2016.

Operating investments continued this trend and fell 4.6%, from USD 118.6 million in 2015 to USD 113.1 million in 2016. This was the consequence of a strict investment prioritization plan. Finally, investment in regional explorations was reduced by 23.5%, from USD 4.1 million in 2015 to USD 3.2 million in 2016.

Investments details

Consolidated Investments (MM USD)	2015	2016	var %
Mining Business	147.7	116.9	-20.8
Mining Units	118.6	113.1	-4.6
Local Exploration	8.5	10.0	17.6
Development	51.8	49.8	-3.9
Plants and Trailings Facilities	28.3	17.8	-36.9
Mine and Infrastructure	22.3	29.8	33.5
Energy in Units	2.4	2.3	-5.9
Support and Others	5.2	3.4	-35.6
Regional Explorations	4.1	3.2	-23.5
Growth and Others	24.9	0.6	-97.6
Energy Business	26.2	5.6	12.2
Total	173.9	122.5	-29.6

PROFITABILITY

Income Statement

Income Statement (MM USD)	Mining Business			Third-party Concentrates Commercialization Business			Consolidated		
	2015	2016	Var %	2015	2016	Var %	2015	2016	Var %
Sales	706.5	757.2	7.2	88.1	64.3	-26.9	794.5	821.5	3.4
Net sales	746.5	749.4	0.4	89.8	66.4	-26.0	836.3	815.9	-2.4
Settlements of prior periods adj.	-32.0	11.2		-5.5	1.1		-37.5	12.3	
Adj. open positions and emb. deriv.	-4.3	15.7		-0.2	3.7		-4.6	19.4	
Hedging	-3.7	-19.1	417.5	4.0	-6.8		0.3	-26.0	
Cost of Goods Sold	-580.2	-518.2	-10.7	-83.0	-63.0	-24.1	-663.2	-581.2	-12.4
Direct Cost of Goods Sold	-573.7	-508.1	-11.4	-82.3	-63.0	-23.5	-656.0	-571.1	-12.9
Extraordinary Costs	-3.5	-2.8	-21.0		0.0		-3.5	-2.8	-21.0
Workers Participation	-3.0	-7.3	143.8	-0.7	0.0	-93.6	-3.7	-7.3	99.6
Gross Profit	126.3	239.0	89.3	5.1	1.3	-74.1	131.3	240.3	83.0
Gross Margin	18%	32%	14 pp	6%	2%	-4 pp	17%	29%	13 pp
Administrative Expenses	-46.3	-43.5	-6.2	-0.7	-0.7	-4.3	-47.1	-44.2	-6.2
Sales Expenses	-40.0	-32.6	-18.5	-3.0	-1.5	-51.7	-43.0	-34.1	-20.8
Other Income (Expenses) *	-627.8	6.8					-627.8	6.8	
Operating Profit	-587.9	169.8		1.3	-0.8		-586.6	168.9	
Operating Margin	-83%	22%	106 pp	1%	-1%	-3 pp	-74%	21%	94 pp
Financial income (Expenses)	-44.5	-35.3	-20.6	-0.3	-0.1	-61.4	-44.8	-35.5	-20.9
Royalties	-11.1	-12.3	11.6	-0.9	-0.7	-24.1	-11.9	-13.0	9.0
Income Tax**	189.5	-36.5		0.0	0.5		189.4	-36.0	
Net Profit	-454.0	85.6		0.1	-1.2		-453.9	84.4	
Net Margin	-64%	11%	76 pp	0%	-2%	-2 pp	-57%	10%	67 pp
EBITDA **	224.0	303.7	35.6	1.3	-0.8		225.3	302.9	34.4
EBITDA Margin	32%	40%	8 pp	1%	-1%	-3 pp	28%	37%	9 pp

* This includes the effect of exceptional charges in 2015 from the devaluation of fixed assets, intangibles and inventories. The effect was USD -648.7 million on other income and expenses and USD 178.6 million in taxes.

** The EBITDA calculation does not consider exceptional cases.

Gross margin grew from 17% in 2015 to 29% in 2016, which is mainly explained by higher metal prices. After prices hit their all-time low during 1Q16, they slowly began recovering throughout the year. This buffered the subsequent reduction in production and the negative effect of hedging.

In 2016, administrative expenses continued their downward trend, falling by 6.2%, from USD 47.1 million in 2015 to USD 44.2 million in 2016. This reduction is the result of good control mechanisms in place throughout the year, despite an increase in metal prices.

Meanwhile, sales expenses decreased 20.8% from USD 43.0 million in 2015 to USD 34.1 million in 2016, due to a reduction in the share of third-party concentrate sales. This significant reduction is mainly due to an optimization of routes and means of transport for concentrate dispatch, as well as a smaller volume of concentrates sold.

Other income and expenditures show a profit of USD 6.8 million in 2016 after a loss of USD -627.8 million in 2015. This major difference is due to an exceptional charge of USD -470.1 million in 4Q15 resulting from

the devaluation of fixed assets, intangible assets and inventories, as a result of the unfavorable price scenario for metals. The effect on other expenditures was USD -648.7 million. The effect of tax devaluation was USD +178.6 million.

Gains due to exchange rate fluctuations totaled USD 100,000 in 2016, compared to exchange rate losses of USD -9.2 million in 2015.

AS A CONSEQUENCE OF THE FOREGOING, EBITDA IN 2016 WAS USD 302.9 MILLION, 34.4% HIGHER THAN EBITDA OF USD 225.3 MILLION IN 2015. NET PROFITS WERE USD 84.4 MILLION, A SIGNIFICANT INCREASE OVER THE PREVIOUS YEAR (USD -453.9 MILLION).

LIQUIDITY AND SOLVENCY

In 2016 Volcan generated USD 264 million in mine operating cash flow. USD -129 million was disbursed in investments in mining operations, exploration and growth, USD -37 million in interest, USD -15 million in dividends, and USD -35 million in other investments. Cash flow from the energy division was USD -1 million, while the net financing flow was USD -35 million.

Therefore, the cash balance as of December 31, 2016, was USD 203 million.

Considering the increase in EBITDA, the higher cash balance and a slight debt reduction, the leverage ratio (Net Financial Debt/EBITDA¹⁰) improved, closing the year at 2.0 times, a significant decrease compared to 2015 year end, which closed at 2.9 times.

¹⁰This corresponds to the accumulated EBITDA for the last 12 months.

PART 11

ENERGY



San Mateo substation - Huanchor Hydroelectric Plant



Desander - Huanchor Hydroelectric Plant

VOLCAN HAS OPTED TO INVEST IN HYDROELECTRIC GENERATION PROJECTS TO SOURCE ITS OWN ELECTRICITY AND SUPPLY THIRD PARTIES, AS WELL AS ITS OWN ELECTRICITY TRANSMISSION SYSTEMS IN ORDER TO BETTER STRUCTURE ITS COSTS, ENSURE GREATER AVAILABILITY OF ENERGY FOR ITS MINING UNITS AND CONTRIBUTE TO REDUCING GREENHOUSE EFFECT GAS EMISSIONS.

In line with this strategy, after an investment of USD 50.5 million, on August 9, 2016, the Rucuy hydroelectric power plant began commercial operations in the district of Pacaraos, Huaral province, with an installed capacity of 20 MW. This hydroelectric plant, which produced 36 GWh in 2016, has a 20-year renewable energy supply contract (RER), signed with the Ministry of Energy and Mines on behalf of the Peruvian government.

With this new operation, the total installed capacity of hydroelectric plants owned by Volcan's subsidiary companies amounts to 63 MW. The ten hydroelectric power stations in Baños and the Tingo hydroelectric power station, which supply electricity directly to the Chungar mining unit, provide 23 MW of power. The Huanchor hydroelectric power station supplies 19.7 MW of power.

Electric Balance (GWh)

	2015	2016	Var. %
CH's Chungar	161	138	-14.5
CH Tingo	10	9	-5.9
CH Huanchor	146	139	-4.4
CH Rucuy		36	
Energy generation	317	323	1.9
Energy consumption	654	635	-3.0
Energy purchase	483	488	0.9

In 2016, the Chungar hydroelectric plants generated a combined 138 GWh, a 15% reduction over the previous year, due to the scarcity of rainfall in the area.

Compañía Hidroeléctrica Tingo S.A.C., owner of the Tingo hydroelectric power plant, with 1.25 MW and 82 km of transmission lines in 50 and 22.9 kV, generated 9 GWh, which were used for Chungar operations. This hydroelectric plant has been developing an expansion project of up to 15 MW of power.

Likewise, the company Hidroeléctrica Huanchor S.A.C., owner of the Huanchor hydroelectric power plant, produced 139 GWh in 2016, which represented a 4.4% reduction since 2015, due to the fact that the Group 1 generator was in maintenance for 41 days. Huanchor is part of the Economic Operation Committee of the National Interconnected System (COES) and supplied electricity to eight clients (three mining companies and five electricity distributors) through contracts in 2016.

In 2016, Volcan's consolidated power consumption was 635 GWh of electricity with a maximum power demand of 84 MW, which represented a 3.0% reduction over 2015. This is primarily explained by a reduced consumption in the Cerro del Pasco unit as a result of the temporary suspension of operations. The Company supplied 23% of its own electricity demand. The remainder was supplied by Electroperú via the

National Interconnected System (SEIN), with which Volcan has a contract until December 31, 2017.

In July 2016, the Company signed a new electricity supply contract with the energy company ENGIE. This contract will go into effect for the Alpamarca unit in January 2017 and for the other units in January 2018.

These contracts will remain in effect until December 2023. These contracts guarantee the supply of electricity for the next 7 years at very competitive prices in the energy market. These contracts will result in substantial savings in total electricity costs, contributing to improving the cost structure of the Volcan Group companies.

In 2016, the unit cost of energy was 5.4 USD/MT. In absolute terms, this was equivalent to an annual energy cost of USD 41.9 million, or 11% of consolidated operating costs.

Finally, in 2016, 99.93% availability was recorded for the Yauli electricity system and 99.99% for the

Chungar-Alpamarca electricity system, excluding preventative maintenance work. This indicator reflects the degree of continuity of electricity supply to operations because the closer it is to 100%, the lower the number of power outages that have occurred and the greater the availability has been.



Powerhouse - Baños IV Hydroelectric Plant

PART 12

**SAFETY, HR,
CORPORATE SOCIAL
RESPONSIBILITY
AND ENVIRONMENT**





Safety Campaign

SAFETY

In 2016, the implementation of a safety management system was strengthened, with an emphasis on the following points:

- Standardization of the twelve critical risks, which represent the main causes of accidents
- Reports and investigation into near-accidents and integration of the IPERC Base with the rest of the management tools
- Preparation, dissemination, training and compliance with standards and procedures

AS A RESULT, THERE WAS A SIGNIFICANT REDUCTION IN THE NUMBER OF DISABLING ACCIDENTS, MINOR ACCIDENTS AND ACCIDENTS THAT DAMAGE PROPERTY, RECORDING THE LOWEST LEVELS OF THIS TYPE OF EVENT IN THE HISTORY OF THE ORGANIZATION.

The number of high potential accidents (those that could have had a worse result) has also been reduced by 68% between 2012 and 2016. However, we are still working to reduce the severity, considering that in 2016, unfortunately there were three fatal accidents, all in Yauli.

Overall there were 124 accidents involving personal injuries in 2016, of which 27% affected our own personnel and 73% affected contractor personnel. Although the trend in terms of percentage has

remained the same since 2012, the number of events has been reduced by 38% and 18%, respectively, in the last five years.

SAFETY MANAGEMENT SYSTEM TOOLS

RISK MANAGEMENT

The Company conducted a validation of risk assessments for each operational activity. This helped to identify activities that require a greater number of controls and resulted in the implementation of these controls and additional training for all staff.

Contractor companies have been integrated into the process to work together to standardize formats and accompany them in a proper risk assessment to ensure effective controls that are aligned with the organization's IPERC Base.

A Change Management tool was implemented to ensure that any modification, new process or project undergoes a full risk assessment with the multidisciplinary team before its execution.

TRAINING, COMMUNICATION AND MOTIVATION

Throughout the year, specific job training was provided on four main critical risks: falling rock, vehicles and moving equipment, hand tools and blocking energy sources. In 2017, we will maintain the same training program.

At Volcan, we consider acknowledgment of good performance among our personnel as a fundamental aspect of compliance with safety, health and environmental standards and procedures. To this end, we have developed Acknowledgment Programs in each unit to promote best practices and encourage

other employees to comply with internal standards. However, we also have a system known as the Penalties Classification Matrix, which establishes penalties for different faults incurred by the employee.

WE CONTINUED OUR EMPLOYEE AWARENESS CAMPAIGNS IN 2016, WHICH FOCUSED ON SELF-PROTECTION AND FAMILY PARTICIPATION THROUGH THE CAMPAIGN "TU VIDA VALE MÁS" (YOUR LIFE IS WORTH MORE).

The theoretical section of the supervisors program was completed, which builds awareness and stresses the importance of compliance with the Company's security management system through the development of competencies established in the supervisor's profile: safety, results-oriented, leadership, teamwork and continuous improvement. This program has shown good results. It has involved field visits to complement theory and ensure implementation of lessons learned. Supervisors who are not meeting standards are monitored to emphasize accompany them in the field with greater emphasis on process.

SUBSTANDARD CONDITIONS

The inspection process focused on the generation of field inspection routes and the use of critical risk checklists. Areas identified as having room for improvement are included in systemic action plans to

ensure that the solution is implemented in all units areas where pitfalls may occur.

SAFE BEHAVIOR AUDIT

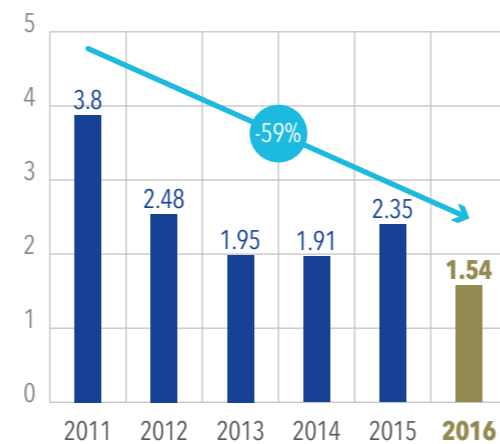
These behavioral audits have raised interest among supervisors in the safety of employees under their charge. This process has involved the participation of a coach from the safety area of the Company and has improved the quality of the process, perfecting the observation of risk behavior and feedback methodology.

All third-party contractors realize safe behavior audits and have a safety program that includes two mandatory audits a month, including managers.

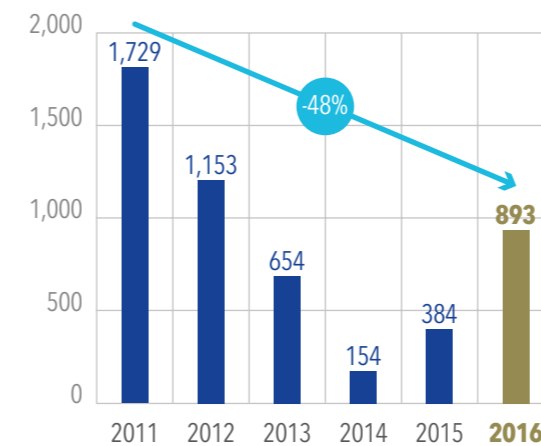
SAFETY INDICATORS

In 2016, safety indicators showed an increase in the accident rate and severity as a result of the three serious accidents in Yauli..

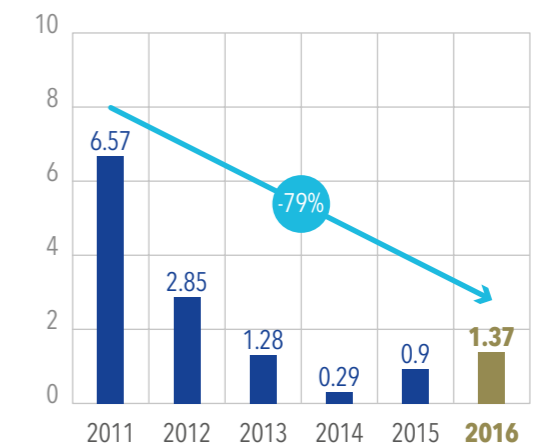
Frequency indicator



Severity indicator



Incidence indicator



Mine safety objectives for 2017 are designed to be predictive, focusing on identifying the causes of incidents and pitfalls occurring each day, in order to develop actions that attack the root cause of the problem.

HUMAN RESOURCE MANAGEMENT

In 2016, work plans and improvement projects were developed for the different human-resource management processes.

THE COMPANY IS COMMITTED TO CONSOLIDATING A WELL-PREPARED AND COMMITTED HUMAN GROUP, WITH SOLID PERSONAL AND CORPORATE VALUES AND A FOCUS ON GOOD RESULTS IN BOTH SAFETY AND PRODUCTION ISSUES.

TRAINING

As every year, in early 2016, the annual training plan was developed, which sets out to meet the professional and personal development needs of the employee and aligns these with the strategic business objectives. Programs such as supervisor development, mining mentor (Amauta Minero) operator training, Masters inspiring Masters and critical risks, among others, have contributed to closing the gaps in behavior and increasing staff skills.

PERFORMANCE AND TALENT MANAGEMENT

As with previous years, performance management is a process that forms part of the management cycle of an employee and involves the recognition of an employee's individual contribution during the period

under evaluation. In 2016, a talent retention plan was put into action through salary planning and training for high-performing personnel.

COMPENSATION AND BENEFITS

In 2016, efforts were made to standardize positions across the board and on a corporate level.

Likewise, just like every year, a comparative salary analysis was conducted to ensure that salaries were competitive in the market and implement any necessary adjustments to salary planning.

PERSONNEL MANAGEMENT

2016 has been a year of improvements in controls through management indicators, such as vacations, absenteeism, overtime, internal procedures and payments to staff, and incorporating new legal standards into current company documents, generating discipline and positive effects in employee care.

INTERNAL COMMUNICATIONS

In 2016 a communications plan was carried out to support different areas of the Company and disseminate the objectives laid out in the mine units, Lima and Callao. These initiatives are intended to strengthen the corporate vision and business strategy.

Likewise, this plan supported the workplace climate committee to promote all employee-based activities, fomenting Company values. The Company continued to disseminate electronic bulletins, providing information on training, acknowledgments, improvement initiatives, events, operational results, safety, etc., to

ensure that all employees are aligned with objectives and up to date on their progress.

In addition, events have favored interpersonal relationships between employees and interaction with their families, incorporating them into diverse activities throughout the year.

PERSONNEL WELLBEING AND WORKPLACE CLIMATE

To promote a work-life balance, workplace climate committees were developed in Lima and in the mining units, forming a multidisciplinary group that analyzes the factors that have an impact on workplace climate and generates the respective action plans. This has led to the development of athletic tournaments, birthday celebrations, competitions, leadership workshops, marathons, holiday celebrations, better transportation for employees, improved dining hall services, nutritional consultations, physical and mental health counseling, acknowledgments for improved safety and productivity.

OCCUPATIONAL HEALTH AND SAFETY

Volcan developed actions to identify, assess and control the risk of occupational illness among employees, mainly:

- Identification of exposure risk groups that may impact employees
- Monitoring of physical, chemical, biological and ergonomic agents
- Design of control measures to minimize exposure to agents that may cause harm to people

Likewise, Volcan developed a program for mandatory workplace medical examinations throughout the

organization, and 100% of employees passed their examinations.

The Company organized a health campaign to rule out ophthalmologic and dental illness, and has a nutritionist and orthopedist present in a mining unit.

Volcan has health staff on hand in the mining units, including qualified physicians, nurses, psychologists, paramedics and dentists, to ensure proper care of personnel in both outpatient care and emergencies.

Health plans are offered through EPS and ESSALUD, and Company employees are covered through High-Risk Work Insurance.

VOLCAN WORKFORCE

As of December 31, 2016, the Company had a total of 2,757 direct employees in Lima and its operating units. At year end, an additional 7,413 people worked for companies that provide specialized services to Volcan.

Volcan Workforce

Number of Personnel	Laborers			Employees			Officers			Total		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Volcan Cía Minera S.A.A.	795	635	492	903	936	990	5	6	33	1,703	1,577	1,515
Emp. Admin. Cerro S.A.C.	228	159	156	163	66	52	1	1		392	226	208
Emp. Admin. Chungar S.A.C.	327	359		368	358		31	25		726	742	0
Cía Minera Alpamarca S.A.C.	65	46		179	158		1	1		245	205	0
Cía Minera Chungar S.A.C.			386			511			2	0	0	899
Óxidos de Pasco S.A.C.		36	37		64	75			1	0	100	113
Emp. Minera San Sebastián				1	1					1	1	0
Emp. Explotadora de Vinchos S.A.C.				20						20	0	0
Hidroeléctrica Huanchor S.A.C.				20	20	22				20	20	22
Minera Aurífera Toruna S.A.										0	0	0
Total	1,415	1,235	1,071	1,654	1,603	1,650	38	33	36	3,107	2,871	2,757

SOCIAL RESPONSIBILITY

IN 2016, VOLCAN INVESTED USD 5.9 MILLION IN THE DEVELOPMENT OF THE 33 COMMUNITIES OF DIRECT INFLUENCE.

These investments primarily stem from agreements and commitments made with rural communities, and the sustainable development plans and community outreach plans in the environmental impact studies. The investment is concentrated around five pillars: education, health, economic development, local employment development and infrastructure.

In addition to this amount, to strengthen local economies, Volcan works with 14 community companies, which as a whole bill around USD 1.8 million per month. These companies are hired for civil works, mine operations, transportation and other services.

EDUCATION

ELEMENTARY AND HIGH SCHOOL EDUCATION

The company has strengthened its alliance with the "Enseña Perú" (Teach Peru) program, an association that promotes professionals to transform education. In 2016, the Volcan-Enseña Peru alliance reached the Yauli, Chungar and Cerro de Pasco units, generating an impact on more than 1,200 students, improving their performance in mathematics and language comprehension.

Associated communities included in the program

Unit	District	Community
	Yauli	Yauli
Yauli	Huayhuay	Huayhuay
	Suitucancho	Suitucancho
Chungar	Huayllay	Huaychao
Cerro	Simon Bolívar	Rancas

Yauli

The following projects and competitions were implemented in Yauli thanks to the presence of "Enseña Perú":

- Huayhuay Community:
 1. "CultuArte" on the streets:
 - Literacy workshop
 - Elementary school support workshop
 - Mobile library and storytelling
 - Poetry recital
 - Animal awareness, care and shelter
 2. Winners of ONEM (National Academic Olympiad in Mathematics) - Regional Level
 3. Safe conduct competition.
 4. Regional winners (5th and 4th)
- Suitucancho Community:
 1. "Ideas in Action" competition in the Junín region (second place)
 2. Participants in the "ConCausa" (With a Cause) Competition, organized by UNICEF and América Solidaria
 3. "Los Guías del Tunsho" (Tunsho Guides, Tourism Project in Suitucancho)

Baños Hydroelectric Plant Group

- Summer school was held in the communities of Santa Cruz de Andamarca and San José de Baños.

HIGHER EDUCATION

Yauli

- The SENATI full scholarship program continued, with scholarships awarded to two young people from the rural community of Yauli in heavy machinery mechanics and industrial electronics.
- In 2016, two young members of the campesin community of Yauli graduated on the degrees of maintenance mechanics and car mechanics. To date there are six grant holders on three years technical careers.
- In Suitucancho, two SENATI scholarships were given out. To date, six scholarship winners are studying three-year technical degrees.

Cerro

- San Antonio de Rancas Community: 20 students were given scholarships to the Universidad Nacional Daniel Alcides Carrión (UNDAC) and 10 students were given full scholarships to the National Service for Training in Industrial Work (SENATI).
- Quiulacocha: four students were given scholarships to the Universidad Nacional Daniel Alcides Carrión (UNDAC) and one student was given a full scholarship to SENATI.

Chungar

- Huayllay and Huaychao Communities: In these communities, SENATI currently provides three-year scholarships in heavy machinery mechanics (19 students) and maintenance mechanics (5 students)

Baños Hydroelectric Plant Group

- San José de Baños Community: ten full scholarships for technical studies at SENATI for community residents and their children.

TRAINING

Yauli

- Pomacocha Community: Computers and IT Training – SENATI: 20 participants in the course "Professional Documents with Microsoft Word, Microsoft Excel Professional – Intermediate Level."

Chungar

- Training courses in basic topography and Jumbo mechanical operations were offered in Huaychao. In Huayllay, courses were offered for backhoe mechanical operators and Scooptram mechanical operators.

HEALTH

HEALTH CAMPAIGNS

Volcan has designed a corporate project that will continue through 2018 in cooperation with its strategic health partner (NGO Prisma) to create a real impact and improvement in health standards in the communities.

The projects seeks to identify the most prevalent diseases through indicators in more than ten medical specialties, and to monitor their evolution over time. In addition to the development of medical campaigns to treat these diseases, the Company implemented preventive care through advocacy meetings, awareness with authorities and experiential educational sessions on topics that cater to local needs. Volcan considers that the government plays a fundamental role in the sustainability of the project and wants to involve authorities in implementation and management.

Several medical campaigns were held between April and November 2016. For the first time, the Company has a corporate supplier, which will enable it to conduct a comparison and improve on customer attention time indexes. Despite this change, which may lead to resistance, in general terms, there is a high satisfaction rate (+90%).

Number of patients seen/visits per specialty and service

Location (Num. of People)	Attended	Special Atentions	Atention of complementary services*
Yauli Unit	1,595	3,103	1,987
Chungar Unit	1,017	2,213	3,050
Cerro Unit	598	1,549	1,488
CHs Baños	199	604	513
Total	3,409	7,469	7,038

* Pharmacy and laboratories

Chungar

- There is a clinic in Huaychao that attends to the 800 families in the community. This clinic also pays for an obstetrician (PEN 18,000 investment per year).
- The Company agreed with the Board of Huayllay that Chungar would finance the cost of a psychologist to work in its Educational Centers (PEN 36,000 per year).

Baños Hydroelectric Plant Group

- 6 health training sessions were held in the communities of Ravira and Viscas

ECONOMIC DEVELOPMENT

FARMING DEVELOPMENT

Volcan has designed a strategy with NGO Prisma through 2018 for the conservation and care of traditional enterprises and the development of its industry and innovative ideas.

Farming campaigns have been held to improve the productive chain in communities through technical assistance and monitoring the progress of over 2,600 families.

Visits per location

Location	Total attentions* (numb. heads)
Yauli Unit	42,625
Chungar Unit	39,292
Cerro Unit	27,649
CHs Baños	15,976
Total	125,542

* Sum of attended heads and given doses

For the group of hydroelectric plants in Baños, the Company supported the Campesina Santa Cruz de Andamarca community in the management and preparation of the technical file for application to PNIA (National Agrarian Innovation Program) grant for implementation of irrigation system technologies and installation of improved pastures, through capacity building and technical assistance (public investment project of approximately PEN 400,000).

LOCAL EMPLOYMENT DEVELOPMENT

IN 2016, THERE WAS A FOCUS ON LOCAL EMPLOYMENT DEVELOPMENT, MAINLY IN THE CERRO DE PASCO UNIT.

Below are the results for this unit:

Local employment development in Cerro de Pasco

Community or company	Description
Comunidad Campesina San Antonio de Rancas	Service oportunities for communities and private individuals such as villagers and their sons, 25 workers between men and women.
Comunidad Campesina Racracancha	Service oportunity of hiring 2 workers
Empresa Comunal de Servicios Múltiples Quiulacocha - Pasco	Hiring of service for 30 villagers between men and women.
Empresa Comunal De Servicios Múltiples Tingo Palca SRL	Hiring of service for 14 villagers between men and women.
Empresa Comunal de Servicios Múltiples Yurajhuanca	Hiring of service for 20 villagers between men and women.
Empresa Comunal Servicios Múltiples ECOSERM RANCAS	Hiring of service for 90 villagers between men and women.

INFRASTRUCTURE

Yauli

- Stage one implementation (50% progress) of the CITE (Technological Innovation Center) in an amount of PEN 272,000, in compliance with the "Rumichaca Tailings Dam Expansion by 24 hectares" agreement signed in 2012.

BASE AVERAGE OF THE WORK: PEN 579,000 TO SUPPORT EDUCATION.

Pomacocha Community:

- Implementation of stage one of the project in an amount of PEN 288,000 (50% progress): sprinkler irrigation and installation of 13 hectares of pasture, in compliance with the "Rumichaca Tailings Dam Expansion by 10.9 hectares" agreement signed in 2014.

BASE AVERAGE OF THE WORK: PEN 460,000 TO SUPPORT LIVESTOCK.

Huay Huay Community:

- 100% implementation of project: sowing of pastures and installation of sheds in the Callapampa area, in compliance with the "Chaquipampa" agreement.

BASE AVERAGE OF THE WORK: PEN 150,000 TO SUPPORT LIVESTOCK.

Cerro

- Learning institute No. 34031 - "13 de agosto" - satisfactorily completed improvements to the floor, walls and ceiling and will move on to the textile training pilot project to promote entrepreneurial skills and technical training.

Chungar

- The Hotel Comunal has been implemented in Huayllay.
- Volcan has participated actively in watering the road from Huayllay to Huaychao, covering a total of 15 km as part of its commitment to the environment and to reduce pollution.
- A 6.5 km long carriageway has been built with a USD 216,000 investment, connecting Caserío Santo Rosario with the Huaychao community, reducing the transit time between the two from 50 to 20 minutes.
- Construction of a multipurpose community center in Huarimarcán (PEN 736,000 in materials and labor).

Baños Hydroelectric Plant Group

- Construction of a public square for the Ravira community
- Preparation of the technical file and construction of

- the fish farm project for production of 49 tons in the community of San José de Baños
- Construction of the fifth floor and terminations of the multipurpose community center for the San José de Baños community
 - Development of the second stage to restore the Marca Piche archaeological complex in the San José de Baños community
 - Construction of 1,000 meters of perimeter fencing to delimit the community of Santa Cruz de Andamarca
 - Construction of a dam and donation of a geomembrane for improving the irrigation system in the community of Chauca
 - Provision of 4,150 meters of 10" HDPE pipeline for improving water supply for farming in the community of Santa Cruz de Andamarca.

PUBLIC WORKS AND TAX CREDIT PROGRAM

In 2016, Volcan Compañía Minera continued its Public Works and Tax Credit Program despite the circumstances of the sector, which required significant financial and technical efforts.

The Public Works and Tax Credit Program was focused on improving the quality of life of the nearby communities through adequate basic services and improved infrastructure, and by establishing an internal strategy that prioritizes investment in strategic sectors for greater social impact.

This involved the development of the public investment project: "Early Learning Institute "Nuestra Señora de la Asunción" in Huayllay, Pasco" (PEN 3.5 million). The fundamental purpose of the project is the comprehensive development of children in this learning institute, guaranteeing adequate infrastructure, meals and quality education.

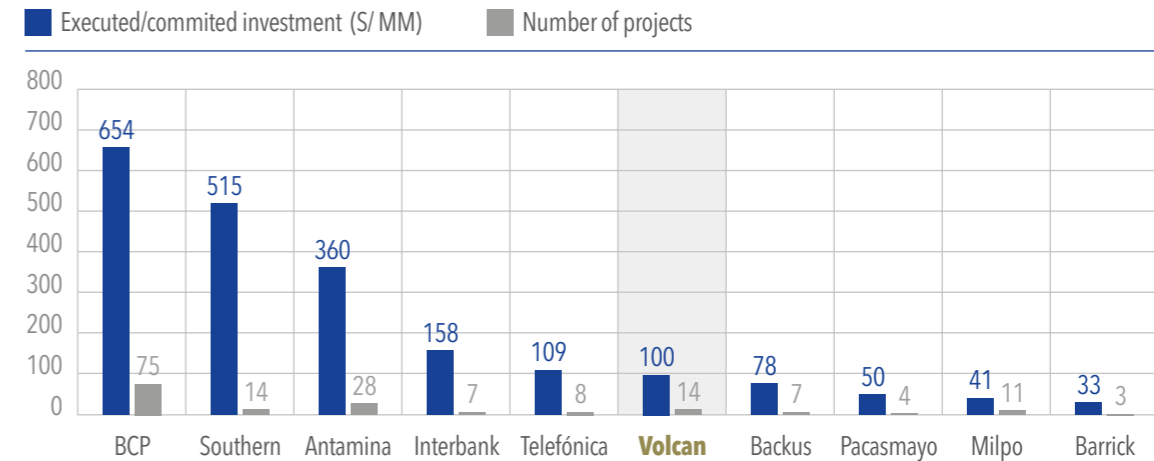
To achieve this goal, the project has been formulated based on a social diagnosis made by Cáritas del Perú, and an analysis of current infrastructure. Subsequently, the project is based on four main issues: health, educational management, teacher capacity and infrastructure.

In conjunction, the following projects were implemented: "Improvement and expansion of the drinking water and sewer system in the San Agustín - Huaychao village, Huayllay district in the region of Pasco," with a total investment of PEN 8.1 million, in association with Ferreyros and Unimaq, and the "Improvement and expansion of potable water, sewage and sewage water treatment services for the Aguas Calientes, Santa Rosa, Bolognesi, Centro Yauli, Las Brisas, Manuel Montero and San Juan Bautista de Pachachaca neighborhoods in the district of Yauli, Junín," with a total investment of PEN 9.5 million, in association with Ferreyros and Chinalco.

Finally, Volcan has a portfolio of projects under assessment totaling PEN 80 million, which it has shared with the new local and regional authorities in the Pasco and Junín departments. The assessment will prioritize projects that close the gaps in terms of access to basic services, focusing investment on water and sanitation, education, health and nutrition.

VOLCAN RANKS SIXTH NATIONALLY IN TERMS OF THE HIGHEST SUM COMMITTED AND THIRD IN TERMS OF THE NUMBER OF PROJECTS AWARDED UNDER PUBLIC WORKS AND TAX CREDITS.

Amount Invested and Number of Projects Awarded through the Public Works and Tax Credit Program (2009-2016)



Source: Private Investment Promotion Agency-Peru. Own development

ENVIRONMENT

In line with Volcan's vision of operating responsibly, in collaboration with society at large and with respect for the environment, the Company drew up strategies to develop and achieve world-class environmental management. Thus in 2016 the focus was on fulfilling objectives and goals based on the following guidelines:

ENVIRONMENTAL MANAGEMENT SYSTEM

Performance was assessed and measured through an internal audit in all the Volcan units, reaching a 55% implementation level, surpassing the target level of 54%.

A self-assessment was undertaken to define the plan to migrate the environmental management system to an environmental critical risk management tool. This tool is more demanding and incorporates elements and best practices for world class management.

REDUCTION IN THE OBSERVATIONS AND FINDINGS FROM THE ENVIRONMENTAL EVALUATION AND ENFORCEMENT ORGANISM (OEFA)

Internal environmental inspections and audits were developed to assess the environmental compliance level based on approved requirements established in the environmental management instruments and identify potential operational pitfalls. Likewise, technical support was developed by professionals in each unit to address the findings formulated by the Environmental Evaluation and Enforcement Organism (OEFA).

Regular OEFA supervisions in 2016 registered a 5% reduction of findings over the previous year.

The following licenses, permits and authorizations were obtained by Volcan and its subsidiaries:

PERMITS AND AUTHORIZATIONS IN MINING UNITS:

Permits and authorizations granted by MINEM, ANA and MC:

Location / Unit	Ministry of Energy and Mine (MINEM)	National Authority of Water (ANA)	Ministry of Culture (MC)	National Service of Environmental Certification for Sustainable Investment (SENACE)	General Direction of Environmental Health (DIGESA)
Volcan	Andaychagua	"Directoral Resolution N° 0011-2016-MEM/DG Extension of the Andaychagua benefit concession with an area of 131.7 hectares"	"Directoral Resolution N° 1166-2016-ANA-AAA-MANTARO License for use of surface water for population purposes with an annual mass of 44.2 thousand m ³ / year"		
	Carahuacra	"Directoral Resolution N° 0257-2016-MEM-DGM/V Operation of the regrowth of the tailing deposit dike in Rumichaca at the quota 4221"		"Directoral Resolution N° 124-2016-DDC JUN-MC Arqueological monitoring plan for the tailing deposit regrowth project Rumichaca and its components for the regrowth of the quota 4036 in the tailing deposit Mahr Túnel"	
	Mahr Túnel	"Directoral Resolution N° 022-2016-MEM-DGM Technical Mining Report that authorizes construction and operation of the regrowth of the tailing deposit N° 6 at the quota 4036"		"Inexistence of Archaeological Remains Certificate" N° 2016-030-JUN CIRA with an area of 4.2 hectares for the concession of benefit of the regrowth of the tailings deposit N° 6"	
	Tidío		"Directoral Resolution N° 207-2016-ANA-AAA-CAÑETE-FORTALEZA License to use surface water for mining purposes of the Leoncocha Baja lake with an annual mass of 213.1 m ³ / year "Directoral Resolution N° Renewal of the authorization of dumping of treated wastewater from the San Nicolás bocamina for waters from the San Nicolás bocamina and waters from leaks from the tailing deposit to the Quebrada Antaranra"		
Chungar	Animón	"Directoral Resolution N° 227-2016-MEM-DGAAM Sustentatory Technical Report for the expansion of the Animero region to the 4621 level of the central dam (including the construction of tailings deposit structures)"	"Directoral Resolution N° 031-2016-ANA-DGCRH The renewal of the authorization of industrial dumping of the treated waters of sedimentation ponds"	"Directoral Resolution 91-2016-DDC PAS Implementation of the archeological monitoring project in Animón"	
	Alpamarca		"Directoral Resolution N° 143-2016-ANA-DGCRH The shedding of the treated waters of the sedimentation ponds in Alpamarca"	"Directoral Resolution N° 046-2016-SENACE-DCA Sustentatory Technical Report for the change of construction material on the tailing deposit in Alpamarca"	"Directoral Resolution N° 2032-2016-DSA-DIGESA-SA Health authorization of the water treatment system for human consumption of the Alpamarca unit"

PERMITS AND AUTHORIZATIONS GRANTED BY OTHER INSTITUTES:

- Alpamarca: National Environmental Certification Service for Sustainable Investments (SENACE), through Resolution 046-2016-SENACE-DCA, approved the Supporting Technical Report for the change in construction material in the Alpamarca tailings deposit.

- Alpamarca: The General Directorate for Environmental Health (DIGESA), through Resolution 2032-2016-DSA-DIGESA-SA, granted sanitary authorization of the water treatment system for human consumption in the Alpamarca unit.

Environmental monitoring took place in Empresa Explotadora San Sebastián EIRL, and inspection visits were carried out to corroborate project conditions.

Permits and authorizations in other locations:

Location / Unit	Ministry of Energy and Mine (MINEM)	National Authority of Water (ANA)	Ministry of Culture (MC)
Energy	Hydroelectrical Plant	The environmental monitoring reports will be presented each trimester within the framework of environmental obligations.	The environmental monitoring reports will be presented each trimester within the framework of environmental obligations.
Explorations	"Palma (Chungar)"		"Directoral Resolution N° 000248-2016/DCE/DGPA/VMPCIC/MC Approved the archeological monitoring plan."
	"Carhuacayán (Vichaycocha)"	"Directoral Resolution N° 0210-2016/MEM-DGAAM Approved the semidetalled EIA of mining exploration Directoral Resolution N° 0285-2016-MEM/DGM Start of the mining exploration activities of Carhuacayán Zona 2 project. Directoral Resolution N° 0296-2016-MEM/DGM Authorization to start the exploration activities in ""Carhuacayán Zona - 2 - Fase 1""	"Directoral Resolution N° 1471-2016-ANA-AAA X MANTARO and Directoral Resolution N° 1520-2016-ANA-AAA X MANTARO Authorization for the use of superficial water for mining explorational motives in both Zone 2 and Zone 1."
	"Huaytayán (Volcan)"	"Automatic Approval N° 0024-2016/MEM-DGAAM DIA of the mining exploration project of Huaytayán"	"CIRA N° 2016-206-JUN1 CIRA of the mining exploration project of Chumpe"

MINING ENVIRONMENTAL LEGISLATION

The mining units in Volcan and its subsidiaries met obligations in the framework of the Mining Environmental Legislation:

- The Company reported quarterly to the Ministry of Energy and Mines on environmental monitoring of water, air and noise quality, in compliance with governmental environmental obligations. Likewise, quarterly reports were made to the National Water Authority on monitoring results for effluent and water quality in receptor bodies.

- The Company submitted environmental reports to the Ministry of Energy and Mines as contemplated in Supreme Decree No. 040-2014-EM, including the Environmental Sustainability Report, Environmental Strategy Compliance Report, Annual Report of Significant Losses and the Annual Report on Operational Reagents and Inputs.

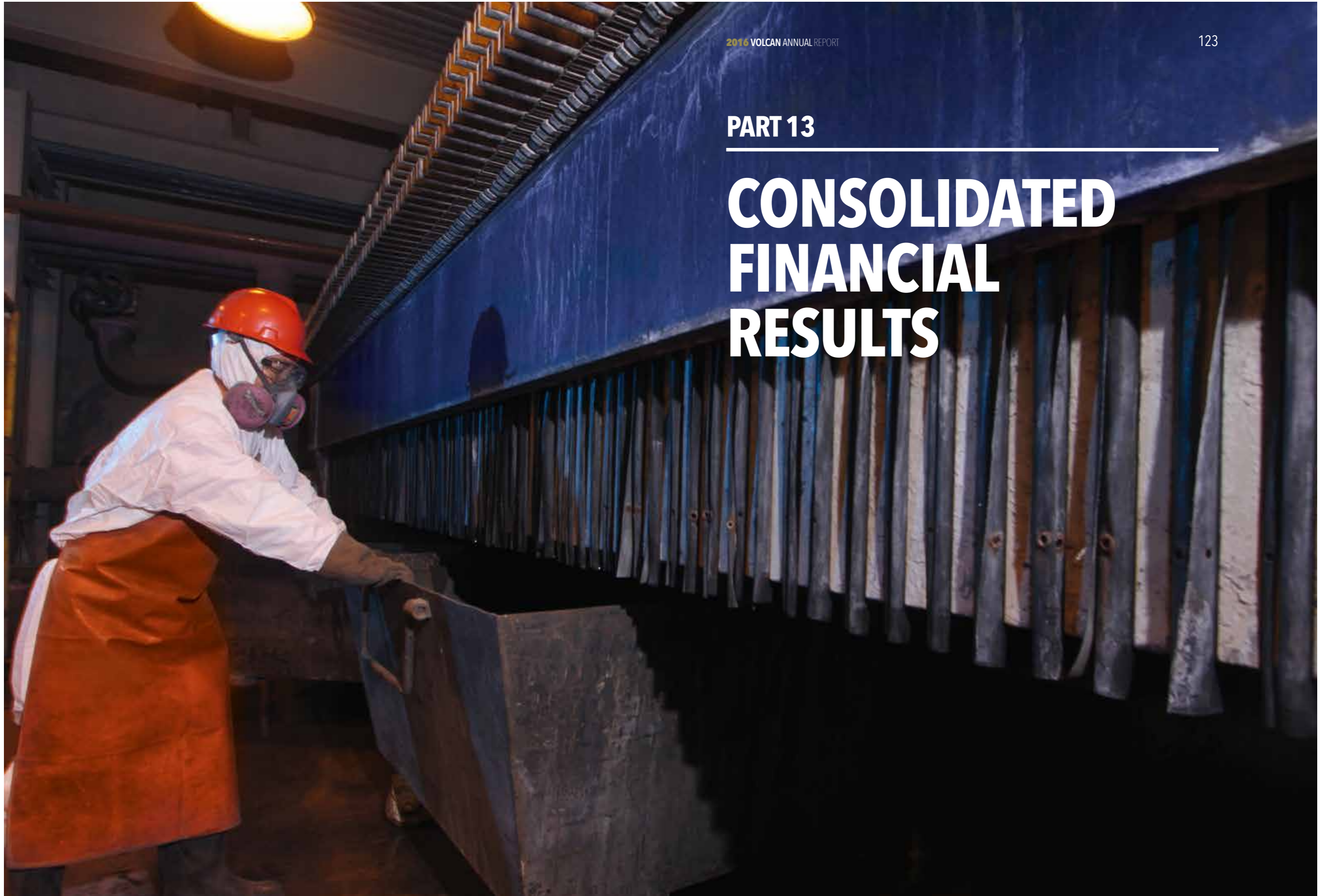
- The Company undertook environmental training in all mining units in compliance with Article 153 of Supreme Decree 040-2014-MEM. The issues addressed included Environmental Obligations acquired through approved environmental instruments.



Huaroncocha Lagoon

PART 13

**CONSOLIDATED
FINANCIAL
RESULTS**





Lacsacocha Lagoon

There has been no resignation or dismissal of the chief accountant or auditor in the last two years.

**VOLCAN COMPAÑÍA MINERA S.A.A.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
RESULTS AS OF DECEMBER 31,
2016 AND 2015**

Contents

- Independent auditors report
- Consolidated statement of financial position
- Consolidated statement of comprehensive income statement
- Statement of changes in consolidated net assets
- Consolidated cash flow statement

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2016 AND 2015
(In thousand US Dollars)

ASSETS	2016	2015	LIABILITIES AND EQUITY	2016	2015
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	203,351	192,307	Bank overdrafts	30,256	14,043
Trade accounts receivable, net	69,121	55,247	Financial obligations	250,923	216,989
Other accounts receivable	350,479	352,356	Trade accounts payable	211,244	165,294
Other financial assets	43,248	14,508	Other accounts payable	111,161	48,775
Inventories, net	90,553	106,968	Other financial liabilities	105,228	90,831
Total current assets	756,752	721,386	Total current liabilities	708,812	535,932
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Other accounts receivable	30,213	31,050	Long-term financial obligations	562,504	623,571
Other financial assets	21,159	48,935	Other financial liabilities	24,570	143,949
Investments in associates	442	1,861	Deferred income tax liability	162,050	122,703
Property, plant and equipment, net	1,021,428	1,088,060	Provision for contingencies	34,449	5,514
Mining titles & concessions, and exploration, development & stripping costs	579,738	391,538	Provision for the closure of mining units	70,528	72,381
Deferred income tax assets	274,811	248,719	Total non-current liabilities	854,101	968,118
Total non-current assets	1,927,791	1,810,163	Total liabilities	1,562,913	1,504,050
Total assets	2,684,543	2,531,549	NET EQUITY		
			Issued capital	1,253,181	1,531,743
			Shares in treasury	-196,778	-240,450
			Other capital reserves	3,553	119,837
			Capital reserve	20,298	20,296
			Unrealized gain or loss	-	-25,563
			Accumulated gain or loss	41,376	-378,364
			Total net equity	1,121,630	1,027,499
			Total liabilities and net equity	2,684,543	2,531,549

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In thousand US Dollars)

ASSETS	2016	2015
Net Sales	821,548	794,514
Cost of Sales	-581,224	-663,202
Gross Profit	240,324	131,312
Operational (Expenses) Revenues:		
Administrative expenses	-44,163	-47,065
Selling expenses	-34,068	-43,023
Other revenues	47,914	56,247
Other expenses	-92,499	-115,415
Reversal of impairment of non-financial assets	51,400	-
Impairment of non-financial assets	-	-568,624
Operating Profit	168,908	-586,568
Financial Revenues (Expenses):		
Revenues	89,216	73,739
Expenses	-124,674	-118,576
Profit before income tax	133,450	-631,405
Income tax	-49,044	177,493
Net Profit	84,406	-453,912
Weighted average of the number of issued and outstanding shares (in thousands)	3,858,520	3,858,676
Basic and diluted earnings per share	0.022	-0.118

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
INTEGRATED CONSOLIDATED STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In thousand US Dollars)

	2016	2015
Net Profit	84,406	-453,912
Other comprehensive income		
Net variation in unrealized gain on derivative financial instruments	35,505	-4,174
Income tax	-9,942	542
Other comprehensive income, net of income tax	25,563	-3,632
Total comprehensive income	109,969	-457,544

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY FOR THE YEARS ENDED DECEMBER 31, 2016
AND 2015 (In thousand US Dollars)

	NUMBER OF SHARES		ISSUED CAPITAL US\$(000)	ISSUED CAPITAL US\$(000)	OTHER CAPITAL RESERVES US\$(000)	CAPITAL RESERVE US\$(000)	UNREALIZED GAIN OR LOSS US\$(000)	ACCUMULATED GAIN OR LOSS US\$(000)	TOTAL US\$(000)
	COMMON A SHARES	COMMON B SHARES							
Balance as of January 1, 2015	1,428,072,005	2,430,922,721	1,531,743	-240,342	118,731	20,329	-21,931	82,516	1,491,046
Net profit	-	-	-	-	-	-	-	-453,912	-453,912
Net variation of unrealized gain on derivative financial instruments	-	-	-	-	-	-	-3,632	-	-3,632
Capitalization of profit	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	1,106	-	-	-1,106	-
Dividends distribution	-	-	-	-	-	-	-	-5,862	-5,862
Advances on dividends	-	-	-	-	-	-	-	-	-
Purchase of shares of the Company by a subsidiary	-318,347	-	-	-108	-	-33	-	-	-141
Adjustment for deferred income tax	-	-	-	-	-	-	-	-	-
Effect from conversion	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2015	1,427,753,658	2,430,922,721	1,531,743	-240,450	119,837	20,296	-25,563	-378,364	1,027,499
Balance as of January 1, 2015	1,427,753,658	2,430,922,721	1,531,743	-240,450	119,837	20,296	-25,563	-378,364	1,027,499
Net Profit	-	-	-	-	-	-	-	84,406	84,406
Net variation of unrealized gain on derivative financial instruments	-	-	-	-	-	-	25,563	-	25,563
Application of accumulated losses	-	-	-278,562	43,725	-116,516	-	-	351,353	-
Dividends distribution	-	-	-	-	-	-	-	-15,136	-15,136
Legal reserve drawdown	-	-	-	-	232	-	-	-232	-
Accumulated profit of Empresa Administradora de Puertos S.A.C.	-	-	-	-	-	-	-	-4,418	-4,418
Purchase of shares of the Company by a subsidiary	-156,762	-	-	-53	-	2	-	-	-51
Effect from conversion	-	-	-	-	-	-	-	3,767	3,767
Balance as of December 31, 2016	1,427,596,896	2,430,922,721	1,253,181	-196,778	3,553	20,298	0	41,376	1,121,630

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In thousand US Dollars)

	2016	2015
OPERATING ACTIVITIES:		
Collection of sales	904,156	982,220
Revenues for hedges	-	25,373
Balance refund in favor of benefit	47,656	25,327
Payments to suppliers and third parties	-558,980	-690,189
Losses for hedges	-44,557	-
Payments to employees	-79,838	-90,614
Payments of income tax and other taxes	-9,548	-8,163
Other operating collections	-9,110	-11,271
NET CASH INCREASE FROM OPERATING ACTIVITIES	249,779	232,683
INVESTMENT ACTIVITIES:		
Acquisition of property, plant and equipment	-43,743	-117,302
Acquisition of investments in shares	-26,110	-
Sale of issue of shares and dividends received	304	7,938
Disbursements for operational leasing	-15,462	-19,332
Disbursements for exploration, development and stripping activities	-69,883	-44,943
NET CASH DECREASE FROM INVESTMENT ACTIVITIES	-154,894	-173,639
FINANCING ACTIVITIES:		
Increase of financial obligations	279,775	253,193
Decrease from financial obligations	-311,392	-241,289
Purchase of shares in treasury	2	-141
Payment of interests	-37,090	-36,179
Payment of dividends	-15,136	-16,684
NET CASH DECREASE FROM FROM FINANCING ACTIVITIES	-83,841	-41,100
NET DECREASE OF CASH AND CASH EQUIVALENT	11,044	17,944
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	192,307	174,363
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	203,351	192,307

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In thousand US Dollars)

	2016	2015
RECONCILIATION OF NET PROFIT OR LOSS WITH CASH FROM OPERATING ACTIVITIES:		
Net profit	84,406	-453,912
Plus (less) adjustments in net profit:		
Depreciation and amortization	133,964	155,026
Estimation due to devaluation of assets	-	568,624
Reversal of estimation due to devaluation of assets	-51,399	-
Drop in property, plant and equipment	1,714	3,586
Valorization of oxides stock piles and pyrites	-	69,291
Net changes in assets and liabilities		
(Increase) decrease of operating assets - Accounts receivable, net	-11,160	46,641
Inventories	16,415	-70,442
Increase (decrease) of operating liabilities - Trade accounts payable	45,950	-63,553
Other accounts payable	29,889	-22,578
NET CASH FROM OPERATING ACTIVITIES	249,779	232,683

PART 14

LEGAL AFFAIRS





Alpamarca Pit - Alpamarca

VOLCAN COMPAÑÍA MINERA S.A.A.

LABOR CASES

The Company is facing contingent labor lawsuits totaling USD 5.8 million for compensation for damages, work-related illness, reimbursement of benefits, payment of profits, reinstatement of workers and other matters. These cases are in the appeals and/or sentencing process.

In addition, there are two cases (labor actions, 1998 production bonuses), for which the amount involved in the lawsuits has not been determined, as this would be determined in the execution of the sentences in the improbable event of rulings against the Company.

TAX CASES

The Company has several administrative cases pending with the National Superintendent of Tax Administration (SUNAT) and the Tax Court for rulings related to determination of taxes, fines and interest totaling approximately USD 921 million.

Rulings on taxes, fines and interest correspond mainly to differences in criteria regarding determination of the taxable bases for payment of the third-category income tax and general sales tax (VAT) for the 1998-2009 period, and in the opinion of SUNAT, failure to pay taxes and withhold taxes from third parties.

The main issue in dispute is SUNAT's qualification of concentrate export operations as internal sales subject to general sales tax. Other mining companies are being assessed for similar charges. To date, there have been diverse rulings in administrative and legal courts that have established that the operations in question are exports and not subject to sales tax under the law.

To date, these cases are being challenged administratively in complaints filed with SUNAT and appeals before the Tax Court, as well as in the courts of law.

CASES BEFORE MUNICIPAL AUTHORITIES

As of December 31, 2016, the Company had two administrative tax cases pending. The first is with the Pasco Provincial Municipality regarding a property tax ruling for USD 181,000. The case is in the appeals process. However, to date and despite an order from the Tax Court, the Municipality has not yet presented the file. The other process is with the Municipality of Yauli, for an estimate referring to the 2013-2015 Property Tax, amounting to approximately USD 20,000, which is currently under appeal.

ADMINISTRATIVE SANCTION PROCEDURES AND ADMINISTRATIVE LITIGATION ACTIONS

The Company has several environmental, occupational health and safety and labor safety cases pending before the following regulatory entities: National Water Authority - Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, Supervisory Agency of Investment in Energy and Mining (OSINERGMIN) and the Environmental Evaluation and Enforcement Organism (OEFA) for alleged violations of various environmental regulations and the Occupational Health and Safety Regulation in the amount of USD 9.2 million.

Company management and its legal counsel, based on reasons in fact and law, are of the opinion that final resolution of these cases will not result in significant additional liabilities for Volcan.

OTHER PROCESSES

Dumas Perú S.A.C. ("Dumas") initiated an arbitration against the Company over obligations assumed under construction contracts in the Andaychagua mining unit for general expenses and damages caused by the Company. Arbitration has ordered the Company to pay Dumas the sum of approximately USD 1.29 million.

CONTRIBUTION BY REGULATION

To date, we are awaiting final resolution of the constitutional protection process initiated against

the State due to the obligation to pay the Supervisory Agency of Investment in Energy and Mining (OSINERGMIN) and the Environmental Evaluation and Enforcement Organism (OEFA) for regulation of the Company's mining activities. On November 30, 2016, the amount imposed by the State was USD 6.3 million.

PROVISION FOR CONTINGENCIES

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 6.65 million. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.

COMPAÑÍA MINERA CHUNGAR S.A.C.

On January 1, 2016, the merger between Empresa Administradora Chungar S.A.C. and Compañía Minera Alpamarca S.A.C., entered into force, and as a result of this, the entire assets of Empresa Administradora Chungar S.A.C. were absorbed by Compañía Minera Alpamarca S.A.C., and the aforementioned company ceased to exist. After the merger, Compañía Minera Alpamarca S.A.C. changed its business name to "Compañía Minera Chungar S.A.C."

LABOR CASES

Chungar faces contingent labor lawsuits totaling USD 208,000 in compensation for damages, work-related illness, reimbursement of benefits and other matters in the appeals and/or sentencing process.

TAX CASES

Chungar has several administrative cases pending with SUNAT and the Tax Court for rulings related to determination of taxes, fines and interest totaling approximately USD 217 million.

The rulings on taxes, fines and interest correspond mainly to differences in criteria regarding determination of the taxable bases for payment of the third-category income tax and general sales tax (VAT) for the 2001-2005 period and 2012, and in the opinion of SUNAT, failure to pay taxes and withhold taxes from third parties. To date, these cases are being challenged administratively in complaints filed with SUNAT and appeals before the Tax Court, as well as in the courts of law.

CASES BEFORE MUNICIPAL AUTHORITIES

As of December 31, 2016, the subsidiary has an administrative tax case pending with the Huayllay District Municipality regarding property taxes for the period 2006 to 2012, in the amount of USD 140,000. The case is currently in the appeals stage.

In addition, as of the same date there is an administrative procedure pending with the aforementioned District Municipality in regard to several fines totaling USD 174,000, also in the appeals stage.

ADMINISTRATIVE SANCTION PROCEDURES AND ADMINISTRATIVE LITIGATION ACTIONS

Chungar has several environmental, occupational health and safety and labor safety cases pending before the following regulatory entities: National Water Authority – Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violations of various environmental standards and occupational health and safety regulations totaling USD 2.5 million.

OTHER PROCESSES

The subsidiary has filed claims in the amount of USD 5.47 million against COSAPI S.A. ("COSAPI") for delays in projects under a contract for civil works and mechanical assembly signed between COSAPI and the subsidiary for the construction of the concentrate plant in the Alpamarca Unit. To date, both companies are in the mediation process for settlement of the dispute.

CONTRIBUTION BY REGULATION

To date, we are awaiting final resolution of the constitutional protection process initiated against the State due to the obligation to pay the Supervisory Agency of Investment in Energy and Mining (OSINERGMIN) and the Environmental Evaluation and Enforcement Organism (OEFA) for regulation of the subsidiary's mining activities. On November 30, 2016, the amount imposed by the State was USD 4.22 million.

PROVISION FOR CONTINGENCIES

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 1.33 million. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.

EMPRESA ADMINISTRADORA CERRO S.A.C.

LABOR CASES

The subsidiary is facing contingent labor lawsuits totaling USD 356,000 for compensation for damages for work-related illness, reimbursement of benefits, reinstatement of profits, payment of production bonuses and other matters in the appeals and/or sentencing process.

TAX CASES

As of December 31, 2016, the subsidiary had an appeal pending with the National Superintendent of Tax Administration (SUNAT) and an appeal in the Tax Court for rulings related to determination of taxes, fines and interest totaling USD 2.3 million.

The rulings on taxes, fines and interest are because, in the opinion of SUNAT, of a failure to pay taxes, and also because of differences in criteria regarding the

determination of the taxable bases for payment of the third-category income tax for 2012 and 2014. Also, an application for a refund of USD 700,000 is pending. To date, the cases are being challenged administratively in complaints filed with SUNAT and appeals before the Tax Court.

CASES BEFORE MUNICIPAL AUTHORITIES

As of December 31, 2016, the subsidiary has five pending administrative cases with District Municipalities, for diverse payment orders and tax determinations, with respect to property tax for 2012 and 2013 totaling USD 125,000. These rulings have been appealed.

In addition, there are two administrative cases pending with the Yanacancha District Municipality for various payment orders, based on the determination of a supposed non-payment of rights to obtain demolition licenses, in the amount of USD 212,000. These are currently in the claims stage.

In addition, the Cerro de Pasco Provincial Municipality imposed a USD 1.2 million fine for construction of fencing without a construction permit. The fine has been challenged through administrative litigation in the courts of law and is pending resolution.

Finally, as of the same date, there is a pending request filed with the Pasco Provincial Municipality for reimbursement of improper payment of USD 115,000 in property taxes for 2011. The case is currently in the appeals process.

ADMINISTRATIVE SANCTION PROCEDURES AND ADMINISTRATIVE LITIGATION ACTIONS

The subsidiary has several environmental, occupational health and safety and labor safety cases pending before the following regulatory entities: National Water Authority – Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violations of various environmental standards

and Occupational Health and Safety Regulations totaling USD 382,000.

CONTRIBUTION BY REGULATION

To date, we are awaiting final resolution of the constitutional protection process initiated against the State due to the obligation to pay the Supervisory Agency of Investment in Energy and Mining (OSINERGMIN) and the Environmental Evaluation and Enforcement Organism (OEFA) for regulation of the subsidiary's mining activities. On November 30, 2016, the amount imposed by the State was USD 877,000.

PROVISION FOR CONTINGENCIES

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 627,000. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.

EMPRESA EXPLOTADORA DE VINCHOS LTDA S.A.C.

LABOR CASES

There are contingent labor lawsuits totaling USD 125,000 for compensation for damages, work-related illness, reimbursement of benefits and other matters in the appeals and/or sentencing process.

TAX CASES

As of December 31, 2016, the subsidiary is awaiting resolution of an administrative litigation suit with the Judicial Branch for a total of USD 142,000.

This judicial process is currently pending resolution with the Constitutional and Social Law Chamber of the Supreme Court and was filed because SUNAT declared inadmissible the ITAN 2011 return request with a balance in favor of the 2010 Income Tax.

ADMINISTRATIVE SANCTION PROCEDURES AND ADMINISTRATIVE LITIGATION ACTIONS

The subsidiary has several environmental, safety and occupational health cases pending before the following regulatory entities: National Water Authority - Local Water Authorities, Ministry of Labor and Employment Promotion - National Superintendent of Labor Enforcement, Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violations of various environmental standards and Occupational Health and Safety Regulations totaling USD 468,000.

PROVISION FOR CONTINGENCIES

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 171,000. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.

HIDROELÉCTRICA HUANCHOR S.A.C.

CASES BEFORE MUNICIPAL AUTHORITIES

As of December 31, 2016, the subsidiary had an administrative tax case pending with the San Mateo District Municipality regarding municipal taxes for 2014 and 2015, in the amount of USD 22,000. The case is currently in the appeals stage.

In addition, as of the same date the subsidiary has an administrative procedure pending with the aforementioned District Municipality against the resolution to charge real estate transfer tax totaling USD 95,000. This is also in the appeals stage.

PROVISION FOR CONTINGENCIES

Company management, based on the opinion of external legal counsel, has undertaken a review of

all cases, and has established that no provision for probable contingencies is needed.

ÓXIDOS DE PASCO S.A.C.

OTHER PROCESSES

To date, the Company is awaiting final resolution of the constitutional protection process initiated against the State due to the obligation to pay the Supervisory Agency of Investment in Energy and Mining (OSINERGMIN) and the Environmental Evaluation and Enforcement Organism (OEFA) for regulation of the subsidiary's mining activities. On November 30, 2016, the amount imposed by the State was USD 367,000.

PROVISION FOR CONTINGENCIES

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases, and has established that no provision for probable contingencies is needed.

MINERA SAN SEBASTIÁN AMC S.R.LTDA.

ADMINISTRATIVE SANCTION PROCEDURES AND ADMINISTRATIVE LITIGATION ACTIONS

The subsidiary has several environmental, safety and occupational health cases pending before the following regulatory entities: National Water Authority - Local Water Authorities, Ministry of Labor and Employment Promotion - National Superintendent of Labor Enforcement, Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violations of various environmental standards and Occupational Health and Safety Regulations totaling USD 24,000.

PROVISION FOR CONTINGENCIES

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases of the subsidiary, and has established that no provision for probable contingencies is needed.

PART 15

STOCK INFORMATION

UNTA CONCENTRADORA
DE GANDAYCHAGUA





Jacob Timmers Shaft - Chungar

Shares of Volcan Compañía Minera S.A.A. are traded on the Lima Stock Exchange, the Santiago Stock Exchange and the Latibex in Madrid.

Volcan Compañía Minera S.A.A. Stock Symbols

Stock	Lima Stock Exchange	Santiago Stock Exchange	Bolsa de Madrid Latibex
Volcan Class A Common	VOLCAAC1	VCMAC1	
Volcan Class B Common	VOLCABC1	VCMBC1	XVOLB.MC

Subscribed, paid and registered capital to date totals PEN 3,546,617,792, represented by 1,633,414,553 class A common shares and 2,443,157,622 class B common shares, each with a nominal value of PEN 0.87. The subsidiary Empresa Minera Paragsha S.A.C. holds 182,375,312 class A common shares and 12,234,901 class B common shares. The subsidiary Compañía Minera Chungar S.A.C. owns 23,442,345 class A common shares.

STOCK OWNERSHIP COMPOSITION

As of December 31, 2016, the composition of share ownership is as follows:

Class B Common Shares

Percentage Held	Number of Shareholders	% Share
Less than 1%	8,639	40.79
From 1% to 5%	12	27.17
From 5% to 10%	3	20.22
More than 10%	1	11.82
Total	8,655	100.00

Class A Common Shares

Principal Shareholders	%	Person/Entity	Nationality	Corporate Group
Empresa Minera Paragsha S.A.C.	11.17	Legal entity	Peruvian	Volcan
De Romaña Letts, José Ignacio	10.33	Individual	Peruvian	Does not apply
Letts Colmenares de De Romaña, Irene Florencia	9.90	Individual	Peruvian	Does not apply
Osterling Letts, Madeleine	9.38	Individual	Peruvian	Does not apply
Letts Colmenares de Osterling, María Josefina	8.91	Individual	Peruvian	Does not apply
Letts Colmenares Vda. de Bayly, Doris	8.44	Individual	Peruvian	Does not apply
Blue Streak International N.V.	8.38	Legal entity	Netherlands Antilles	Does not apply
Sandown Resources S.A.	7.81	Legal entity	Panama	Glencore

Class A Common Shares

Percentage Held	Number of Shareholders	% Share
Less than 1%	576	5.87
From 1% to 5%	8	19.80
From 5% to 10%	6	52.83
More than 10%	2	21.50
Total	592	100.00

Of total company equity, 76.33% is held by domestic shareholders with 3,111,614,982 shares while 23.67% is held by foreign shareholders with 964,957,193 shares. Shareholders holding more than 5.0% of the company's stock are as follows:

Class B Common Shares

Shareholder	% Ownership interest	Person/Entity	Nationality	Corporate Group
AFP Integra - FONDO 2	11.82	Legal entity	Peruvian	Does not apply
AFP Prima - FONDO 2	7.71	Legal entity	Peruvian	Does not apply
AFP Profuturo - FONDO 2	6.92	Legal entity	Peruvian	Does not apply
AFP Integra - FONDO 3	5.60	Legal entity	Peruvian	Does not apply

DIVIDENDS

Total dividends paid in cash for 2014 profits:

- August 2016 PEN 0.012500 for each class A common share.
- August 2016 PEN 0.013125 for each class B common share.

STOCK PRICES ON THE LIMA STOCK EXCHANGE

In 2016, the market prices of class A and class B common shares, expressed in Nuevo Soles, were as follows:

Class A Common Shares

Month	Opening PEN	Closing PEN	Maximum PEN	Minimum PEN	Average price PEN
January	1.150	1.150	1.150	1.150	1.008
February	0.720	0.900	0.900	0.720	0.744
March	0.900	0.900	0.900	0.900	0.900
April	1.040	1.040	1.040	1.040	1.035
May	1.010	0.980	1.010	0.980	0.995
June	0.950	0.950	0.950	0.950	0.949
July	1.050	1.050	1.050	1.050	1.041
August	1.050	1.070	1.070	1.050	1.051
September	1.070	1.000	1.070	1.000	1.030
October	1.000	1.000	1.000	1.000	1.000
November	1.000	1.100	1.100	1.000	1.020
December	1.150	1.410	1.410	1.150	1.257

Source: Lima Stock Exchange

Class B Common Shares

Month	Opening PEN	Closing PEN	Maximum PEN	Minimum PEN	Average price PEN
January	0.190	0.239	0.240	0.165	0.194
February	0.240	0.392	0.402	0.240	0.328
March	0.400	0.540	0.570	0.390	0.476
April	0.530	0.630	0.700	0.380	0.567
May	0.640	0.590	0.690	0.540	0.617
June	0.580	0.600	0.640	0.520	0.590
July	0.610	0.670	0.700	0.610	0.661
August	0.670	0.650	0.710	0.600	0.662
September	0.630	0.620	0.670	0.610	0.640
October	0.620	0.620	0.640	0.590	0.616
November	0.620	0.680	0.700	0.590	0.666
December	0.690	0.720	0.770	0.690	0.722

Source: Lima Stock Exchange

Latibex Prices 2015

Month	Euro exchange rate	Opening PEN	Closing PEN	Maximum PEN	Minimum PEN	Average price PEN
January	3.663	0.42	0.39	0.44	0.36	0.41
February	3.747	0.39	0.64	0.67	0.37	0.49
March	3.698	0.59	0.61	0.63	0.48	0.59
April	3.646	0.63	0.65	0.66	0.51	0.58
May	3.597	0.63	0.49	0.57	0.49	0.56
June	3.557	0.48	0.47	0.52	0.47	0.47
July	3.663	0.48	0.64	0.66	0.49	0.59
August	3.684	0.64	0.66	0.66	0.60	0.65
September	3.718	0.67	0.56	0.67	0.52	0.58
October	3.586	0.54	0.65	0.65	0.54	0.64
November	3.366	0.59	0.61	0.61	0.61	0.61
December	3.381	0.61	0.68	0.74	0.56	0.62

Sources: Madrid Stock Exchange, Peruvian Superintendent of Banks, Insurance and Private Pension Funds

CORPORATE BONDS

On January 26, 2012, as part of an international bond issue under Rule 144 and Regulation S of the United States Securities Act of 1933, the Company placed corporate bonds for up to USD 600 million, with a 10-year term and a fixed annual interest rate of 5.375%.

PART 16

**CORPORATE
INFORMATION**





Alpacamarca Staff

In 2016, Mr. Mario Oswaldo Guerra Aris, Operations Manager of the UM San Cristóbal - Carahuacra, left the Company.

PROFESSIONAL BACKGROUND OF SENIOR MANAGEMENT:

JUAN IGNACIO ROSADO GÓMEZ DE LA TORRE

Chief executive officer since April 2014. He served as deputy chief executive officer from June 2010 until being appointed chief executive officer. He previously served as vice chairman and finance director at Hochschild Mining Plc. He was a senior project manager at McKinsey & Company from August 2000 to January 2005. He served on the Board of Lake Shore Gold Corp. from March 2008 to June 2010 and the Board of Zincore Metals in 2010 (both companies are listed on the Toronto Stock Exchange).

Mr. Rosado holds a degree in economics from Universidad del Pacífico and an MBA from Ross School of Business, University of Michigan.

ROBERTO FERNANDO MALDONADO ASTORGA

Chief operations officer since January 2008. From September 2000 to August 2004, he was Volcan's superintendent of engineering and projects of the Cerro de Pasco unit, and subsequently general superintendent of the Empresa Administradora Chungar S.A.C. from September 2004 until March 2007. He has also served as project manager at Las Bambas, owned by Xstrata Peru.

Mr. Maldonado has a degree in mining engineering from Universidad Nacional de Ingeniería and a masters degree in mineral engineering management from Pennsylvania State University.

JOSÉ EDMUNDO MONTOYA STAHL

Chief corporate development officer since June 2010. He previously worked at major corporations such as Votorantim Metais, Exsa S.A., and Minera Yanacocha

S.R.L., occupying positions in production and planning for underground and open pit mines.

Mr. Montoya has a mining engineering degree from Pontificia Universidad Católica del Perú and a master's degree in mining economics from Colorado School of Mines. He participated in executive development programs at Universidad de Piura and Fundación Don Cabral (Brazil).

JORGE LEONCIO MURILLO NÚÑEZ

Chief financial officer since December 2013. He served as financial planning and management control manager from January 2011 until December 2013.

His previous positions included financial consultant for KPMG Consulting, financial controller for Peru and Colombia at Bearing Point, deputy corporate financial planning director at Grupo Gloria and budget manager at Hochschild Mining Plc.

Mr. Murillo has an industrial engineering degree from Pontificia Universidad Católica de Perú, a certificate in finance from the same university, and an MBA from Universidad ESAN.

PAOLO IVÁN CABREJOS MARTIN

Sales manager since September 2010. He joined Volcan in November 2008 as deputy sales manager. He has 19 years of domestic and international experience in zinc, lead and copper concentrate sales at companies such as Glencore International AG, Louis Dreyfus Commodities, and BHL. He is also a member of the Lead and Zinc Committee of the London Metal Exchange.

Mr. Cabrejos holds a degree in business administration from Universidad del Pacífico.

ALBERTO VÍCTOR MANUEL GAZZO BACA

Human resources manager since December 2012. Prior to that he was human resources manager for Latin America at American Cyanamid Company, human resources director for Latin America at NCH, and general

manager of human and organizational development at Votorantim Metais in Brazil and Peru. Mr. Gazzo has a doctorate in human sciences from Pontificia Universidad Católica de Rio de Janeiro in Brazil. He holds a degree in law, philosophy, and theology. He has also earned master's degrees in business management, quality management, and human resources management in Rio de Janeiro.

ROBERTO JUAN SERVAT PEREIRA DE SOUSA

Corporate social responsibility and labor relations manager since December 2010. He began working with Volcan in January 2007 as a legal advisor to the chairman of the Board of Directors. He previously served as deputy minister of labor, deputy minister of social promotion, an advisor to the minister's office, general director of legal advising, and member of the Advisory Commission of Peru's Ministry of Labor and Employment Promotion, a judge in the Bankruptcy Division in Matters of Fair Competition and Intellectual Property of INDECOPI, and member of the Board of the Superintendency of Healthcare Service Providers.

He is currently a member of the Labor Affairs Commission of the Lima Chamber of Commerce and the Board of the Peruvian Society of Labor and Social Security Law. He is a professor at Universidad de Lima.

Mr. Servat earned a law degree from Universidad de Lima and a master's degree in public administration from the Instituto Ortega y Gasset, affiliated with Universidad Complutense de Madrid.

RENZO MUENTE BARZOTTI

Employee development manager since October 2014. Mr. Muent joined the Company in April 2011 as deputy corporate manager of employee development.

Previously, he served as human resources manager at Unilever Perú, training manager for Unilever-Andean Region and human resources manager for the food products division of Unilever Colombia.

He has a degree in industrial engineering from Universidad de Lima and a master's degree in strategic

management of human capital from Universidad Peruana de Ciencias.

MARIO EDUARDO DE LAS CASAS VIZQUERRA

Logistics manager at Volcan since February 2010. From 2007 to 2010 he served as deputy manager of contracts, logistics and supplies for the Project Division of Votorantim Metais, Cajamarquilla Refinery, and from 1998 to 2007 he was logistics manager for Volcan. He worked in the logistics division of Buenaventura S.A. and Minera Yanacocha S.A. from 1990 to 1998.

Mr. De las Casas has a degree in business administration from Universidad Ricardo Palma, completed the PADE program in logistics at Universidad ESAN, and has an MBA from Universidad de Piura.

ALVARO LUIS CABRERA RAMIREZ

Energy manager. He joined Volcan in March 2012. During his career, he has served as energy operations manager and he has been the manager of his division at Sociedad Minera Corona since 2004.

Mr. Cabrera has a degree in electronic engineering from Universidad Peruana de Ciencias Aplicadas (UPC), a master's degree in business administration from EADA (Barcelona) and a postgraduate qualification in energy, electricity and gas law (UPC).

EDGARDO ZAMORA PÉREZ

Operations manager of the Yauli unit since September 2012. He joined Volcan in May 2000. In 2007 he became general superintendent of Empresa Administradora Chungar S.A.C. and from 2010 to 2012 he served as operations manager.

He has 12 years of professional experience in mine operations. He served as planning superintendent until March 2007.

Mr. Zamora earned a degree in mining engineering from Universidad Nacional Mayor de San Marcos.

CARLOS MANUEL GARCÍA ZAPATA

He served in Volcan as production superintendent

at the Yauli unit in 2013-2014, superintendent of San Cristóbal mine in 2012, superintendent of safety and hygiene at Minera Yauli in 2011, and deputy superintendent of safety and hygiene at Minera Yauli (July 2009 to 2010).

During his career, he has worked as assistant vice chairman of operations for Doe Run Perú from 2005 to 2009, as head of security and other positions in mining operations in the Cobriza, Cerro de Pasco and Yauricocha.

Mr. Garcia is a mining engineer with a degree from the Universidad Nacional de Ingeniería, an MBA from Universidad Río de la Plata, and is a specialist in mining safety and hygiene and mine rescue (University of Missouri-Rolla/ USA) - Doe Run Company - MSHA USA.

FRANCISCO GRIMALDO ZAPATA

Operations manager of San Cristóbal-Carahuacra (Yauli) since October 2016. Previously, between January 2006 and January 2016, he was CEO of the Yauliyacu unit, operations and project manager of the Iscaycruz unit of Empresa Minera Los Quenuales - Grupo Glencore. He also served as general superintendent of Cerro de Pasco in Volcan from September 1999 to January 2005 and previously worked for Centromin Perú.

Mr. Grimaldo earned a degree in mining engineering from Universidad Nacional de Ingeniería and an MBA from ESAN.

JAMES ATALAYA CHACÓN

Operations manager of the Chungar unit since January 2016. Mr. Atalaya joined the Company in February 2015 as planning superintendent at the Chungar UAE.

Prior to that, he served as planning superintendent at Compañía Minera Ares S.A. and as mining superintendent at Minsur S.A.

Mr. Atalaya has a degree in mining engineering from Pontificia Universidad Católica del Perú, a diploma in mining company management from Universidad del Pacífico, a diploma in finance from the Monterrey

Institute of Technology and Higher Education, Mexico, and he also graduated from the master's program in strategic company management at Centrum Católica.

EDUARDO ENRIQUE MALPARTIDA ESPINOZA

Operations manager of UMalpamarca, since September 22, 2014. He previously served as operations manager at BRECA Grupo Empresarial - Administración de Empresas S.A.C., general superintendent at Grupo ARUNTANI - Anabí and operations manager at the Arcata, Selene and Pallancata mines owned by Grupo Hochschild Mining Plc.

He has a degree in mining engineering from Universidad Nacional Daniel Alcides Carrión in Cerro de Pasco and a master's degree in operations and logistics management from EOI Escuela de Negocios in Madrid, Spain.

HERMAN FLORES ARÉVALO

Operations manager at the Cerro de Pasco unit since September 2014 and previously served as operations manager at the Alpamarca unit.

He joined Volcan in 1999 as planning superintendent and mine superintendent at Cerro de Pasco. Before that, he worked for Centromin Perú.

Mr. Flores has a degree in mining engineering from Universidad Nacional de Ingeniería and an MBA from Universidad ESAN.

JORGE SIMÓN CHÁVEZ MANRIQUE

Geology manager since June 2014. Before that, he was corporate manager of geology and brownfield exploration at Fortuna Silver Mines (2012-2014) and corporate manager of geology and brownfield exploration at Hochschild Mining Plc. (2002-2011).

Mr. Chávez holds a degree in geology from Universidad Nacional de Salta in Argentina and obtained a certificate in strategic management of modern mining from GERENS. He is also a registered as a Qualified Person with the Australian Institute of Mining and Metallurgy (AusIMM), Registered Member 318752.

CÉSAR EMILIO FARFÁN BERNALES

Regional explorations manager since December 2010. He served as corporate chief of regional explorations from 2007 to 2010 and general superintendent of the Vinchos mining unit from 2002 to 2007.

He has a degree in geological engineering from Universidad Nacional Mayor de San Marcos, with postgraduate studies in geology-metallogeny at Universidad Central in Quito, Ecuador.

ALFONSO REBAZA GONZÁLEZ

Legal counsel since September 2010. He has experience in corporate and mining law, arbitration and contracts. He was previously a partner with Estudio Osterling and professor of civil law at Pontificia Universidad Católica del Perú.

Mr. Rebaza earned a law degree from Pontificia Universidad Católica del Perú.

JUAN ALBERTO BEGAZO VIZCARRA

Audit manager since July 2010. He joined Volcan in December 2008 as administration and control manager. He previously served as CFO at Gold Fields, general controller at Doe Run and accounting manager at Centromin.

Mr. Begazo is a certified public accountant and member of the Committee of Experts in Mining Accounting, and he teaches in the mining management certificate program at Universidad de Lima.

CARLOS EDUARDO FLORES TRELLES

Information technology manager since December 2010. He previously served as corporate IT director at Yanbal International Corporation and held various executive IT positions at BellSouth International Corporation. He is a professor at the Business School of Universidad de Lima and the Business School of Pontificia Universidad Católica del Perú.

Mr. Flores has a degree in systems engineering from Universidad de Lima, an MBA in strategic business administration from Centrum PUCP, a postgraduate

degree in information security management systems from Centrum PUCP, and has completed human resource management at Universidad de Piura and the program in organization and administration at Universidad ESAN.

JUAN SILBINO MARCELIANO ROJAS

Occupational health and safety manager since April 2012. Previously he served as superintendent of safety, health, environment and quality at Votorantim Metais-Unidad Cajamarquilla S.A.C. for eight years. He also worked at the Arcata, Ares and Selene production units of Compañía Minera Hochschild Plc as superintendent of mining safety and hygiene.

Mr. Marceliano has a degree in mining engineering and an MBA from Universidad Peruana Unión-Lima, with a specialization in business management, finance, and personnel administration. He has also completed courses at the School of Excellence of Grupo Votorantim Metais in Brazil, as well as courses at ESAN and Pontificia Universidad Católica del Perú.

SERGIO MARTÍN GIAMPIETRI RAMOS

Corporate asset security manager since March 2011. He was previously a naval officer, holding various operational positions and serving in high-ranking posts. He was an advisor to a range of private security and commercial diving projects. Throughout his career, he held various positions in special operations units.

Mr. Giampietri has a degree in maritime-naval sciences, an MBA from the Postgraduate School of Universidad San Ignacio de Loyola, and a master's degree in defense analysis from the United States Naval Postgraduate School in Monterey, California. He also earned a postgraduate degree in command, general staff and administration for defense.

EDUARDO JULIO MAGNASCO LA TORRE

Maintenance and quality manager since November 2010. In his career, he has served as deputy director of airworthiness at the General Directorate for Civil Aviation of Lima, director of quality assurance for Compañía de Aviación Faucett, maintenance manager at Americana

de Aviación in Lima, quality control director at TANS Perú and maintenance manager of TACA Perú.

Mr. Magnasco is an aeronautical engineer with experience in operations, maintenance, logistics, regulations, quality, human resources, and administration. He has an MBA from Universidad Diego Portales in Chile.

JOSÉ REMIGIO MANZANEDA CABALA

Manager of metallurgical operations. He joined Volcan in January 2012, after serving as metallurgy manager at Compañía Minera Condestable S.A., Compañía Minera Atacocha S.A., Empresa Minera Iscaycruz, Sociedad Minera El Brocal and Compañía Minera Santa Luisa S.A.

Mr. Manzaneda has a degree in metallurgical engineering from Universidad Nacional de Ingeniería with a master's degree in mineral processing. He teaches part-time at the Graduate School of Universidad Nacional de Ingeniería and in the geometallurgy specialization at Pontificia Universidad Católica del Perú.

JUAN LUIS ARENAS GOMEZ SANCHEZ

He joined the company in September 2016 as industrial plants manager. He is a petrochemical engineer with a degree from Universidad Nacional de Ingeniería and holds an MBA from ESAN. He also has completed postgraduate studies in project management from Pontificia Universidad Católica.

He has worked in companies such as Petroperú, Cervecería Backus y Johnston and Corporación José R. Lindley. From 2000 to 2016, he worked in San Miguel Industrias Pet S.A. in the plastics sector as corporate production manager.

PERCY LUIS RIVERA LÓPEZ

Environmental affairs manager since May 2014. Prior to joining Volcan, he was manager of safety, health and environment at Minsur S.A. and manager of safety, health and environment at Votorantim Metais Cajamarquilla S.A.

Mr. Rivera holds a master's degree in environmental management from Universidad Nacional de Ingeniería and a certificate in quality management and environmental auditing from Universidad Nacional Agraria La Molina. He also has a degree in sanitary engineering from Universidad Nacional de Ingeniería.

DAVID BRIAN GLEIT

Investor relations manager since February 2014. Before that, he was the business development manager. He has extensive professional experience in investment and financial advising. Previously, Mr. Gleit served as marketing and institutional relations director at Aronson+Johnson+Ortiz in Philadelphia, general manager of Compass Perú, founder and general manager of Perú Investment Advisers S.A.C., senior banker at Inteligo Bank Ltda. (part of Grupo Interbank of Nassau, Bahamas), and CFO at mining contractor Stracon S.A.C.

Mr. Gleit studied literature and economics at the University of Vermont and has an MBA in finance from Drexel University.

MAURICIO SCERPELLA ITURBURU

Budgeting and management control manager since February 2014. Previously, he was the mining projects controller and corporate head of cost and budget analysis at Volcan.

Mr. Scerpella obtained an MBA with a specialization in strategy from Monterrey Institute of Technology and Higher Education. He also has a degree in economics from Universidad San Ignacio de Loyola.

PEDRO SIMÓN NAVARRO NEYRA

Treasury manager since December 2010. He served as deputy finance manager from 1998 to 2010.

He holds a degree in business administration and a master's degree in business management from Universidad de Piura, as well as a master's degree in strategic financial management from Universidad Peruana de Ciencias Aplicadas in Peru and EOI of Spain.

WILLY ANTONIO MONTALVO CALLIRGOS

Accounting and tax manager since September 2015. Prior to that he was a general accountant at Volcan from November 2010. During his career, he has worked as an accountant at the department store chain Ripley S.A., Cia. Minera Ares S.A.C. (Grupo Hochschild), Química Suiza S.A., Corporación Andina de Distribución S.A. (Carsa) and at PricewaterhouseCoopers.

Mr. Montalvo is a certified public accountant who graduated from Universidad San Martín de Porres. He has a master's degree in strategic business administration from the Centrum Business School. He also has certification in international financial reporting standards and international accounting standards from the Association of Chartered Certified Accountants (ACCA) (London) and the Institute of Chartered Accountants in England and Wales - ICAEW (London), as well as a diploma in tax specialization from the Universidad de Lima.

JORGE LUIS COTRINA LUNA

Head of securities services since November 1999. He held various positions in the banking sector from 1984

to 1999. He has a business administration degree from Universidad Nacional Mayor de San Marcos and studied banking and capital markets at Pontificia Universidad Católica del Perú.

GENERAL INFORMATION**VOLCAN COMPAÑÍA MINERA S.A.A.****Information about incorporation**

Volcan Compañía Minera S.A.A. is a mining company that was incorporated by public deed on February 1, 1998, executed before Notary Public Dr. Abraham Velarde Álvarez, as a result of the merger of Volcan Compañía Minera S.A. and Empresa Minera Mahr Tunel S.A. The company is registered in the Public Mining Registry under Entry 1, Record 41074, Card 11363057 of the Registry of Legal Entities of Lima.

The company is engaged in the exploration, production, and processing of its own ore and ore from subsidiaries that carry out extraction, concentration, treatment and commercialization of all products and concentrates.

Its activities are classified ISIC category 1320, Mining of non-ferrous metal ores. The Company is a going concern, limited by the availability of ore reserves that may vary according to investments made in explorations and their results.

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