

Volcan Compañía Minera

J.P. Morgan Global Emerging Markets
Corporate Conference - February 2019



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Agenda

1 Overview

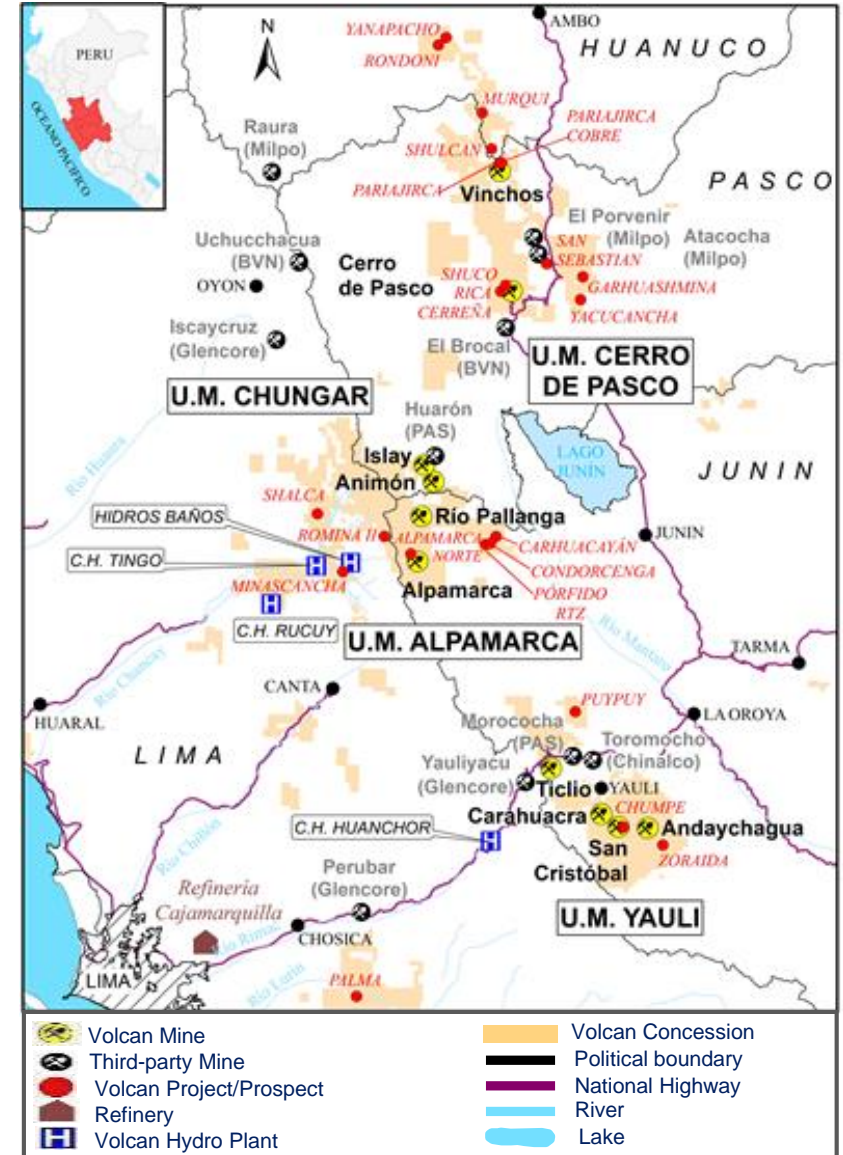
2 Operations & Financial Results

3 Growth Strategy

4 Energy and Chancay Port

Strategic Location & Diversified Operations

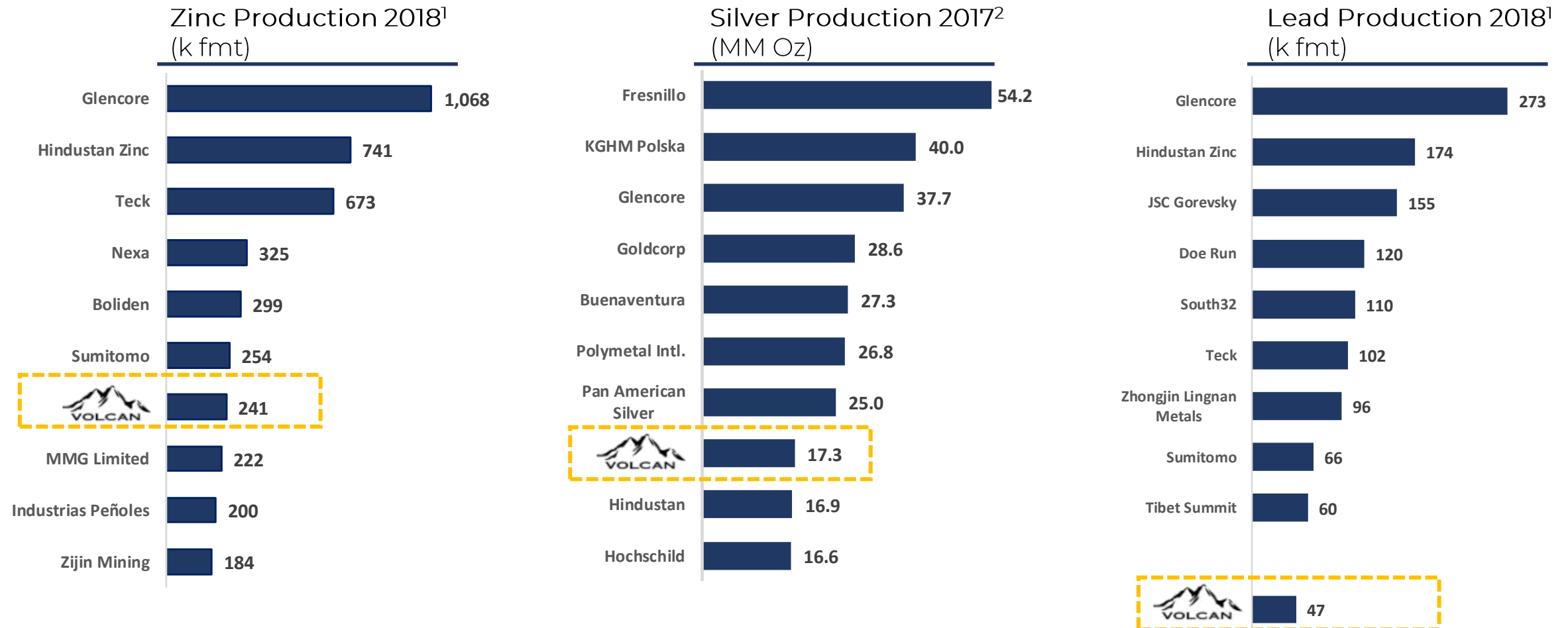
- 75 years of mining experience
- Committed to the highest standards of safety & environment protection
- A world-class polymetallic producer with important organic growth potential
- Diversified, balanced, and stable production of base & precious metals
- In operation:
 - 5 operating units & 7 mines
 - 7 concentrator plants & 1 lixiviation plant (Ag oxides)
- Competitive C1 Zn & Ag cash costs
- Logistics flexibility
- Constructive relationships with authorities, labor force & local communities



A Leading Global Producer of Zinc, Silver & Lead

World Class Producer: Zinc, Lead, and Silver

- Significant negotiating leverage due to ability to deliver large volumes across key materials



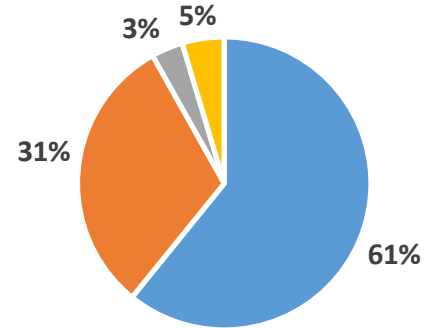
1. Source: Wood Mackenzie estimate as at LTO Q4 2018. Glencore and Volcan as per their official 2018 production reports

2. Source: World Silver Survey 2018 - Produced for The Silver Institute by the GFMS team at Thomson Reuters. Glencore and Volcan as per their official 2018 production reports

Mining Operations - Production

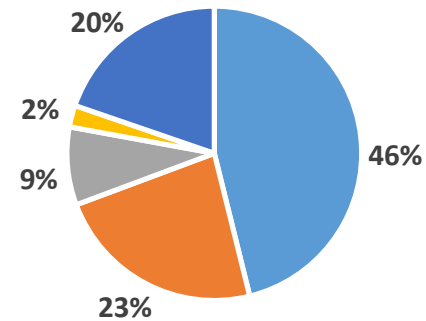
Mine	Number of Mines	Number of Plants	Plant Type	Production 2018			
				Treated MM MT	Zn (k fmt)	Pb (k fmt)	Ag (MM Oz)
Yauli	4	3	Concentrator	3.2	147	19	7.8
Chungar	2	1	Concentrator	1.7	75	18	3.9
Alpamarca	1	1	Concentrator	0.9	8	6	1.5
Cerro de Pasco	-	2	Concentrator	1.3	11	4	0.4
Oxides Plant	-	1	Lixiviation	0.9	-	-	3.4
	7	8		8.0	241	47	17.0

Zinc Production - 2018



■ Yauli ■ Chungar ■ Alpamarca ■ Cerro de Pasco ■ Oxides Plant

Silver Production - 2018



Mining Operations – Reserves & Resources as of 12.31.2018

Polymetallic	Reserves				M&I Resources				Inferred Resources				Estimated Life of Mine (Years)	
	MM MT	Zn%	Pb%	Ag Oz/MT	MM MT	Zn%	Pb%	Ag Oz/MT	MM MT	Zn%	Pb%	Ag Oz/MT	Reserves	Reserves & Inf. Resources
Yauli	23	4.6	0.8	2.8	57	5.8	1.0	3.5	26	4.4	0.7	2.9	7	15
Chungar	8	4.5	1.5	2.2	14.7	6.4	2.0	3.6	16.2	4.0	1.7	2.3	5	14
Alpamarca	3	0.8	0.6	1.3	3.4	1.1	0.8	1.7	0.6	1.2	0.9	2.5	3	3
Cerro de Pasco	2	-	0.6	0.5	2.1	-	0.6	0.5	154	-	0.8	2.5	2	ND
Total Operations	36	4.0	0.9	2.4	77	5.5	1.2	3.2	197	0.9	1.0	2.7	-	-
Polymetallic Projects	-	-	-	-	15	5.4	0.5	1.0	15	4.2	0.8	1.0	-	-
Total Polymetallic	36	4.0	0.9	2.4	92	5.5	1.1	2.8	212	1.2	0.9	2.6	-	-

	M&I		Inferred	
	Resources (MM MT)	Cu%	Resources (MM MT)	Cu%
Copper Projects	53	0.5	148	0.4

Total R&R:



Reserves: 36 MM MT

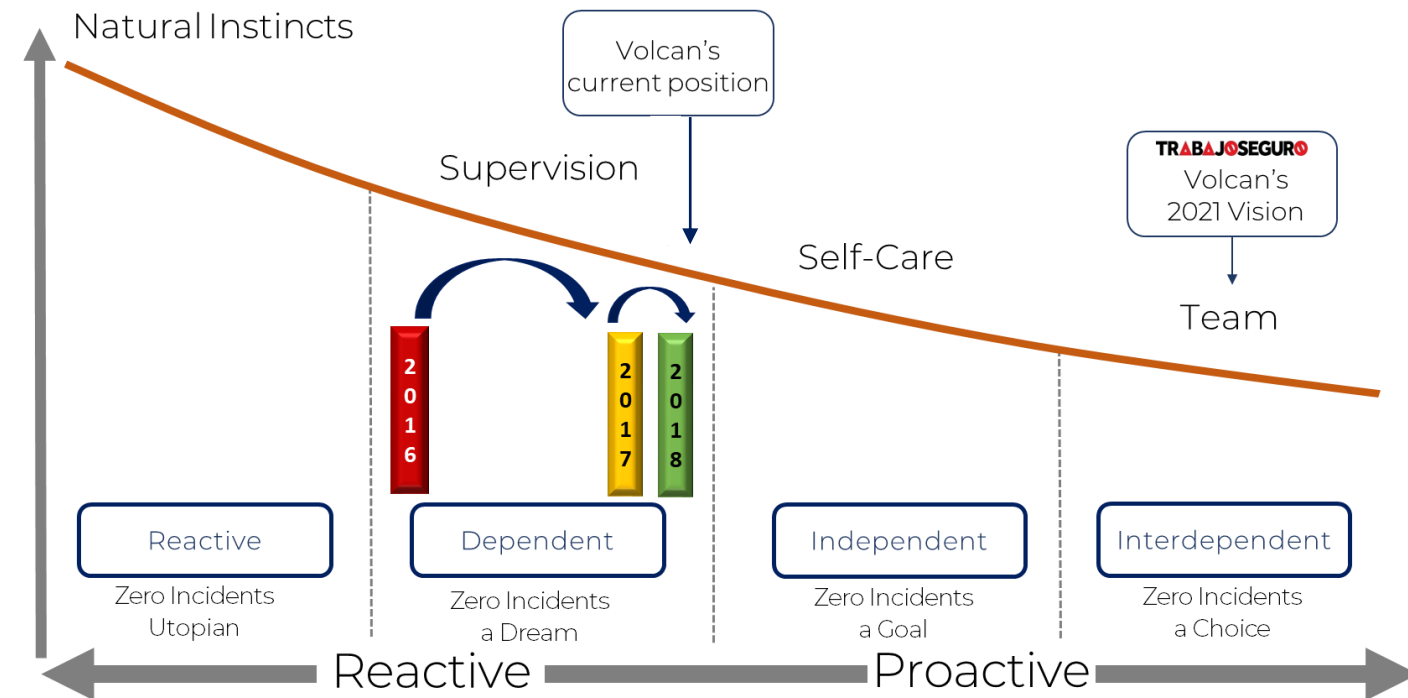


M&I Resources: 145 MM MT



Inferred Resources: 360 MM MT

Safety First



- ✓ Dissemination and implementation of the “Safe-Work Program” under the support of Glencore’s Corporate Safety Dept.
- ✓ Implementation of the “Fatal Hazard Protocols”, main objective: ZERO accidents
- ✓ ICAM methodology implementation for accident investigation
- ✓ Analysis and reporting of HPRIs
- ✓ Use of the Risk Management Tool
- ✓ Intensive training for contractors in Volcan’s “Safe Work Program”

ICAM: Incidents cause analysis method

HPRI: High-potential risk incidents

Social Responsibility & Sustainable Development



Education Development

By 2021, Volcan and Enseña Perú are committed to the improvement of the education reality of Junín and Pasco regions, we placed 20 highly skilled teachers in the most needed schools



Health and Economic Development

Volcan works in cooperation with Prisma NGO as its strategic partner in health & economic development. We have a project in Cerro de Pasco focused on reducing anemia



Educational programs

- Scholarships for local community children
- Performance monitoring
- Specialized training in mining, administration and soft skills



Public Works for Tax Credits: Infrastructure

- Began in 2010
- +500k beneficiaries
- + USD 36 MM invested
- 2018 Highlight – Chancay's Market USD 6.7 MM

- ✓ USD 4.85 MM invested in community development in 2018
- ✓ 38 Communities in our influential area and +60 agreements with local communities
- ✓ Community contractors as part of our workforce, generate +USD 50 MM of annual revenue for local economies
- ✓ Volcan was a pioneer investor in the Public Works for Tax Credits

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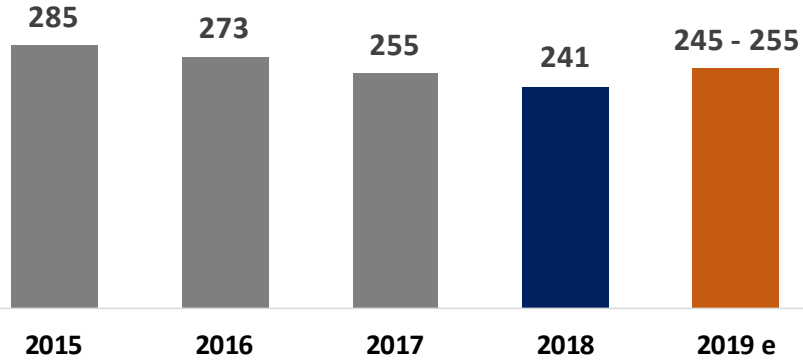
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Production

Zinc Production

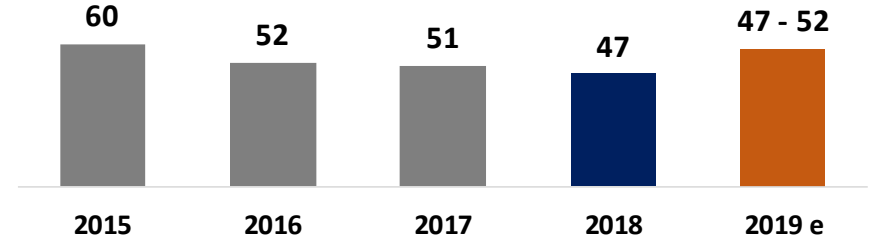
(k fmt)



In 2018, Volcan suspended operations in Chungar for over three weeks in 2Q and in Yauli for over two weeks in 4Q to ensure compliance with our safety standards. As a consequence zinc production was affected by more than 10 k fmt.

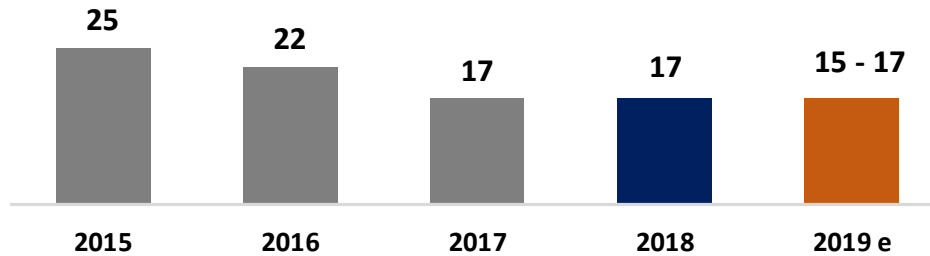
Lead Production

(k fmt)



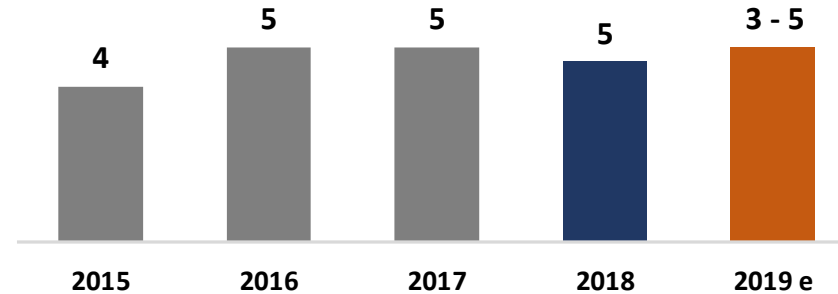
Silver Production

(MM Oz)



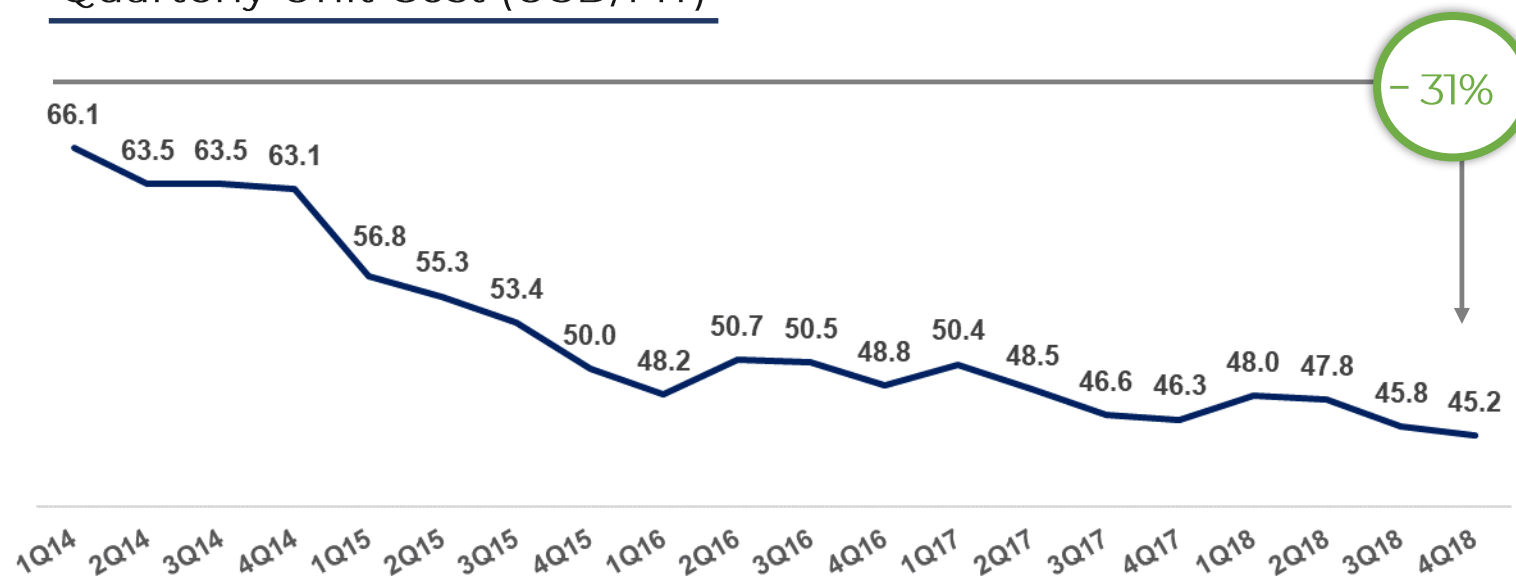
Copper Production

(k fmt)

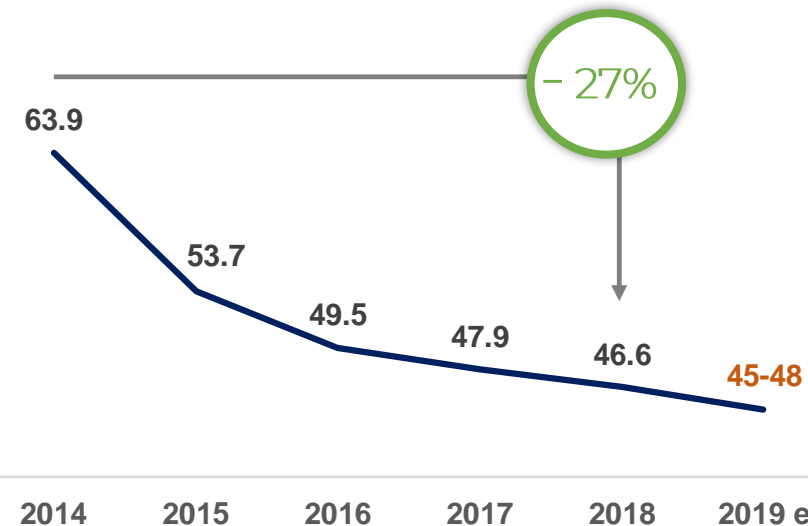


Production Cost

Quarterly Unit Cost (USD/MT)¹



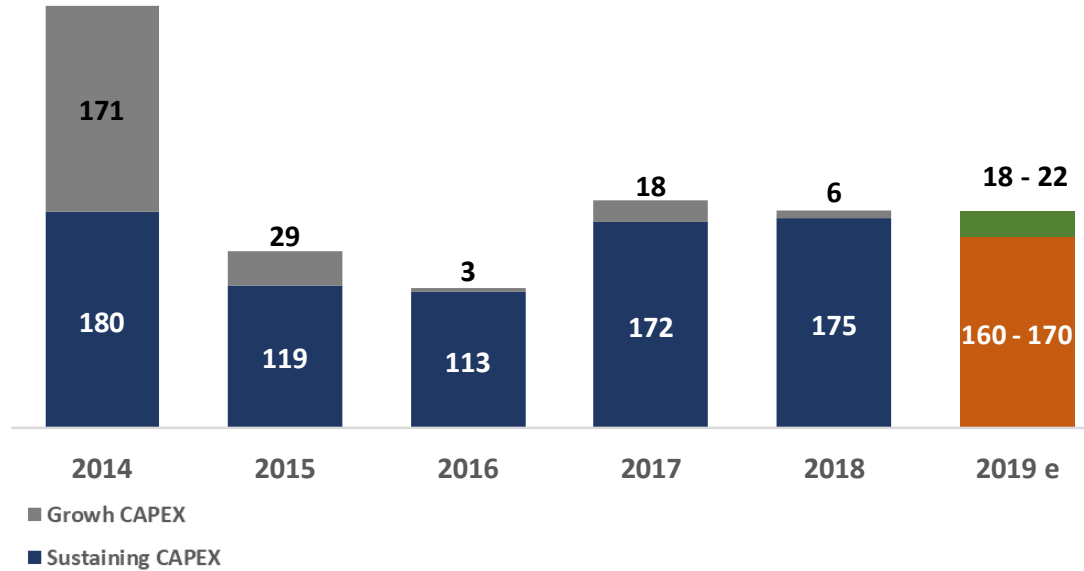
Annual Unit Cost (USD/MT)¹



- ✓ Better mining methods
- ✓ Higher low-cost tonnage treatment
- ✓ Restructuring of the the number, scope, and rates of contractors
- ✓ Optimization of materials logistics
- ✓ Efficiencies in mine support & energy consumption
- ✓ Reduction in fixed costs

CAPEX

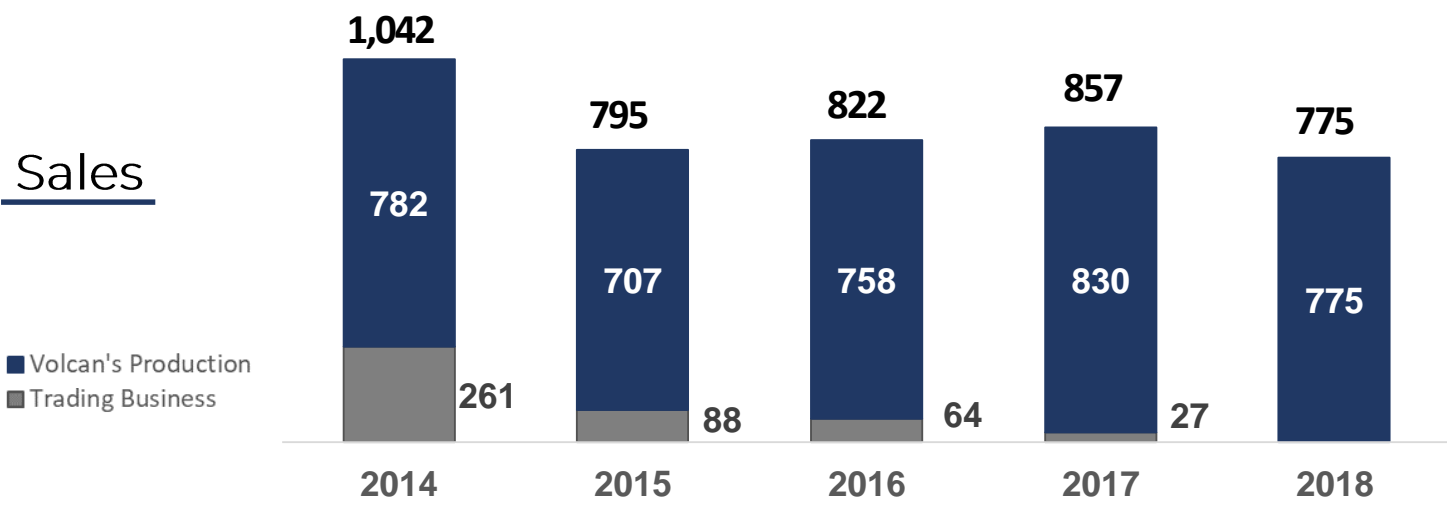
Mining CAPEX (USD MM)



- ✓ In 2017, Volcan increased its investments in explorations, mine developments, and mine infrastructure, to ensure sustained growth of its operations
- ✓ Since 2018, greenfield explorations costs are not registered as Capex, but as expenses directly in the P&L. Total greenfield explorations costs in 2018 were USD 17.2 MM.

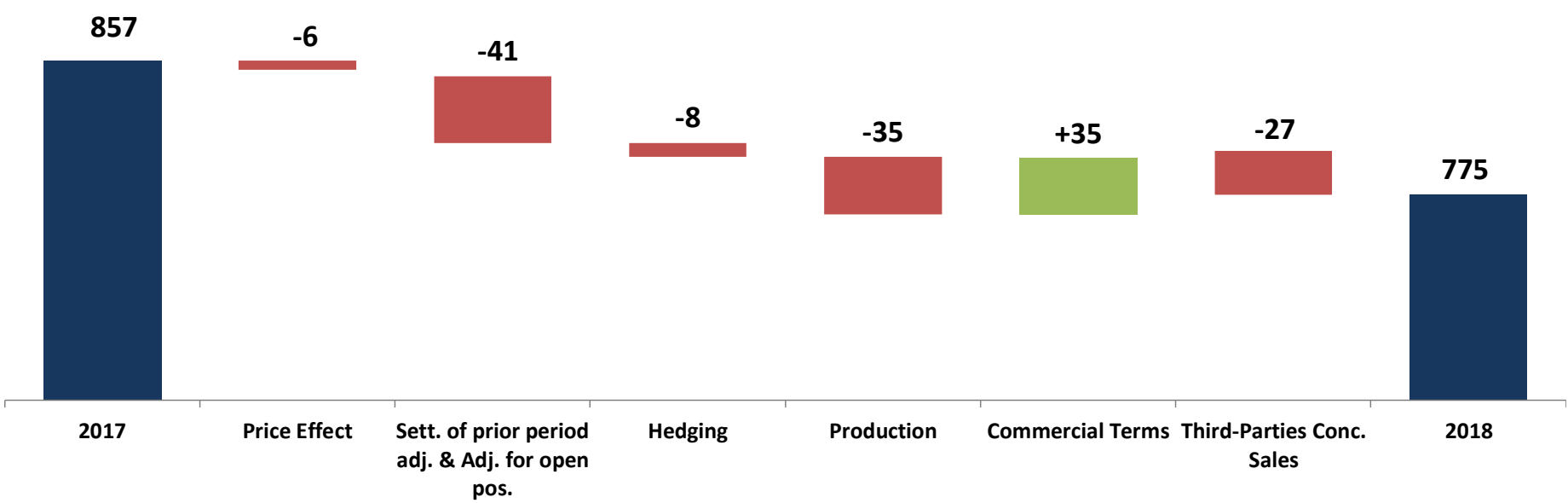
Financials

Sales



	2014	2015	2016	2017	2018
Zinc	2,143	1,917	2,077	2,836	2,917
Lead	2,103	1,782	1,858	2,311	2,245
Copper	6,837	5,426	4,901	6,148	6,464
Silver	19.1	15.7	17.1	17.1	15.7

Sales Change 2018 vs. 2017

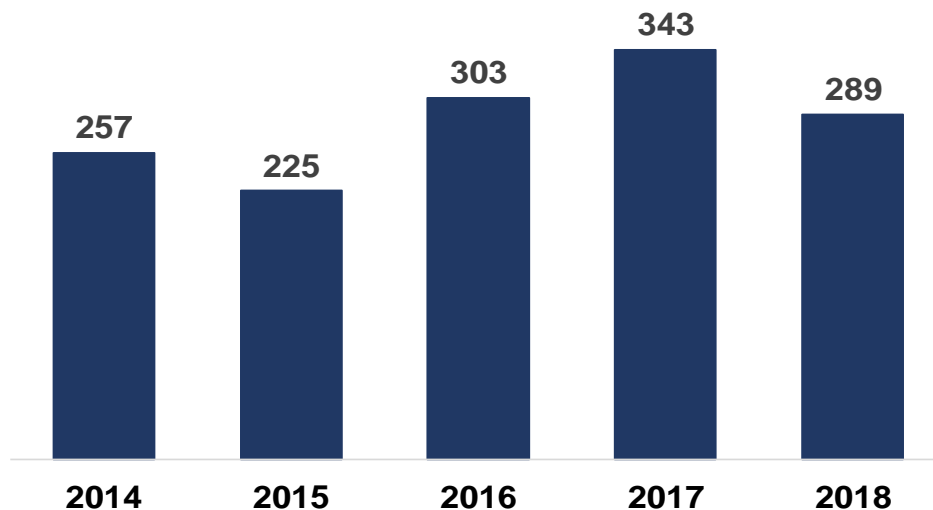


Prices
Evolution

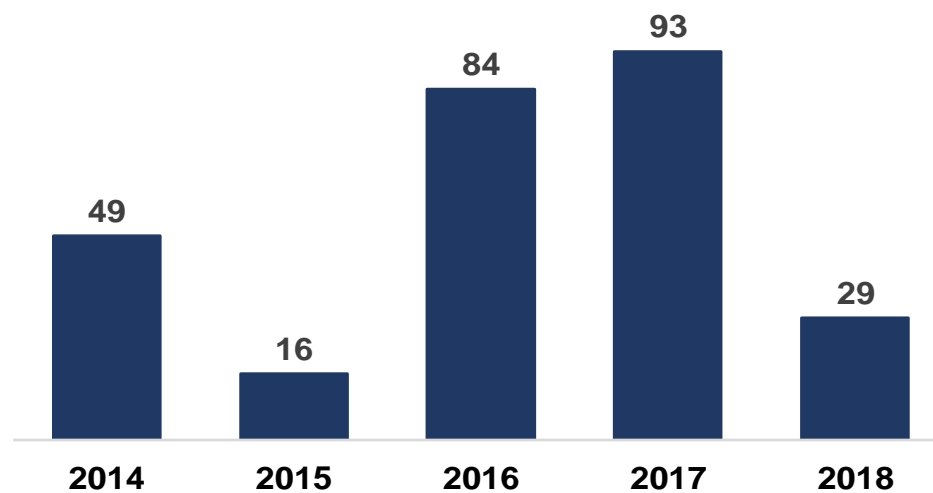


Financials

EBITDA¹ (USD MM)



Net Profit² (USD MM)



Lower sales (USD - 81.6 MM), mainly due to:

- Negative final settlements and negative hedge results (USD - 56.4 MM)
- Lower Production (USD - 39 MM)

Higher Exploration Expenses

Since 2018, greenfield explorations costs are not registered as Capex, but as expenses directly in the P&L.

Higher Administrative Expenses

Mainly due to exceptional personnel charges

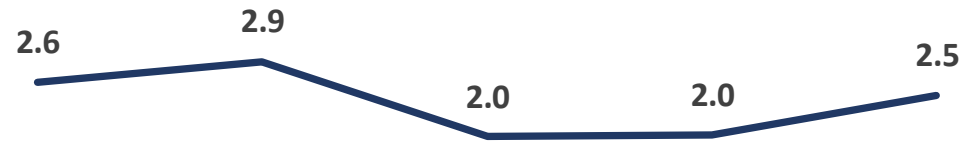


¹EBITDA Does not consider exceptional adjustments..

²Net income does not include exceptional adjustments: USD -470.1 MM in 2015, USD -570.2 MM in 2017 and USD -0.9 MM in 2018

Leverage & Liquidity

Net Debt / EBITDA



USD MM

	2014	2015	2016	2017	2018
Total Debt	822	841	813	802	781
Cash	174	192	203	102	63
Net Debt	648	648	610	701	718
EBITDA	245	225	303	343	289

Cash Flow 2018 (USD MM)

Cash Balance - Dic. 2017	102
Operating Cash Flow (Net of Capex)	83
Mining Investment	-19
Interest	-35
Financing	-46
Other Investments	-22
Cash Balance - Dic. 2018	63

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Strengthen our global competitive production position

1. Capitalize the geological potential of our current concessions

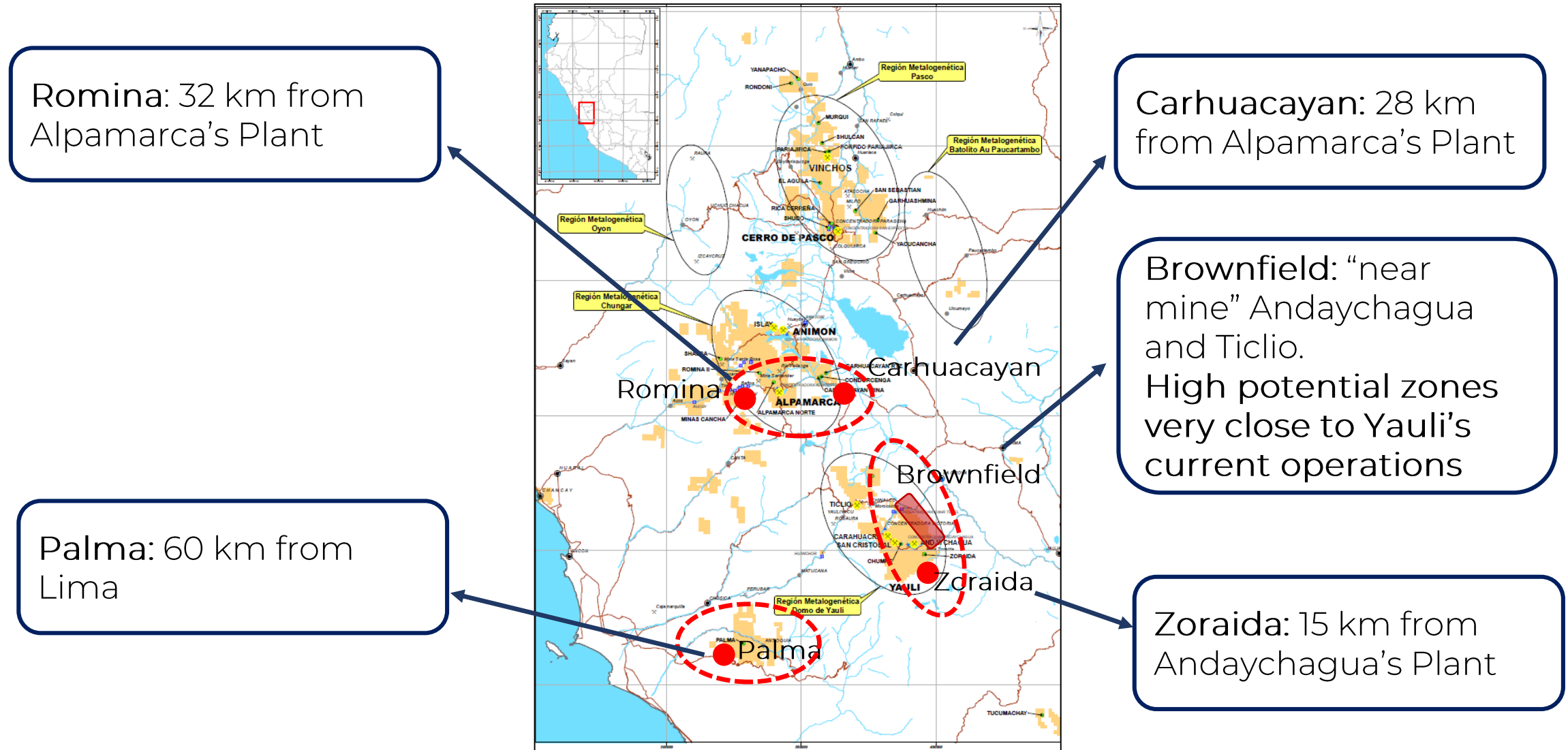
- Brownfield projects in actual operations
- Develop projects close to our current mines, taking advantage of the available infrastructure: Romina (Alpamarca), Carhuacayán (Alpamarca) and Zoraida (Andaychagua)
- Develop projects with significant geological potential in prospective areas such as Palma.



2. Capitalize inorganic growth opportunities



Main Projects Overview



Romina (Alpamarca)

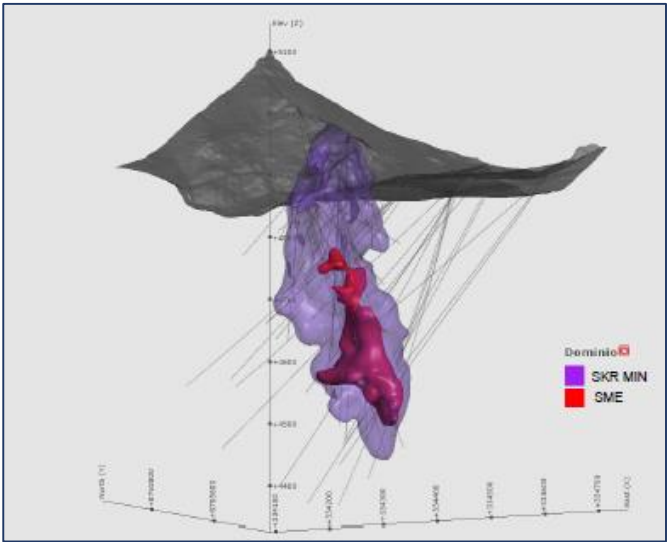
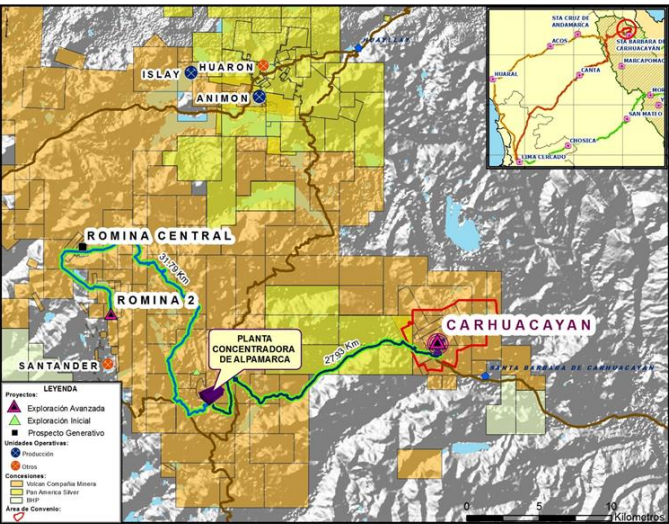
- Volcan acquired the project in 2016 and drilled 5,126m that confirmed an important mineralization in Puagjanca area
- Polymetallic project (Zn, Pb and Ag)
- Location: 15 km NE of Alpamarca.
- Due to its proximity, the Alpamarca concentrator plant will treat the Romina ore
- Volcan will prepare the feasibility of the project, as a basis for the presentation of the EIS for its exploitation

Puajanca Resources

Class	MM TM	Density	Zn%	Pb%	Ag Oz
Indicated	5.52	3.24	6.05	2.89	1.49
Inferred	2.83	3.05	3.63	2.34	0.81
Total	8.35	3.18	5.23	2.7	1.26

Other High Potential Deposits:

- Adriana: Zn% (2 – 10); Pb% (0.01 – 0.2); Cu% (0.03 – 0.04); Ag Oz (0.08 – 0.28)
- Andrea: Zn% 8 approx.
- Esperanza

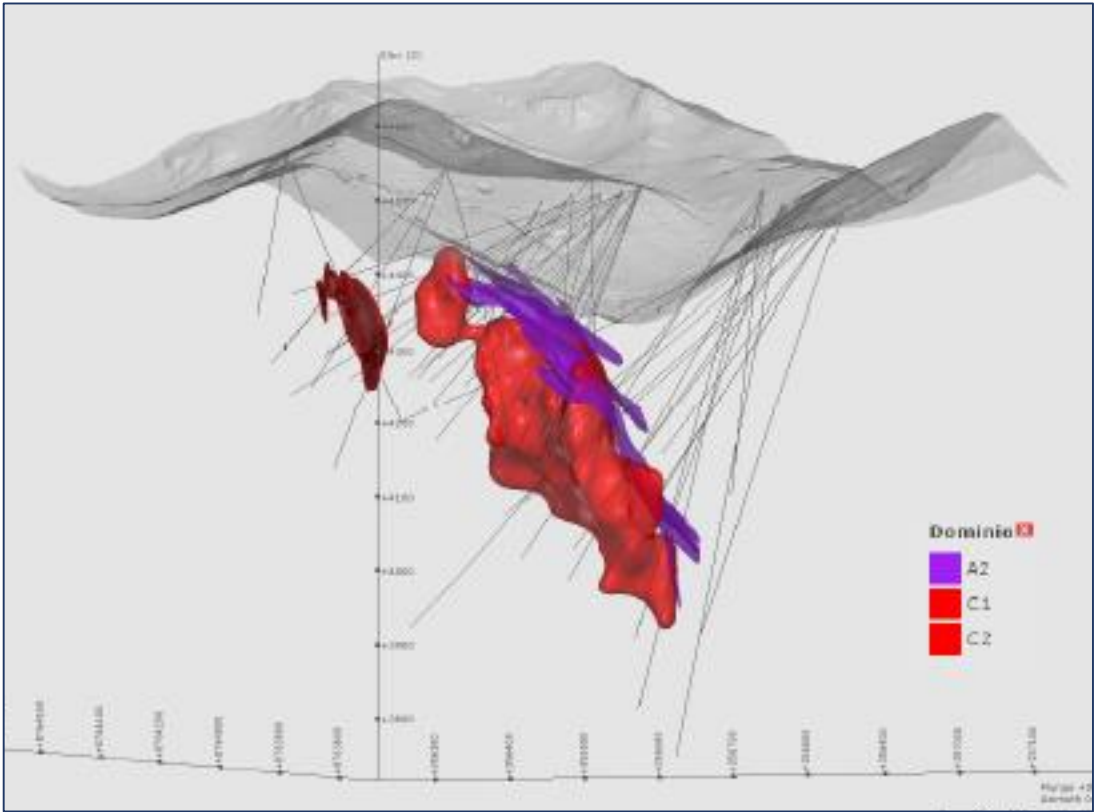


Carhuacayan (Alpamarca)

- Replacement tank with polymetallic mineralization of Zn, Pb and Ag
- Location: 20 km east of Alpamarca
- La Tapada is a mineralized area formed by bodies in large blocks of limestone
- In 2018, Volcan drilled 14,110 m to define resources in La Tapada and explore other areas to increase the potential of the project
- Conceptual engineering under development
- Carhuacayan must complement Romina as a future deposit to feed Alpamarca's concentrator plant

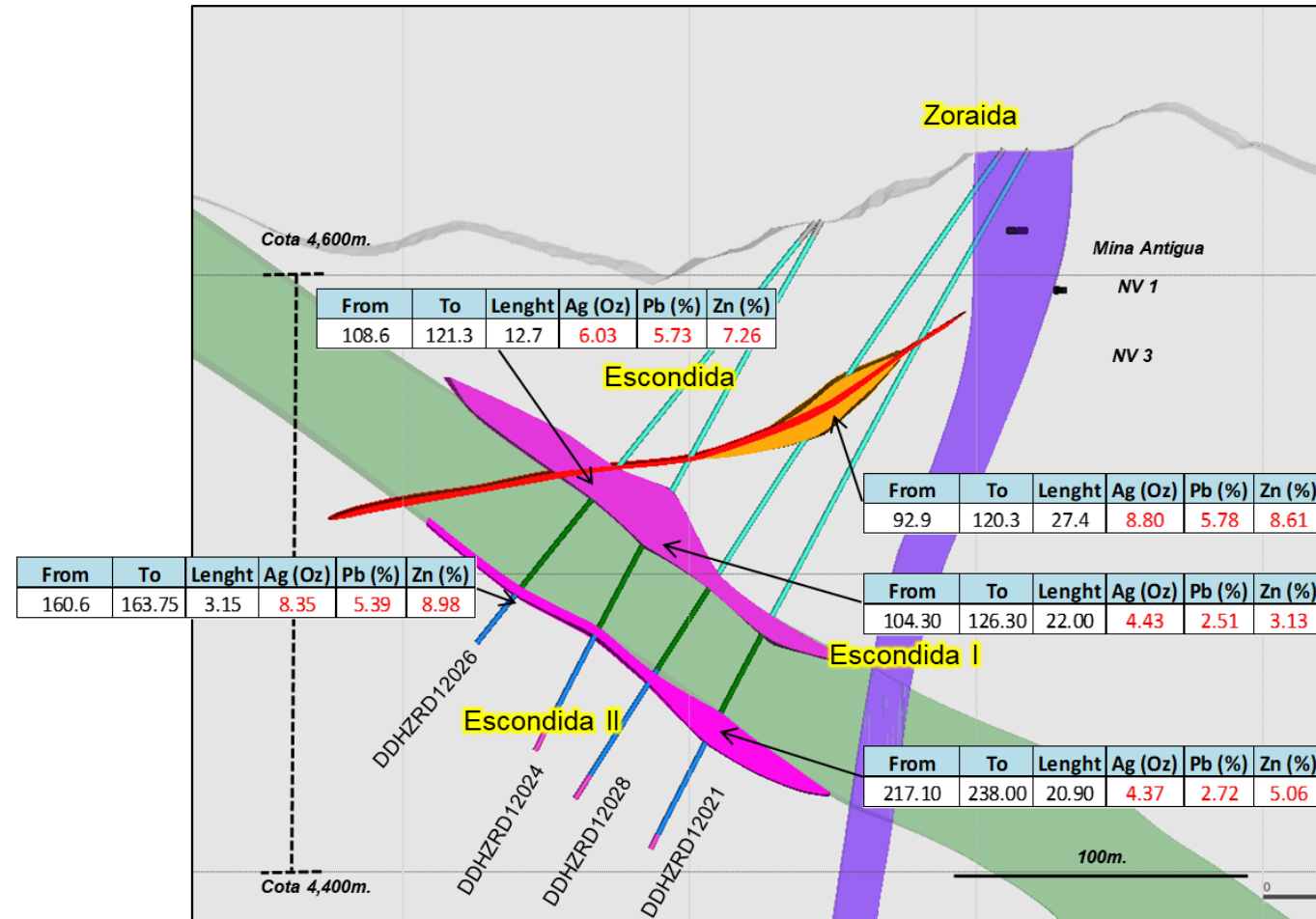
La Tapada Resources

Class	MM TM	Zn%	Pb%	Ag Oz
Inferred	11.1	3	1	1.2



Zoraida (Yauli)

- Veins system parallel to the main Andaychagua Vein.
- High potential to be the third system of the Yauli dome.
- Located 7 km south of the Andaychagua Vein.
- Important approved documents:
 - Environmental Impact Statement (DIA) of exploration
 - Certificate of Non-existence of Archaeological Remains (CIRA)
 - Agreement with communities



Palma Project - Greenfield

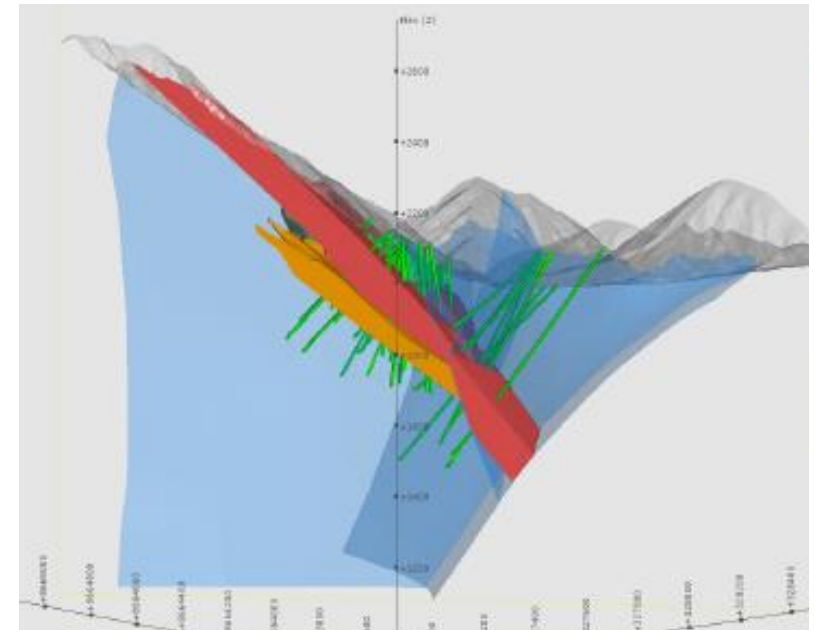
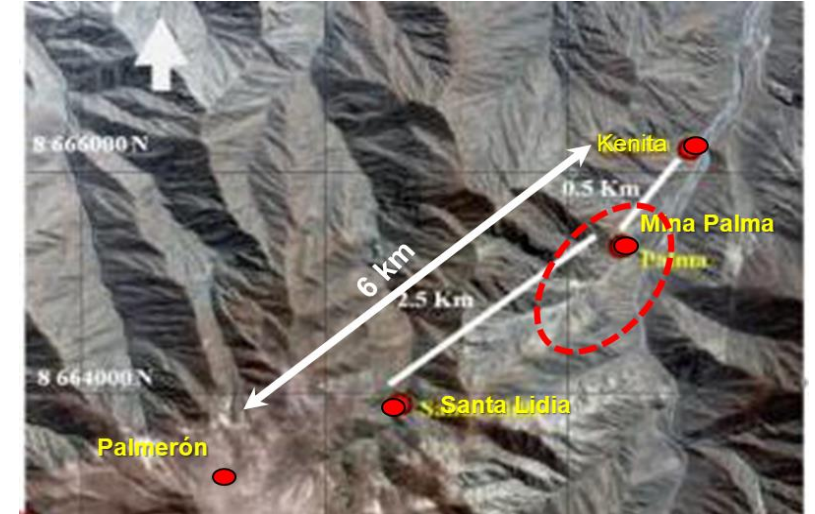
- Location: 60 km SE from Lima - Casma basin
- Geological environment similar to other important deposits such as Cerro Lindo, Colquisiri, and Perubar.
- 4 important areas in a 6 km corridor:
 - Kenita
 - Palma
 - Santa Lidia
- 48,000 m DDH drilled

Inferred Resources:

- 4.9 MM MT
- Zn - 6%
- Pb - 1%
- Ag - 0.7 Oz

M&I Resources:

- 9.6 MM MT
- Zn - 5%
- Pb - 0.7%
- Ag - 0.7 Oz



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Energy Operations

+100 MW hydroelectric energy portfolio

- 11 Hydroelectric Plants (23 MW) connected to Chungar
- 2 Hydroelectric Plants (40 MW) connected to the national grid
- 45 MW in projects: Tingo expansion (15 MW), CCHHs Chancay (30 MW)

- Significant savings due to self-generation

Cost of Energy	USD/MWh
Produced Energy	17
Purchased Energy	57

Electric Balance	GWh	%
2018 Consumption	712	100
Self Generated ¹	308	43

- Electric Infrastructure

Electric Infrastructure	Capacity
13 Hydroelectric Plants	63 MW
15 Transformation Lines	350 Km
26 Electric Substations	303 MVA

Rucuy Hydroelectric Plant



¹ Includes energy from H.P. Huanchor + CH Rucuy which is sold to third parties
Rucuy H. is paralyzed since March 2017 due to an incident caused by “El Niño Costero”. It will start operations on 1H19

Chancay Port

Strategic location:

- 80 km north from Lima in the bay of Chancay
- The bay has exceptional natural features for a port

Project Potential:

- First HUB Port in Peru and the South Pacific Ocean
- Integration with Central Andean railroad & main highway
- Capacity to handle Triple E vessels
- Available areas to store transshipment cargo

Phase 1:

- ✓ 2 Berths: Bulk & General & Ro Ro Cargo
- ✓ 2 Berths: Container terminal
- ✓ Entrance Complex & Underground Viaduct Tunnel
- ✓ Maritime approach & maneuvering channels
- Projected investment: approx. USD 1.3 B
- Construction time: 2 – 3 years

Strategic Partner

January 23, 2019 - TPCH, Volcan's subsidiary, incorporated Cosco as its strategic partner to develop Chancay Port

Upon closing, Cosco will be incorporated as TPCH shareholder

Volcan	\$150 MM – Already invested	40%
Cosco	\$225 MM – To be invested directly in TPCH	60%



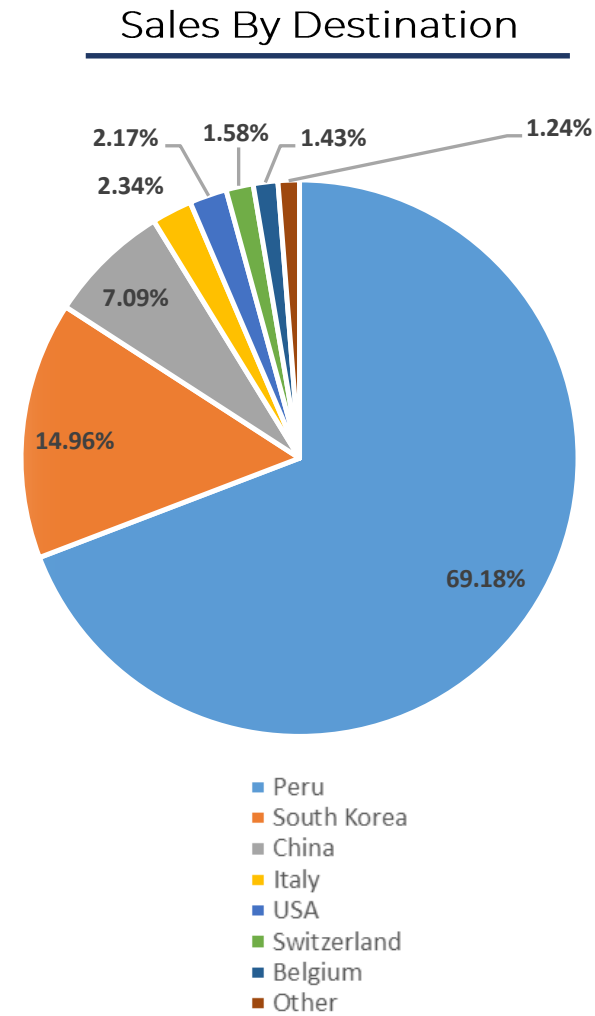
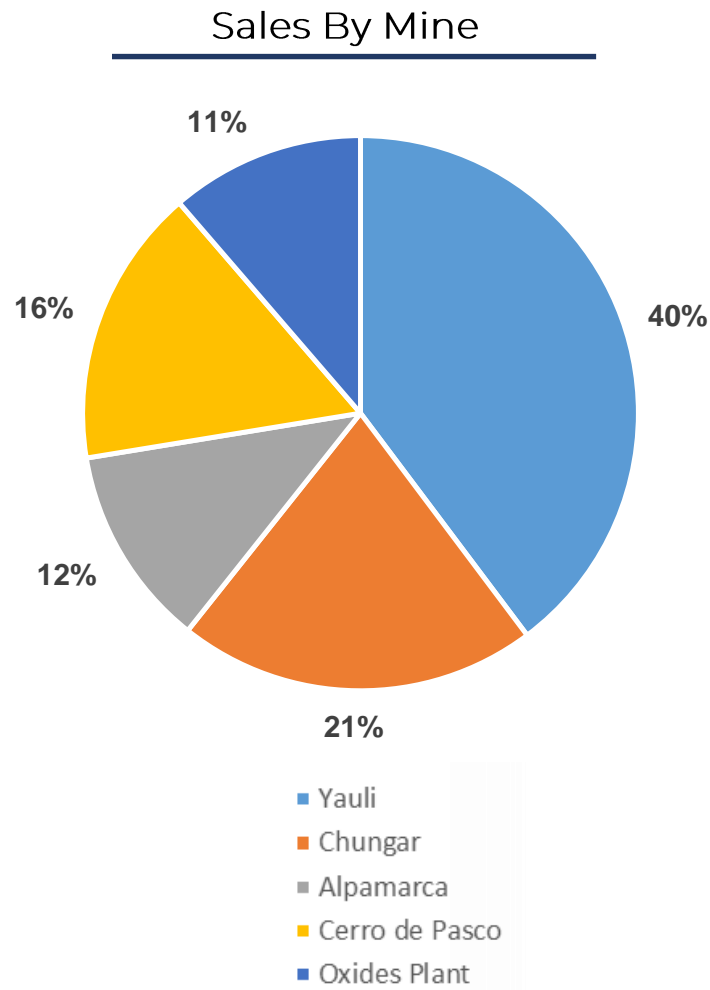
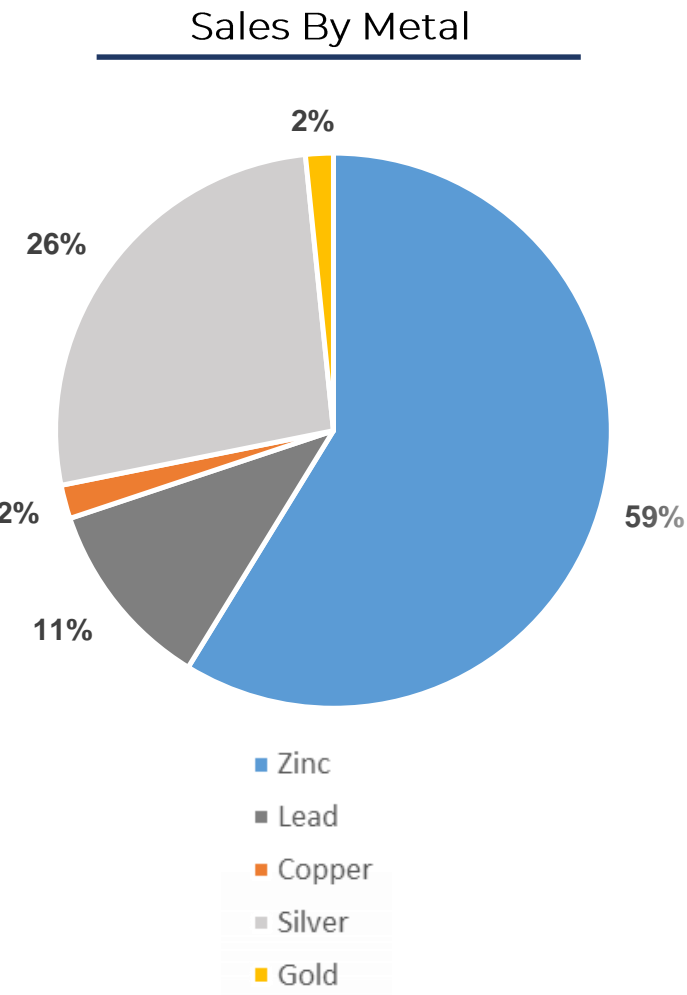
Who is Cosco Shipping?

- Chinese state-owned shipping and logistics services company
- World's largest transnational Enterprise in the integrated port & shipping business
- + 100MM TEU per year



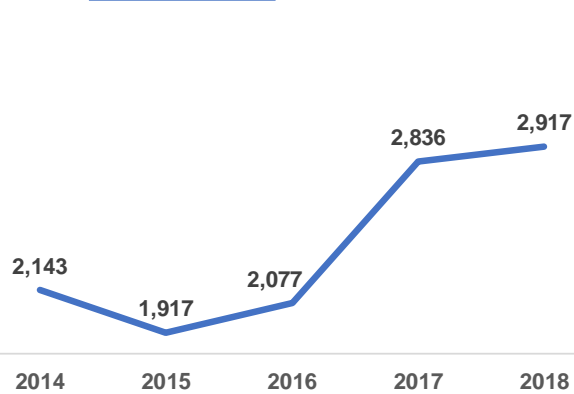
Annex

Sales Breakdown - 2018

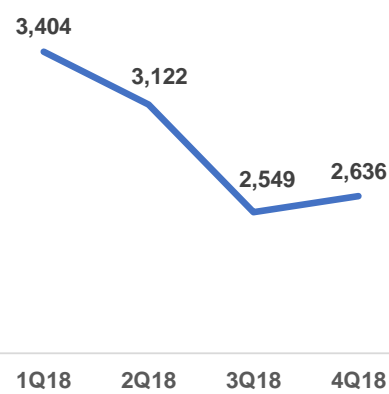


Sales Prices - 2018

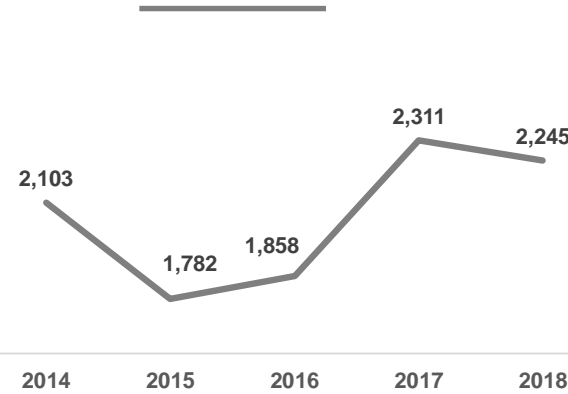
Zn Annual Avg. Price



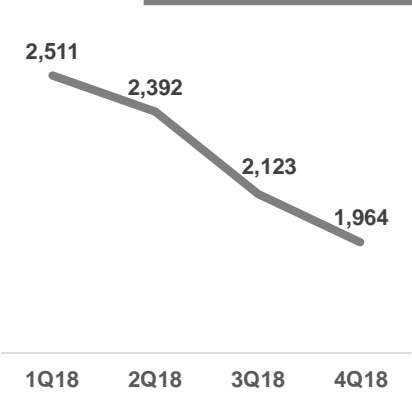
Zn 2018 Quarterly Evolution



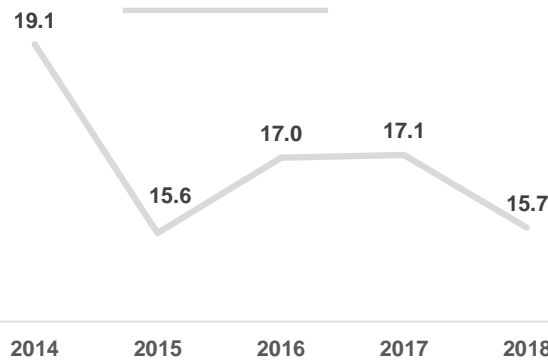
Pb Annual Avg. Price



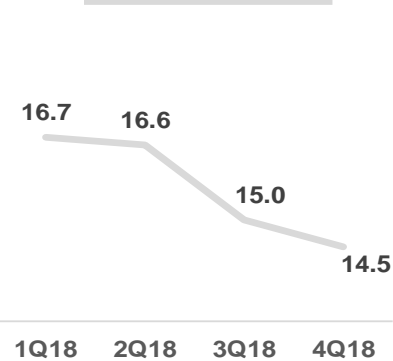
Pb 2018 Quarterly Evolution



Ag Annual Avg. Price



Ag 2018 Quarterly Evolution



Even though there is a narrow variation of the average prices, in 2018, there has been a negative sharp fall variation between quarters.

This negative trend meant -\$43MM in settlements of prior period adjustments and provisions related to open positions.

[Back To Financials](#)



International Bond Emission

- ✓ USD 600 MM issued February 2012
Outstanding: \$535 MM
- ✓ Rate: 5.375% due February 2022
- ✓ Demand: USD 4.8 B

Credit Ratings

FitchRatings **BBB-**

MOODY's **Ba2**

Stock Market Highlights ¹

Class A Shares ¹: Full voting rights

Shares outstanding: 1,633,414,553
459 shareholders

Class B Shares ²: Div. premium of 5% over Class A

Shares outstanding: 2,443,157,622
7,947 shareholders

Stock Market Listings

Lima	Since 1956
Madrid (Latibex)	Since 2000
Santiago	Since 2007

Selected Institutional Class B Shareholders of Volcan Compañía Minera S.A.A.

AFP Habitat	Eaton Vance	Prima AFP
AFP Integra	Global X Silver Miners ETF	Profuturo AFP
Arca Trading Limited	Inteligo	Sura
Ashmore Group	Ishares MSCI All Peru Capped (EPU)	UBS
BBVA	La Positiva	Vanguard Group
Blackrock Global Funds	Mercury Asset Management	
Credicorp Capital	Pacífico Seguros	



¹ N° of Class A Treasury Shares: 206,107,326; N° of Class B Treasury Shares: 12,234,901

