

## Volcan Compañía Minera S.A.A. and Subsidiaries Management Discussion and Analysis Third Quarter 2021

### Principal Results:

Consolidated Volcan	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Sales Prices<sup>1</sup></b>								
Zinc (USD/MT)	2,749	2,884	2,972	2,208	34.6	2,871	2,169	32.3
Lead (USD/MT)	2,056	2,112	2,328	1,882	23.7	2,173	1,841	18.0
Copper (USD/MT)	7,159	8,536	8,120	6,493	25.1	7,940	5,873	35.2
Silver (USD/Oz)	26.7	27.2	24.6	23.9	2.7	26.2	20.0	30.8
Gold (USD/Oz)	1,804	1,849	1,790	1,891	-5.3	1,817	1,736	4.7
<b>Operating Results</b>								
Mineral treatment <sup>2</sup> (thousands MT)	1,997	2,075	2,088	2,041	2.3	6,161	4,414	39.6
Zinc Production (thousands FMT)	51.2	53.1	56.1	51.5	9.1	160.4	117.5	36.6
Lead Production (thousands FMT)	12.8	12.7	14.5	12.9	12.1	40.1	29.1	37.8
Copper Production (thousands FMT)	1.1	1.0	1.3	1.0	23.0	3.4	2.3	47.2
Silver Production (millions Oz)	3.8	4.0	3.6	3.6	-1.9	11.4	8.3	36.8
Gold Production (thousands Oz)	5.4	6.6	5.1	2.9	76.3	17.1	6.9	148.1
Unit Cost (USD/MT)	50.8	51.9	52.3	47.3	10.5	47.9	48.0	-0.3
Total Investments (MM USD)	28.0	36.9	46.6	30.3	53.6	111.6	65.7	70.0
<b>Financial Results (MM USD)</b>								
<b>Sales before adjustments</b>	<b>211.2</b>	<b>228.5</b>	<b>230.6</b>	<b>167.6</b>	<b>37.6</b>	<b>670.3</b>	<b>357.9</b>	<b>87.3</b>
<b>Sales Adjustments</b>	<b>-1.8</b>	<b>3.1</b>	<b>-8.5</b>	<b>5.8</b>		<b>-7.3</b>	<b>-2.4</b>	<b>206.0</b>
Settlement of prior period adjustments	3.1	3.1	1.4	7.6	-81.1	7.6	-16.5	
Adjustments for open positions <sup>3</sup>	-3.4	3.3	-6.5	1.5		-6.6	7.3	
Hedging results	-1.6	-3.4	-3.4	-3.2	6.1	-8.4	6.8	
<b>Sales after adjustments</b>	<b>209.4</b>	<b>231.5</b>	<b>222.1</b>	<b>173.5</b>	<b>28.0</b>	<b>663.0</b>	<b>355.6</b>	<b>86.5</b>
<b>Net profit before tax and exceptionals</b>	<b>12.6</b>	<b>-3.5</b>	<b>21.5</b>	<b>9.0</b>	<b>139.9</b>	<b>63.5</b>	<b>-27.2</b>	
Income tax	-11.3	16.6	-15.9	-1.1		-40.1	-11.2	258.9
<b>Net profit before exceptionals</b>	<b>1.3</b>	<b>16.6</b>	<b>5.5</b>	<b>7.8</b>	<b>-29.3</b>	<b>23.4</b>	<b>-38.4</b>	
Exceptional adjustments	0.0	0.0	-4.8	0.0		-4.8	-31.3	-84.6
<b>Net profit after exceptionals</b>	<b>1.3</b>	<b>16.6</b>	<b>0.7</b>	<b>7.8</b>	<b>-91.0</b>	<b>18.6</b>	<b>-69.7</b>	
<b>EBITDA<sup>4</sup></b>	<b>89.0</b>	<b>14.8</b>	<b>88.4</b>	<b>60.6</b>	<b>45.9</b>	<b>275.2</b>	<b>102.7</b>	<b>168.1</b>

<sup>1</sup> These prices are the initial billing prices, which are provisional, as the adjustments are made when settlements of prior periods are received from customers.

<sup>2</sup> Includes treated tons at Oxides Plant

<sup>3</sup> Adjustments for open commercial positions refer to shipments without final settlement, which are therefore exposed to possible adjustments from variations of future metals prices. These financial provisions, embedded derivatives and sales adjustments, reflect this exposure according to a forward-price curve.

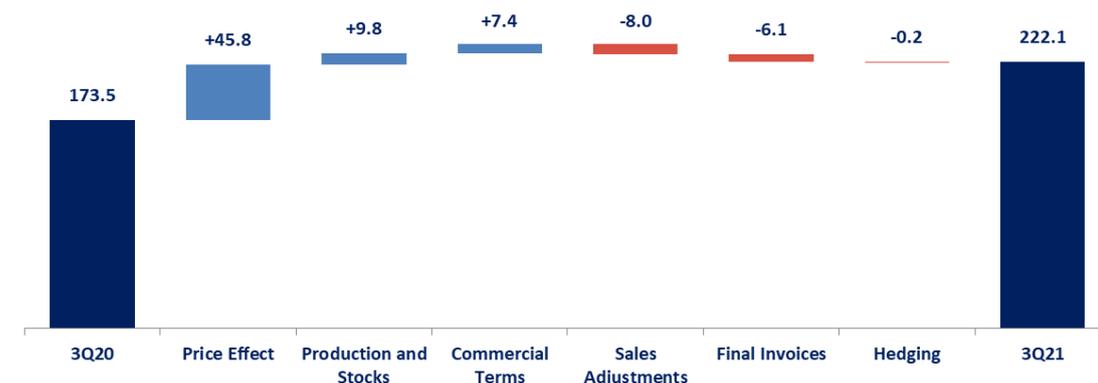
<sup>4</sup> Does not consider exceptional adjustments.

Source: Volcan Cia. Minera

## 1. Executive Summary

- As a result of increased production and better metals prices, the Company's sales before adjustments increased by 37.6%, from USD 167.6 MM in 3Q20 to USD 230.6 MM in 3Q21. Sales adjustments totaled USD -8.5 MM in 3Q21 as compared to USD 5.8 MM in 3Q20, and as a result sales after adjustments increased by 28.0%, from USD 173.5 MM in 3Q20 to USD 222.1 MM in 3Q21.

**Figure 1: 3Q21 vs 3Q20 variations impact on net sales (USD MM)**



Source: Volcan Cía. Minera

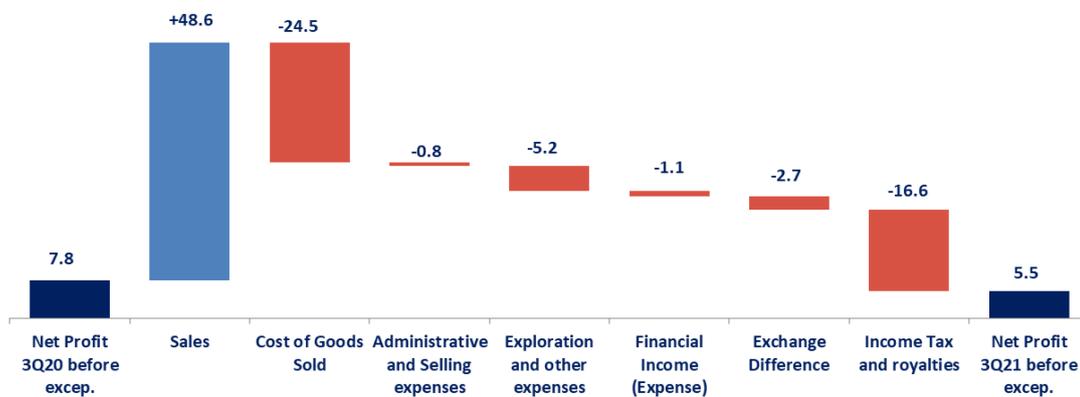
- This effect is explained by the 34.6% increase in the price of zinc (+764 USD/MT), from 2,208 USD/MT in 3Q20 to 2,972 USD/MT in 3Q21; lead increased by 23.7% (+446 USD/MT), from 1,882 USD/MT to 2,328 USD/MT; copper increased by 25.1% (+1,627 USD/MT), from 6,493 USD/MT to 8,120 USD/MT; silver increased by 2.7% (+0.7 USD/Oz), from 23.9 USD/Oz to 24.6 USD/Oz. On the contrary, gold price decreased by 5.3% (-101 USD/Oz), from 1,891 USD/Oz to 1,790 USD/Oz.
- The increased production is explained by the growth in zinc production by 9.1%, from 51.5 thousand FMT in 3Q20 to 56.1 thousand FMT in 3Q21, lead production by 12.1%, from 12.9 thousand FMT to 14.5 thousand FMT, copper production by 23.0%, from 1.0 thousand FMT to 1.3 thousand FMT, and gold production by 76.3%, from 2.9 thousand Oz in 3Q20 to 5.1 thousand Oz in 3Q21. However, silver production in 3Q21 was 3.6 MM Oz, a 1.9% reduction compared to 3Q20, mainly due to lower volumes treated at the Oxides Plant resulting from the works executed at the Ocroyoc tailings dam.
- Consolidated unit cost increased by 10.5%, from 47.3 USD/MT in 3Q20 to 52.3 USD/MT in 3Q21, mainly explained by the increased costs resulting from preparations, and from the improved shotcrete standards in underground mines, which entail strengthening areas where shotcrete was previously applied, particularly at Yauli and Chungar, as well as the increase of prices of oil and oil byproducts, and other supplies that are crucial for the operations.
- Profit before taxes and exceptionals grew from USD 9.0 MM in 3Q20 to USD 21.5 MM in 3Q21. However, net profit was affected by the income tax increase resulting as a consequence of the deferred assets translation effect caused by the national currency devaluation (USD 8 MM). This is a purely accounting effect with no impact over the

Company’s cash, which can be reverted if national currency appreciation occurs in the future.

- Accordingly, net profit before exceptional items fell from USD 7.8 MM in 3Q20 to USD 5.5 MM in 3Q21.

The variations that had an impact on net profit before exceptional items are shown in detail in the figure below.

**Figure 2: 3Q21 vs 3Q20 variations impact on net profit before exceptional items (USD MM)**



Source: Volcan Cía. Minera

- EBITDA increased by 45.9%, from USD 60.6 MM in 3Q20 to USD 88.4 MM in 3Q21.
- Total investments increased from USD 30.3 MM in 3Q20 to USD 46.6 MM in 3Q21, due to the progressive withdrawal of limitations to project execution now that COVID-19 is under control.
- Year-to-date (Jan-Sept), sales after adjustments increased from USD 355.6 MM in 2020 to USD 663.0 MM in 2021, net profit before exceptional items increased from USD -38.4 MM in 2020 to USD 23.4 MM in 2021, while EBITDA increased from USD 102.7 MM in 2020 to USD 275.2 MM in 2021. It is worth mentioning that the negative impact on accumulated profits resulting from the deferred assets translation effect caused by the national currency devaluation totaled USD -13.1 MM. This accounting effect can be reverted if national currency appreciation occurs.

## 2. Consolidated Results

### 2.1 Production

**Table 1: Consolidated Production**

Consolidated Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Mineral extraction (thousands MT)</b>	<b>1,974</b>	<b>2,153</b>	<b>2,097</b>	<b>2,026</b>	<b>3.5</b>	<b>6,224</b>	<b>4,298</b>	<b>44.8</b>
Polymetallic ore	1,756	1,924	1,955	1,799	8.7	5,636	3,857	46.1
Oxides ore	218	229	141	226	-37.6	588	441	33.4
<b>Mineral treatment (thousands MT)</b>	<b>1,997</b>	<b>2,075</b>	<b>2,088</b>	<b>2,041</b>	<b>2.3</b>	<b>6,161</b>	<b>4,414</b>	<b>39.6</b>
Concentrator Plants	1,779	1,846	1,947	1,815	7.3	5,573	3,973	40.2
Silver Oxides Plant	218	229	141	226	-37.6	588	441	33.4
<b>Fine Content</b>								
Zinc (thousands FMT)	51.2	53.1	56.1	51.5	9.1	160.4	117.5	36.6
Lead (thousands FMT)	12.8	12.7	14.5	12.9	12.1	40.1	29.1	37.8
Copper (thousands FMT)	1.1	1.0	1.3	1.0	23.0	3.4	2.3	47.2
Silver (millions Oz)	3.8	4.0	3.6	3.6	-1.9	11.4	8.3	36.8
Gold (thousands Oz)	5.4	6.6	5.1	2.9	76.3	17.1	6.9	148.1

Source: Volcan Cia. Minera

In 3Q21, extracted ore volumes increased by 3.5%, from 2.026 MM MT in 3Q20 to 2.097 MM MT in 3Q21. Similarly, treated volumes increased by 2.3%, from 2.041 MM MT in 3Q20 to 2.088 MM MT in 3Q21, despite reduced ore volumes processed at the Oxides Plant resulting from the adjustment works on Ocroyoc tailings dam.

Accordingly, zinc production increased by 9.1%, from 51.5 thousand FMT in 3Q20 to 56.1 thousand FMT in 3Q21, lead production by 12.1%, from 12.9 thousand FMT to 14.5 thousand FMT, and copper production by 23.0%, from 1.0 thousand FMT to 1.3 thousand FMT. Silver production decreased by 1.9%, from 3.63 MM Oz in 3Q20 to 3.56 MM Oz in 3Q21, due to lower treated volumes at the Oxides Plant; however, gold production increased by 76.3%, from 2.9 thousand Oz in 3Q20 to 5.1 thousand Oz in 3Q21, mainly explained by higher grades of run-of-mine ore from the open pit treated at the Oxides Plant.

Year-to-date (Jan-Sept), the extraction volume increased by 44.8% as compared to the same period in the previous year, from 4.298 MM MT in 2020 to 6.224 MM in 2021. The treated volume increased by 39.6%, from 4.414 MM MT in 2020 to 6.161 MM in 2021. With regard to fines, zinc production grew by 36.6%, from 117.5 thousand FMT in 2020 to 160.4 thousand FMT in 2021, lead production by 37.8%, from 29.1 thousand FMT to 40.1 thousand FMT, copper production by 47.2%, from 2.3 thousand FMT to 3.4 thousand FMT, silver by 36.8% from 8.3 MM Oz to 11.4 MM Oz, and gold production by 148.1%, from 6.9 thousand Oz in 2020 to 17.1 thousand Oz in 2021.

## 2.2 Cost of Production

**Table 2: Consolidated Cost of Production**

Consolidated Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Production Cost (MM USD)</b>	<b>100.9</b>	<b>109.6</b>	<b>109.4</b>	<b>96.2</b>	<b>13.7</b>	<b>319.9</b>	<b>209.2</b>	<b>52.9</b>
Mine Cost	48.1	51.8	52.9	47.4	11.7	152.9	104.5	46.3
Plant and Other Cost	52.8	57.8	56.5	48.8	15.6	167.0	104.7	59.6
<b>Unit Cost (USD/MT)</b>	<b>50.8</b>	<b>51.9</b>	<b>52.3</b>	<b>47.3</b>	<b>10.5</b>	<b>51.7</b>	<b>48.0</b>	<b>7.6</b>
Mine Cost	24.4	24.1	25.2	23.4	7.9	24.6	24.3	1.0
Plant and Other Cost	26.4	27.9	27.0	23.9	13.0	27.1	23.7	14.3

Source: Volcan Cia. Minera

The absolute cost of production increased by 13.7%, from USD 96.2 MM in 3Q20 to USD 109.4 MM in 3Q21, while consolidated unit cost grew by 10.5%, from 47.3 USD/MT in 3Q20 to 52.3 USD/MT in 3Q21. The higher cost is explained by the increase in mine preparation, sustaining liabilities resulting from previous works, higher transportation costs due to the frequency of shift changes, as well as increased prices of oil and oil byproducts, and other supplies crucial for the operations.

Year-to-date (Jan-Sept), the absolute cost of production increased by 52.9%, from USD 209.2 MM in 2020 to USD 319.9 MM in 2021, while the unit cost increased by 7.6% from 48.0 USD/MT in 2020 to 51.7 USD/MT in 2021.

The evolution of the unit cost of production is shown in the figure below.

**Figure 3: Evolution of the Unit Cost of Production (USD/MT)**



Source: Volcan Cia. Minera

In view of this, the Company has designed and systematically launched and coordinated an ambitious project to reduce costs across all units. The outcomes of the initiatives identified in this project should be recordable starting next year.

## 2.3 Total Investments

**Table 3: Consolidated Investment**

Consolidated Investment (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Mining</b>	<b>28.0</b>	<b>36.8</b>	<b>46.6</b>	<b>30.2</b>	<b>54.1</b>	<b>111.3</b>	<b>65.4</b>	<b>70.3</b>
<b>Mining Units</b>	<b>27.6</b>	<b>34.5</b>	<b>44.8</b>	<b>29.6</b>	<b>51.3</b>	<b>106.8</b>	<b>63.4</b>	<b>68.5</b>
Local Exploration	2.9	4.8	5.7	1.6	258.1	13.4	5.4	150.4
Development	11.5	13.2	16.2	10.6	53.7	40.9	25.5	60.3
Plants and Tailings Facilities	6.4	6.8	9.1	7.2	27.6	22.4	10.6	110.7
Mine and Infrastructure <sup>1</sup>	6.0	6.9	7.8	6.4	21.9	20.7	16.1	28.8
Electrical Infrastructure in Units	0.2	0.8	1.9	0.7	173.8	2.9	1.3	121.2
Support and Others	0.6	2.0	3.9	3.1	25.3	6.5	4.5	44.8
<b>Growth and Others</b>	<b>0.4</b>	<b>2.3</b>	<b>1.8</b>	<b>0.6</b>	<b>187.4</b>	<b>4.5</b>	<b>2.0</b>	<b>126.8</b>
<b>Energy</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>-63.3</b>	<b>0.3</b>	<b>0.3</b>	<b>-2.1</b>
<b>Total</b>	<b>28.0</b>	<b>36.9</b>	<b>46.6</b>	<b>30.3</b>	<b>53.6</b>	<b>111.6</b>	<b>65.7</b>	<b>70.0</b>

<sup>1</sup> The investments include the operating leases fee according to NIFF 16: USD 2.9 MM in 3Q21 and USD 10.0 MM in cumulative amount.

Source: Volcan Cia. Minera

In 3Q21, total mining investments increased by 54.1%, from USD 30.2 MM in 2020 to USD 46.6 MM in 2021. Operating unit investments increased by 51.3%, from USD 29.6 MM in 3Q20 to USD 44.8 MM in 3Q21, while growth investments increased from USD 0.6 MM in 2020 to USD 1.8 MM in 2021 resulting from the advancement made in the execution of the Romina project. Investments in the energy business decreased from USD 0.1 MM to USD 0.05 MM.

Accordingly, total investments increased by 53.6%, from USD 30.3 MM in 3Q20 to USD 46.6 MM in 3Q21. Year-to-date (Jan-Sept), total investments increased by 70.0%, from USD 65.7 MM in 2020 to USD 111.6 MM in 2021, in line with the gradual regularization of activities as the situation caused by COVID-19 was kept under control.

**Figure 4: Evolution of Investments**



Source: Volcan Cia Minera

## 2.4 Income Statement

Table 4: Income Statement

Income Statement (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Sales before adjust.</b>	<b>211.2</b>	<b>228.5</b>	<b>230.6</b>	<b>167.6</b>	<b>37.6</b>	<b>670.3</b>	<b>357.9</b>	<b>87.3</b>
<i>Sett. of prior periods adjust.</i>	3.1	3.1	1.4	7.6	-81.1	7.6	-16.5	
<i>Adj. open positions</i>	-3.4	3.3	-6.5	1.5		-6.6	7.3	
<i>Hedging</i>	-1.6	-3.4	-3.4	-3.2	6.1	-8.4	6.8	
<b>Sales after adjust.</b>	<b>209.4</b>	<b>231.5</b>	<b>222.1</b>	<b>173.5</b>	<b>28.0</b>	<b>663.0</b>	<b>355.6</b>	<b>86.5</b>
<b>Cost of Goods Sold</b>	<b>-155.8</b>	<b>-161.2</b>	<b>-160.4</b>	<b>-135.9</b>	<b>18.0</b>	<b>-477.4</b>	<b>-309.7</b>	<b>54.2</b>
<b>Gross Profit</b>	<b>53.6</b>	<b>70.3</b>	<b>61.7</b>	<b>37.5</b>	<b>64.3</b>	<b>185.6</b>	<b>45.9</b>	<b>304.4</b>
<i>Gross Margin</i>	26%	30%	28%	22%	6 pp	28%	13%	15 pp
Administrative Expenses	-8.9	-10.9	-8.9	-9.2	-2.3	-28.8	-23.1	24.8
Exploration Expenses	-2.0	-3.2	-3.0	-1.1	174.5	-8.2	-3.7	122.0
Sales Expenses	-4.6	-4.3	-5.3	-4.3	22.8	-14.2	-10.8	31.1
Other Income (Expenses) <sup>1</sup>	1.6	-2.9	-2.2	1.1		-3.5	7.5	
<b>Operating Profit</b>	<b>39.7</b>	<b>49.0</b>	<b>42.2</b>	<b>24.0</b>	<b>75.7</b>	<b>130.9</b>	<b>15.8</b>	<b>726.5</b>
<i>Operating Margin</i>	19%	21%	19%	14%	5 pp	20%	4%	15 pp
Financial Income (Expense)	-21.2	-13.5	-12.8	-11.7	9.9	-47.6	-34.2	39.0
Exchange Difference (net)	-2.7	-2.6	-4.1	-1.3	204.0	-9.4	-5.2	80.1
Royalties	-3.1	-3.5	-3.9	-2.1	85.1	-10.5	-3.7	186.2
Income Tax	-11.3	-12.9	-15.9	-1.1		-40.1	-11.2	258.9
<b>Net Profit before Exceptionals</b>	<b>1.3</b>	<b>16.6</b>	<b>5.5</b>	<b>7.8</b>	<b>-29.3</b>	<b>23.4</b>	<b>-38.4</b>	
<i>Net Margin</i>	1%	7%	2%	5%	-2 pp	4%	-11%	14 pp
Exceptional adjustments	0.0	0.0	-4.8	0.0		-4.8	-31.3	-84.6
<b>Net Profit after Exceptionals</b>	<b>1.3</b>	<b>16.6</b>	<b>0.7</b>	<b>7.8</b>	<b>-91.0</b>	<b>18.6</b>	<b>-69.7</b>	
<i>Net Margin</i>	1%	7%	0%	5%	-4 pp	3%	-20%	22 pp
<b>EBITDA<sup>2</sup></b>	<b>89.0</b>	<b>97.7</b>	<b>88.4</b>	<b>60.6</b>	<b>45.9</b>	<b>275.2</b>	<b>102.7</b>	<b>168.1</b>
<i>EBITDA Margin</i>	43%	42%	40%	35%	5 pp	42%	29%	13 pp

<sup>1</sup> Includes the sales and cost of sales of the energy division.

<sup>2</sup> Does not consider exceptional adjustments.

Source: Volcan Cia. Minera

### • Sales Analysis

Table 5: Average Sales Prices

Sales Prices	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Zinc (USD/MT)	2,749	2,884	2,972	2,208	34.6	2,871	2,169	32.3
Lead (USD/MT)	2,056	2,112	2,328	1,882	23.7	2,173	1,841	18.0
Copper (USD/MT)	7,159	8,536	8,120	6,493	25.1	7,940	5,873	35.2
Silver (USD/Oz)	26.7	27.2	24.6	23.9	2.7	26.2	20.0	30.8
Gold (USD/Oz)	1,804	1,849	1,790	1,891	-5.3	1,817	1,736	4.7

Source: Volcan Cia. Minera

The prices shown in the table above are initial invoice prices, provisional in nature, and they are adjusted when the final liquidation is received from the clients. Open commercial provisions at the end of each period estimate adjustments on open shipments resulting from future metals prices variations, using a specific forward price curve.

**Table 6: Fine Contents Sales Volumes**

Fines Sales	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Zinc (thousands FMT)	52.1	52.5	55.6	51.6	7.9	160.2	120.3	33.2
Lead (thousands FMT)	13.5	12.4	15.0	13.5	10.9	40.8	31.1	31.4
Copper (thousands FMT)	1.0	0.9	1.3	0.9	40.1	3.2	2.1	54.3
Silver (millions Oz)	3.8	4.0	3.5	3.7	-3.8	11.3	8.5	32.4
Gold (thousands Oz)	4.8	6.6	5.2	3.0	73.9	16.7	7.4	124.8

Source: Volcan Cia. Minera

**Table 7: Sales in USD**

Sales (millions USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Zinc	92.2	100.3	115.7	67.8	70.6	308.2	159.0	93.9
Lead	22.7	22.1	29.8	19.3	54.3	74.6	43.4	71.9
Copper	5.0	5.9	7.2	3.3	122.8	18.2	7.3	149.6
Silver	83.9	89.2	70.2	73.1	-4.0	243.3	139.0	75.1
Gold	7.2	10.8	7.6	4.1	86.3	25.6	9.3	175.3
Antimony	0.2	0.2	0.0	0.0	-44.5	0.3	0.0	
<b>Sales before adjust.</b>	<b>211.2</b>	<b>228.5</b>	<b>230.6</b>	<b>167.6</b>	<b>37.6</b>	<b>670.3</b>	<b>357.9</b>	<b>87.3</b>
Sett. of prior period adjust.	3.1	3.1	1.4	7.6	-81.1	7.6	-16.5	
Adjust. for open positions	-3.4	3.3	-6.5	1.5		-6.6	7.3	
Hedging results	-1.6	-3.4	-3.4	-3.2	6.1	-8.4	6.8	
<b>Sales after adjust.</b>	<b>209.4</b>	<b>231.5</b>	<b>222.1</b>	<b>173.5</b>	<b>28.0</b>	<b>663.0</b>	<b>355.6</b>	<b>86.5</b>

Source: Volcan Cia. Minera

In 3Q21, total sales before adjustments amounted to USD 230.6 MM, 37.6% higher as compared to the USD 167.6 MM recorded in 3Q20. This was mainly due to increased production and improved metals prices.

Sales adjustments increased from USD 5.8 MM in 3Q20 to USD -8.5 MM in 3Q21. In 3Q21, the adjustments included positive final settlements of USD 1.4 MM, negative provisions related to open shipments of USD -6.5 MM, and negative hedge results of USD -3.4 MM. As a result, total sales after adjustments increased by 28.0%, from USD 173.5 MM in 3Q20 to USD 222.1 MM in 3Q21.

Year-to-date (Jan-Sept), sales before adjustments rose by 87.3%, from USD 357.9 MM in 2020 to USD 670.3 MM in 2021, while sales after adjustments increased by 86.5%, from USD 355.6 MM in 2020 to USD 663.0 MM in 2021, also explained by improved metals prices and greater production at the operating units.

- **Cost of Goods Sold**

**Table 8: Cost of Goods Sold**

Cost of Goods Sold (millions USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Volcan Production</b>	<b>154.8</b>	<b>160.1</b>	<b>160.3</b>	<b>135.8</b>	<b>18.0</b>	<b>475.2</b>	<b>309.5</b>	<b>53.5</b>
Volcan Production Cost	100.9	109.6	109.4	96.2	13.7	319.9	209.2	52.9
D&A from Production Cost	47.5	46.9	44.5	34.1	30.4	138.9	81.1	71.2
Other expenses	4.8	7.1	9.1	4.5	99.3	21.0	12.8	64.0
Variation of Inventories	1.6	-3.5	-2.7	0.9		-4.6	6.4	
<b>Workers Participation</b>	<b>1.0</b>	<b>1.1</b>	<b>0.2</b>	<b>0.2</b>	<b>-1.6</b>	<b>2.2</b>	<b>0.2</b>	
<b>Total</b>	<b>155.8</b>	<b>161.2</b>	<b>160.4</b>	<b>135.9</b>	<b>18.0</b>	<b>477.4</b>	<b>309.7</b>	<b>54.2</b>

<sup>1</sup> Stoppage expenses and depreciation related to other expenses have been reclassified to cost of sales, being USD 5.7 MM in 3Q20 (USD 4.5 MM for stoppage expenses and USD 1.2 MM for depreciation)

Source: Volcan Cia. Minera

The total cost of goods sold increased by 18.0%, from USD 135.9 MM in 3Q20 to USD 160.4 MM in 3Q21, mainly due to greater costs of production and depreciation, explained by the increased extracted and processed volumes, as well as the increased costs resulting from preparation and shotcrete activities carried out at Yauli and Chungar.

Year-to-date (Jan-Sept), the total cost of goods sold increased from USD 309.7 MM in 2020 to USD 477.4 MM in 2021.

- **Gross Margin and Gross Profit**

The Company's gross margin increased from 22% in 3Q20 to 28% in 3Q21, mainly due to higher prices of all metals sold by the Company. Gross profit increased from USD 37.5 MM in 3Q20 to USD 61.7 MM in 3Q21 due to an improved margin and increased physical sales resulting from greater production.

Year-to-date (Jan-Sept), gross margin increased from 13% in 2020 to 28% in 2021. Gross profit increased from USD 45.9 MM in 2020 to USD 185.6 MM in 2021, mainly due to higher base metals prices and greater production.

- **Administrative Expenses**

Administrative expenses decreased by 2.3%, from USD 9.2 MM in 3Q20 to USD 8.9 MM in 3Q21, mainly explained by lower consultancy and personnel compensation expenses. Year-to-date (Jan-Sept), administrative expenses increased from USD 23.1 MM in 2020 to USD 28.8 MM in 2021, mainly explained by higher personnel expenses provisions and donations related to the pandemic.

- **Exploration Expenses**

Regional or greenfield exploration expenses increased from USD 1.1 MM in 3Q20 to USD 3.0 MM in 3Q21, due to the increased execution of projects as the situation caused by COVID-19 was kept under control. Year-to-date (Jan-Sept), the regional exploration expenses increased from USD 3.7 MM in 2020 to USD 8.2 MM in 2021.

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- **Sales expenses**

Sales expenses increased by 22.8%, from USD 4.3 MM in 2020 to USD 5.3 MM in 2021, mainly due to an increased sales volume. Year-to-date (Jan-Sept), the sales expenses increased from USD 10.8 MM in 2020 to USD 14.2 MM in 2021.

- **Other Income and Expenses**

In 3Q21, the net amount of other income and expenses was USD -2.2 MM versus USD 1.1 MM in 3Q20. Year-to-date (Jan-Sept), the net amount of other income and expenses was USD -3.5 MM in 2021 versus USD 7.5 MM in 2020. Variations in 3Q21 and the accumulated amount of the previous year are explained by non-recurring expenses from previous years.

It is important to note that the main items reported under this category of the income statement were the energy business, unconventional income and expenses, non-deductible expenses and expenses from previous years, and contributions to OEFA and OSINERGMIN.

- **Financial Expenses and Exchange-Rate Difference**

Net financial expenses increased by 9.9%, from USD 11.7 MM in 3Q20 to 12.8 MM in 3Q21, mainly due to dividends from the investment in a Chilean cement company being recorded in 3Q20. Year-to-date (Jan-Sept), net financial expenses totaled USD 47.6 MM in 2021 as compared to 34.2 MM in 2020, mainly explained by expenses related to the partial buyback of bonds maturing in 2022 and the payment of the syndicated loan in February 2021.

Exchange-rate losses totaling USD -4.1 MM were registered in 3Q21, as compared to the USD -1.3 MM reported in 3Q20. Year-to-date (Jan-Sept), an exchange-rate loss totaling USD -9.4 MM was registered in 2021, as compared to the USD -5.2 MM exchange-rate loss reported in 2020.

- **Royalties and Income Tax**

Royalties grew from USD 2.1 MM in 3Q20 to USD 3.9 MM in 3Q21 due to better operating results. Income tax, not taking into account exceptional items, increased from USD 1.1 MM in 3Q20 to USD 15.9 MM in 3Q21, mainly due to the deferred asset translation effect worth USD 8 MM resulting from the devaluation of the national currency. This is a purely accounting effect with no impact over the Company's cash, which can be reverted if national currency appreciation occurs.

Year-to-date (Jan-Sept), royalties increased from USD 3.7 MM in 2020 to USD 10.5 MM in 2021, while income tax increased from USD 11.2 MM in 2020 to USD 40.1 MM in 2021. The deferred assets translation effect caused by the national currency devaluation totaled USD 13.1 MM in 2021.

• **Net Profit and EBITDA**

Net profit before exceptional items decreased from USD 7.8 MM in 3Q20 to USD 5.5 MM in 3Q21, and EBITDA increased from USD 60.6 MM in 3Q20 to USD 88.4 MM in 3Q21, mainly due to increased sales and improved margin.

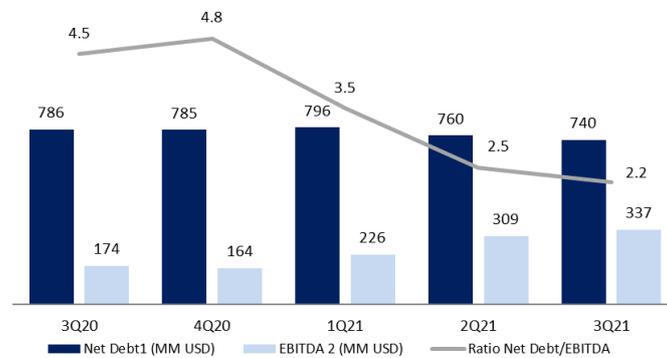
Year-to-date (Jan-Sept), net profit before exceptional items went from USD -38.4 MM in 2020 to USD 23.4 MM in 2021, while EBITDA increased from USD 102.7 MM in 2020 to USD 275.2 MM in 2021.

**2.5 Liquidity and Creditworthiness**

In 3Q21, cash generated by mining operations after investments totaled USD 53.1 MM. Growth investments in the mining business and others totaled USD -1.8 MM and the payment of financial obligations and interests amounted to USD -9.3 MM. Therefore, during 3Q21, the cash flow was positive and amounted to USD 19.0 MM, and the cash balance at the end of 3Q21 totaled USD 176.7 MM.

As of September 30, 2021, the net debt/EBITDA ratio was 2.2, a significant improvement from the 4.8 ratio recorded at the end of 2020, mainly due to the greater EBITDA accumulated in the last 12 months and a lower net debt.

**Figure 5: Net Debt / EBITDA Ratio Evolution**



1 Debt does not include the operating leases fee according to NIIF16 or the current interest  
 2 EBITDA for the last 12 months.  
 Source: Volcan Cia. Minera

### 3. Results by Operating Unit

#### 3.1 Yauli Unit Operating Results

**Table 10: Yauli Production**

Yauli Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Mineral extraction (thousands MT)	652	728	727	627	16.1	2,107	1,454	45.0
Mineral treatment (thousands MT)	647	714	721	617	16.8	2,082	1,446	44.0
<b>Fines Content</b>								
Zinc (thousand FMT)	30.9	34.1	35.7	29.4	21.1	100.6	69.0	45.8
Lead (thousand FMT)	5.2	5.6	6.1	5.2	17.3	16.8	11.8	42.2
Copper (thousand FMT)	0.6	0.6	0.8	0.6	42.3	2.0	1.4	47.7
Silver (million Oz)	1.8	1.9	1.9	1.4	30.6	5.5	3.8	45.0
Gold (thousand Oz)	1.3	1.4	1.1	1.1	1.9	3.7	2.9	27.7

Source: Volcan Cia. Minera

Ore volumes extracted at the Yauli Unit during 3Q21 grew by 16.1%, as compared to the same quarter of the previous year, due to increased activity across all mines. The ore treated at the Yauli Unit concentrator plants increased by 16.8% in 3Q21, as compared to the same period of the previous year, in line with the increased extraction.

With regard to fines, in 3Q21, zinc, lead, copper, silver and gold production increased by 21.1%, 17.3%, 42.3%, 30.6% and 1.9%, respectively, as compared to 3Q20.

Year-to-date (Jan-Sept), ore extraction grew by 45.0%, as compared to the same period in the previous year, while the volume of treated ore grew by 44.0%. With regard to zinc, lead, copper, silver and gold fines, production increased by 45.8%, 42.2%, 47.7%, 45.0% and 27.7%, respectively.

**Table 11: Yauli Cost of Production**

Yauli Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Production Cost (MM USD)</b>	<b>53.0</b>	<b>57.6</b>	<b>58.1</b>	<b>49.5</b>	<b>17.3</b>	<b>168.7</b>	<b>108.6</b>	<b>55.3</b>
Extraction Cost	28.4	30.8	31.4	27.8	13.0	90.6	62.1	45.8
Treatment Cost	24.6	26.7	26.7	21.8	22.6	78.1	46.5	68.0
<b>Unit Cost (USD/MT)</b>	<b>81.6</b>	<b>79.8</b>	<b>80.2</b>	<b>79.6</b>	<b>0.8</b>	<b>80.5</b>	<b>74.9</b>	<b>7.5</b>
Extraction Cost	43.5	42.4	43.1	44.3	-2.6	43.0	42.7	0.6
Treatment Cost	38.0	37.5	37.1	35.3	5.0	37.5	32.1	16.7

Source: Volcan Cia. Minera

In 3Q21, the absolute cost of production increased by 17.3%, from USD 49.5 MM in 2020 to USD 58.1 MM in 2021. This is mainly explained by greater extracted and processed volumes. The unit cost increased by 0.8%, from 79.6 USD/MT in 3Q20 to 80.2 USD/MT in 3Q21, due to increased meters of mine preparation, improved mine shotcrete standards, and higher transportation costs due to changes to the frequency of shift rotations.

Year-to-date (Jan-Sept), the cost of production in absolute terms increased by 55.3%, from USD 108.6 MM in 2020 to USD 168.7 MM in 2021, while the unit cost of production increased by 7.5%, from 74.9 USD/MT in 2020 to 80.5 USD/MT in 2021.

**Table 12: Yauli Operating Investments**

Yauli Operating Investment (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Local Exploration	2.0	3.4	3.2	1.2	171.9	8.6	3.4	153.7
Mine Development	8.8	10.0	12.9	6.5	98.5	31.6	17.3	82.4
Plants and Tailings Dams	3.2	4.0	5.6	2.0	183.4	12.8	4.6	180.5
Mine and Infrastructure	4.2	4.4	5.0	3.9	29.8	13.6	9.5	43.8
Electrical Infrastructure	0.2	0.8	1.8	0.5	302.8	2.8	0.8	236.9
Support and Others	0.5	1.7	2.6	1.7	58.9	4.9	2.2	120.0
<b>Total<sup>1</sup></b>	<b>18.9</b>	<b>24.3</b>	<b>31.2</b>	<b>15.6</b>	<b>99.5</b>	<b>74.3</b>	<b>37.8</b>	<b>96.6</b>

<sup>1</sup> The investments include the operating leases fee according to NIFF 16: USD 2.0 MM in 3Q21 and USD 6.6 MM in cumulative amount.

Source: Volcan Cia. Minera

In 3Q21, operating investments at Yauli totaled USD 31.2 MM, 99.5% higher than the USD 15.6 MM recorded in 2Q20, mainly due to the increased execution of developments, explorations and investments in talings dams.

Year-to-date (Jan-Sept), operating investments increased by 96.6%, from USD 37.8 MM in 2020 to USD 74.3 MM in 2021.

### 3.2 Chungar Unit Operating Results

**Table 13: Chungar Production**

Chungar Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Mineral extraction (thousands MT)	299	257	310	379	-18.2	867	839	3.3
Mineral treatment (thousands MT)	311	268	323	380	-14.9	902	829	8.9
<b>Fines Content</b>								
Zinc (thousand FMT)	13.6	10.7	12.3	16.0	-23.0	36.6	35.2	4.0
Lead (thousand FMT)	4.6	3.7	4.9	4.7	4.4	13.2	10.6	23.7
Copper (thousand FMT)	0.3	0.3	0.3	0.3	4.1	1.0	0.7	44.0
Silver (million Oz)	0.6	0.6	0.6	0.8	-20.7	1.8	1.7	6.2
Gold (thousand Oz)	0.4	0.3	0.5	0.4	33.0	1.2	0.8	46.8

Source: Volcan Cia. Minera

In 3Q21, the ore volumes extracted at Chungar decreased by 18.2% as compared to 3Q20, and the volume of treated ore declined by 14.9% as compared to the same quarter of the previous year, mainly explained by delays in advancements and changes to the geological model of the Animón Mine.

In line with the lower treated volume, zinc and silver production in 3Q21 decreased by 23.0% and 20.7%, respectively, as compared to 3Q20. With regard to lead, copper, and gold, production increased by 4.4%, 4.1%, and 33.0%, respectively, as compared to 3Q20, due to higher grades of these metals in the treated ore.

Year-to-date (Jan-Sept), ore extraction grew by 3.3%, as compared to the same period in the previous year, while the volume of treated ore grew by 8.9%. With regard to zinc, lead, copper, silver and gold fines, production increased by 4.0%, 23.7%, 44.0%, 6.2% and 46.8%, respectively.

**Table 14: Chungar Cost of Production**

Chungar Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Production Cost (MM USD)</b>	<b>25.4</b>	<b>26.8</b>	<b>29.3</b>	<b>24.9</b>	<b>17.9</b>	<b>81.4</b>	<b>54.7</b>	<b>49.0</b>
Extraction Cost	14.6	14.8	16.0	14.2	12.2	45.3	30.6	48.2
Treatment Cost	10.8	12.0	13.3	10.6	25.4	36.1	24.1	49.9
<b>Unit Cost (USD/MT)</b>	<b>83.4</b>	<b>102.2</b>	<b>92.8</b>	<b>65.5</b>	<b>41.5</b>	<b>92.3</b>	<b>65.5</b>	<b>40.9</b>
Extraction Cost	48.7	57.5	51.5	37.5	37.2	52.3	36.5	43.4
Treatment Cost	34.7	44.7	41.3	28.0	47.3	40.0	29.1	37.7

Source: Volcan Cia. Minera

In 3Q21, the absolute cost of production increased by 17.9%, from USD 24.9 MM in 3Q20 to USD 29.3 MM in 3Q21. This is mainly explained by increased mine preparations, sustaining liabilities from previous works, and the increased third party administrative and support staff to control COVID-19. The unit cost increased by 41.5%, from 65.5 USD/MT in 3Q20 to 92.8 USD/MT in 3Q21, and was affected by lower extracted and treated volumes.

Year-to-date (Jan-Sept), the absolute cost of production increased by 49.0%, from USD 54.7 MM in 2020 to USD 81.4 MM in 2021. The unit cost of production increased by 40.9%, from 65.5 USD/MT in 2020 to 92.3 USD/MT in 2021.

**Table 15: Chungar Operating Investments**

Chungar Operating Investment (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Local Exploration	0.8	0.9	1.2	0.2	490.0	2.9	1.7	72.0
Mine Development	2.7	3.2	3.4	4.1	-17.7	9.3	8.2	13.4
Plants and Tailings Dams	2.5	2.6	1.9	4.0	-53.9	7.0	4.4	57.3
Mine and Infrastructure	1.5	2.2	2.1	2.0	4.1	5.8	5.1	13.4
Electrical Infrastructure	0.0	0.0	0.1	0.2	-58.0	0.1	0.4	-81.2
Support and Others	0.0	0.1	1.0	1.3	-26.1	1.1	2.1	-48.8
<b>Total<sup>1</sup></b>	<b>7.6</b>	<b>8.9</b>	<b>9.6</b>	<b>11.9</b>	<b>-19.1</b>	<b>26.1</b>	<b>21.9</b>	<b>19.2</b>

<sup>1</sup> The investments include the operating leases fee according to NIIF 16: USD 0.7 MM in 3Q21 and USD 2.6 MM in cumulative amount.

Source: Volcan Cia. Minera

Operating investments decreased by 19.1%, from USD 11.9 MM in 3Q20 to USD 9.6 MM in 3Q21, mainly due to higher investments in developments and tailings dams in line with the reduction of extracted volumes at Animón.

Year-to-date (Jan-Sept), operating investments increased by 19.2%, from USD 21.9 MM in 2020 to USD 26.1 MM in 2021, mainly explained by higher investments in tailings dams, development and infrastructure resulting from the gradual withdrawal of limitations related to the pandemic.

### 3.3 Alparmarca Unit Operating Results

**Table 16: Alparmarca Production**

Alparmarca Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Mineral extraction (thousands MT)	213	304	260	215	21.3	777	408	90.4
Mineral treatment (thousands MT)	230	229	245	239	2.5	703	542	29.7
<b>Fines Content</b>								
Zinc (thousaned FMT)	2.1	2.3	2.1	2.0	5.9	6.6	4.4	50.0
Lead (thousaned FMT)	1.7	1.9	1.6	1.5	6.6	5.2	3.2	60.9
Copper (thousaned FMT)	0.1	0.1	0.1	0.1	-17.5	0.4	0.2	53.7
Silver (million Oz)	0.4	0.4	0.3	0.4	-15.4	1.2	0.8	54.7

Source: Volcan Cia. Minera

In 3Q21, the extraction volume at Alparmarca increased by 21.3%, while treated volume increased by 2.5%, as compared to the same period in the previous year.

During 3Q21, the production of fine zinc and lead increased by 5.9% and 6.6%, respectively, as compared to 3Q20. Moreover, in 3Q21, the production of fine copper and silver decreased by 17.5% and 15.4%, respectively, as compared to 3Q20, due to lower grades of the processed ore.

Year-to-date (Jan-Sept), ore extraction grew by 90.4%, as compared to the same period in the previous year, while the volume of treated ore grew by 29.7%. With regard to zinc, lead, copper and silver fines, production increased by 50.0%, 60.9%, 53.7% and 54.7%, respectively.

**Table 17: Alparmarca Cost of Production**

Alparmarca Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Production Cost (MM USD)	5.4	6.7	6.1	5.8	4.3	18.1	12.9	40.5
Extraction Cost	2.1	2.7	2.6	2.7	-4.4	7.3	6.1	19.1
Treatment Cost	3.3	4.0	3.5	3.2	11.6	10.8	6.8	59.8
Unit Cost (USD/MT)	24.0	26.2	24.2	25.7	-5.7	24.8	27.5	-9.9
Extraction Cost	9.7	8.7	9.8	12.5	-21.2	9.4	15.0	-37.5
Treatment Cost	14.4	17.5	14.4	13.2	8.8	15.4	12.5	23.2

Source: Volcan Cia. Minera

In 3Q21, the absolute cost of production totaled USD 6.1 MM, 4.3% higher than the USD 5.8 MM figure for the same quarter of the previous year, due to higher production volumes. The unit cost decreased by 5.7%, from 25.7 USD/MT in 2020 to 24.2 USD/MT in 2021, mainly due to the lower stripping ratio.

Year-to-date (Jan-Sept), the absolute cost of production increased by 40.5%, from USD 12.9 MM in 2020 to USD 18.1 MM in 2021, while the unit cost of production decreased by 9.9%, from 27.5 USD/MT in 2020 to 24.8 USD/MT in 2021.

**Table 18: Alpacamarca Operating Investments**

Alpacamarca Operating Inv. (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Local Exploration	0.2	0.4	0.1	0.2	-50.1	0.6	0.3	115.5
Plants and Tailings Dams	0.4	0.2	1.0	1.1	-12.8	1.6	1.2	24.8
Mine and Infrastructure	0.2	0.2	0.3	0.1	174.5	0.7	0.4	56.2
Support and Others	0.0	0.1	0.1	0.1	21.9	0.2	0.1	49.1
<b>Total<sup>1</sup></b>	<b>0.8</b>	<b>0.8</b>	<b>1.4</b>	<b>1.5</b>	<b>-6.0</b>	<b>3.0</b>	<b>2.1</b>	<b>40.7</b>

<sup>1</sup> The investments include the operating leases fee according to NIIF 16: USD 0.1 MM in 3Q21 and USD 0.3 MM in cumulative amount.

Source: Volcan Cia. Minera

Operating investments decreased by 6.0%, from USD 1.5 MM in 3Q20 to USD 1.4 MM in 3Q21.

Year-to-date (Jan-Sept), operating investments increased by 40.7%, from USD 2.1 MM in 2020 to USD 3.0 MM in 2021, mainly explained by greater investments in tailings dam expansion and the execution of new drilling campaigns.

### 3.4 Cerro de Pasco Unit Operating Results

**Table 19: Cerro de Pasco Production**

Cerro de Pasco Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Mineral extraction (thousands MT)	592	636	658	579	13.6	1,885	1,156	63.0
Mineral treatment (thousands MT)	592	636	658	579	13.6	1,885	1,156	63.0
<b>Fines Content</b>								
Zinc (thousand FMT)	4.6	6.0	6.0	4.0	49.8	16.6	8.9	86.7
Lead (thousand FMT)	1.4	1.6	1.9	1.5	24.0	4.9	3.4	44.2
Silver (million Oz)	0.2	0.2	0.3	0.2	42.1	0.7	0.4	75.4

Source: Volcan Cia. Minera

In 3Q21, ore volumes from stockpiles processed at Cerro de Pasco increased by 13.6% compared to the same quarter of the previous year, from 579 thousand MT in 3Q20 to 658 thousand MT in 3Q21.

Zinc, lead and silver fines production grew by 49.8%, 24.0% and 42.1%, respectively, as compared to 3Q20, explained by greater volumes and better head grades of the treated ore.

Year-to-date (Jan-Sept), the volume of treated ore grew by 63.0% as compared to the same period in the previous year. With regard to zinc, lead and silver fines, production increased by 86.7%, 44.2%, and 75.4%, respectively.

**Table 20: Cerro de Pasco Cost of Production**

Cerro de Pasco Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Production Cost (MM USD)</b>	<b>7.7</b>	<b>8.3</b>	<b>8.7</b>	<b>6.4</b>	<b>35.9</b>	<b>24.7</b>	<b>14.0</b>	<b>75.9</b>
Extraction Cost	1.4	1.4	1.4	1.3	9.3	4.3	2.5	74.3
Treatment Cost	6.2	6.9	7.3	5.1	42.8	20.4	11.6	76.3
<b>Unit Cost (USD/MT)</b>	<b>12.9</b>	<b>13.1</b>	<b>13.3</b>	<b>11.1</b>	<b>19.6</b>	<b>13.1</b>	<b>12.1</b>	<b>7.9</b>
Extraction Cost	2.4	2.3	2.2	2.3	-3.8	2.3	2.1	6.9
Treatment Cost	10.5	10.8	11.1	8.8	25.7	10.8	10.0	8.1

Source: Volcan Cia. Minera

Absolute cost increased by 35.9%, from USD 6.4 MM in 3Q20 to USD 8.7 MM in 3Q21, due to higher production volumes. Unit cost increased by 19.6%, from 11.1 USD/MT in 3Q20 to 13.3 USD/MT in 3Q21, mainly due to higher supplies and reagents prices, such as copper sulfate, and the improvement of standards at the Paragsha plant.

Year-to-date (Jan-Sept), the absolute cost of production increased by 75.9%, from USD 14.0 MM in 2020 to USD 24.7 MM in 2021. The unit cost of production increased by 7.9%, from 12.1 USD/MT in 2020 to 13.1 USD/MT in 2021.

**Table 21: Cerro de Pasco Operating Investments**

Cerro de Pasco Operating Inv. (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Local Exploration	0.0	0.2	1.2	0.0		1.4	0.0	
Plants and Tailings Dams	0.1	0.1	0.7	0.0		0.9	0.0	
Mine and Infrastructure	0.0	0.1	0.1	0.1	-57.8	0.2	0.2	-33.0
Support and Others	0.0	0.1	0.1	0.0		0.2	0.0	
<b>Total<sup>1</sup></b>	<b>0.2</b>	<b>0.4</b>	<b>2.0</b>	<b>0.2</b>	<b>1050.8</b>	<b>2.6</b>	<b>0.3</b>	<b>682.5</b>

<sup>1</sup> The investments include the operating leases fee according to NIIF 16: USD 0.05 MM in 3Q21 and USD 0.1 MM in cumulative amount.

Source: Volcan Cia. Minera

Operating investments increased from USD 0.2 MM in 3Q20 to USD 2.0 MM in 3Q21, mainly explained by the start of stockpile drilling operations at Hanancocha in the last quarter of 2020, which will increase the resources available in this unit. Investments in plants and tailings dams also increased.

Year-to-date (Jan-Sept), operating investments increased from USD 0.3 MM in 2020 to USD 2.6 MM in 2021.

### 3.5 Oxides Plant Operating Results

**Table 22: Oxides Plant Production**

Oxides Plant Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Mineral extraction (thousands MT)	218	229	141	226	-37.6	588	441	33.4
Mineral treatment (thousands MT)	218	229	141	226	-37.6	588	441	33.4
<b>Fines Content</b>								
Silver (million Oz)	0.9	0.9	0.5	0.9	-42.9	2.2	1.7	31.8
Gold (Oz)	3,791	4,859	3,498	1,439	143.0	12,149	3,150	285.6

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant decreased by 37.6%, from 226 thousand MT in 3Q20 to 141 thousand MT in 3Q21 due to works performed at the Ocroyoc tailings dam during almost four weeks. Accordingly, silver production decreased by 42.9%; however, gold fine production increased by 143.0% due to a higher grade of the run-of-mine ore from the open pit.

Year-to-date (Jan-Sept), the volume of treated ore grew by 33.4% as compared to the same period in the previous year. Silver and gold ounces production increased by 31.8% and 285.6%, respectively.

**Table 23: Oxides Plant Cost of Production**

Oxides Plant Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Production Cost (MM USD)</b>	<b>9.5</b>	<b>10.3</b>	<b>7.2</b>	<b>9.5</b>	<b>-24.9</b>	<b>27.0</b>	<b>19.0</b>	<b>41.9</b>
Extraction Cost	1.7	2.1	1.6	1.4	13.6	5.3	3.2	66.0
Treatment Cost	7.8	8.2	5.6	8.1	-31.4	21.7	15.8	37.0
<b>Unit Cost (USD/MT)</b>	<b>43.7</b>	<b>45.1</b>	<b>50.6</b>	<b>42.0</b>	<b>20.3</b>	<b>45.9</b>	<b>43.2</b>	<b>6.4</b>
Extraction Cost	7.7	9.1	11.1	6.1	81.9	9.1	7.3	24.4
Treatment Cost	36.0	36.0	39.5	35.9	9.9	36.8	35.9	2.7

Source: Volcan Cia. Minera

In 3Q21, the absolute cost of production totaled USD 7.2 MM, 24.9% lower than the USD 9.5 MM figure in 3Q20, due to lower treated volumes. Unit cost increased by 20.3%, from 42.0 USD/MT in 3Q20 to 50.6 USD/MT in 3Q21, mainly due to lower treated volumes and higher reagent costs.

Year-to-date (Jan-Sept), the absolute cost of production increased by 41.9%, from USD 19.0 MM in 2020 to USD 27.0 MM in 2021. The unit cost of the operation increased by 6.4%, from 43.2 USD/MT in 2020 to 45.9 USD/MT in 2021.

**Table 24: Oxides Plant Operating Investments**

Oxides Plant Operating Inv. (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Plants and Tailings Dams	0.1	0.0	0.1	0.1	35.5	0.2	0.3	-44.8
Mine and Infrastructure	0.0	0.0	0.3	0.3	18.9	0.4	0.8	-48.8
Support and Others	0.0	0.1	0.1	0.0	186.9	0.2	0.1	212.7
<b>Total<sup>1</sup></b>	<b>0.2</b>	<b>0.1</b>	<b>0.5</b>	<b>0.4</b>	<b>35.9</b>	<b>0.8</b>	<b>1.2</b>	<b>-34.1</b>

<sup>1</sup> The investments include the operating leases fee according to NIIF 16: USD 0.03 MM in 3Q21 and USD 0.08 MM in cumulative amount.

Source: Volcan Cia. Minera

Operating investments grew from USD 0.4 MM in 3Q20 to USD 0.5 MM in 3Q21 mainly due to the studies carried out for the Oxides Plant Environmental Impact Assessment Modification (MEIA) and the purchase of new equipment for the camps. Year-to-date (Jan-Sept), operating investments decreased by 34.1%, from USD 1.2 MM in 2020 to USD 0.8 MM in 2021.

### 3. Energy

**Table 25: Volcan's Electric Power Balance**

Electric Balance (GWh)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
<b>Energy generation</b>	<b>122.4</b>	<b>112.2</b>	<b>99.7</b>	<b>97.2</b>	<b>2.6</b>	<b>334.2</b>	<b>329.7</b>	<b>1.4</b>
Chungar	41.9	38.8	33.4	37.9	-12.1	114.0	114.8	-0.7
Tingo	1.7	1.6	1.7	0.3	387.9	5.0	0.3	
Huanchor	36.4	35.7	37.6	36.0	4.6	109.8	112.3	-2.3
Rucuy	42.4	36.0	27.0	22.9	17.9	105.5	102.1	3.3
<b>Energy consumption</b>	<b>183.9</b>	<b>190.1</b>	<b>193.8</b>	<b>180.6</b>	<b>7.3</b>	<b>567.9</b>	<b>479.9</b>	<b>18.3</b>
<b>Energy purchase</b>	<b>140.4</b>	<b>149.7</b>	<b>158.8</b>	<b>142.4</b>	<b>11.5</b>	<b>448.9</b>	<b>364.8</b>	<b>23.0</b>

Source: Volcan Cia. Minera

During 3Q21, Volcan's total consumption of electric power reached 193.8 GWh, with a maximum demand of 99.2 MW. The 10 hydroelectric plants that belong to the Chungar Unit generated 33.4 GWh. This accounted for 17% of the Company's total consolidated consumption, at an average cost of 26 USD/MWh, including operating, maintenance and transmission costs.

Volcan purchased 158.8 GWh from the national central grid system (the SEIN) in order to meet its total consumption demand, at an average cost of 58.8 USD/MWh.

In 3Q21, the Huanchor Hydroelectric Plant produced 37.6 GWh, a 4.6% increase as compared to the same period of the previous year, resulting from partial maintenance works carried out in 3Q20. The power of Huanchor Hydroelectric Plant was entirely sold to third parties.

In 3Q21, the Rucuy Hydroelectric Plant produced 27.0 GWh, a 17.9% increase as compared to the same period of the previous year, resulting from the increased availability of water. The power of the Rucuy Hydroelectric Plant was used to meet the commitments set forth in its renewable energy agreement (RER).

The Tingo Hydroelectric Plant produced 1.7 GWh in 3Q21, compared to 0.3 GWh in 3Q20, due to the maintenance works performed last year. The power generated was sold to the Chungar mining operation.

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#### 4. Final Comments

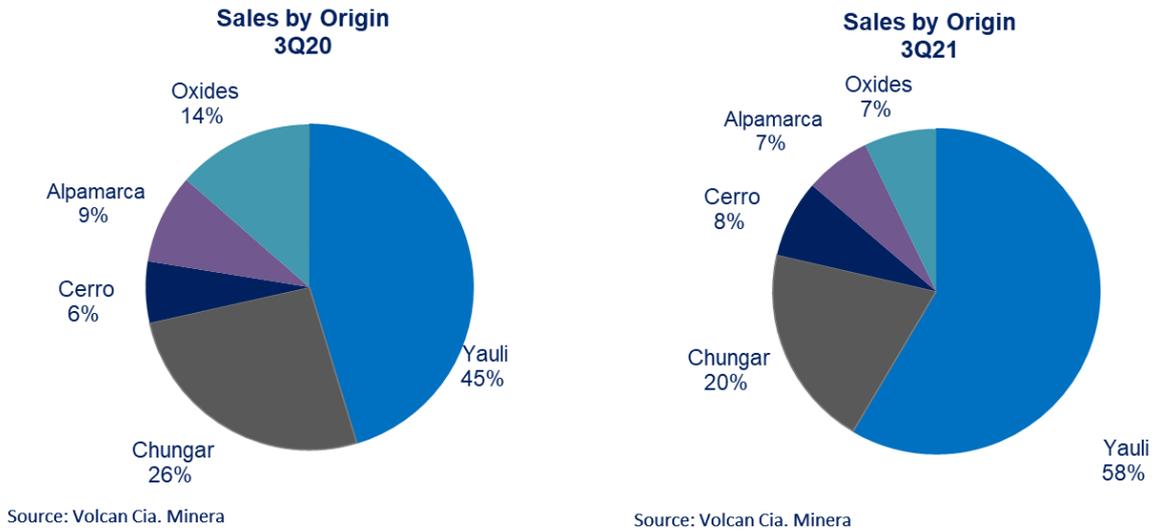
- The Company's total sales before adjustments increased by 37.6%, from USD 167.6 MM in 3Q20 to USD 230.6 MM in 3Q21. EBITDA increased by 45.9%, from USD 60.6 MM in 3Q20 to USD 88.4 MM in 3Q21.
- Net profit before exceptional items decreased from USD 7.8 MM in 3Q20 to USD 5.5 MM in 3Q21, mainly due to a higher than expected income tax amount resulting from the deferred asset translation effect worth USD 8 MM caused by the devaluation of the national currency. This is a purely accounting effect with no impact over the Company's cash, which can be reverted if national currency appreciation occurs in the future.
- The prices of metals produced by the Company maintain a favorable outlook for the following months. It is important to note that power restrictions in China and Europe are affecting the normal operation of refineries. This could be a factor leading to higher metals prices, but also higher processing costs for mining companies.
- It is also worth mentioning the significant increase of costs and restrictions to container shipping, as well as the higher price of oil and oil byproducts, and other supplies crucial for the operations, which causes an impact on the cost of production and sale expenses. Accordingly, the Company has designed and launched a project across all operating units to reduce costs and achieve greater productivity. The outcomes of the "Volcan Avanza" project are expected in the following quarters.
- At the end of September, a Significant Event was announced by the Company: due to the country's current situation, the Board of Directors' Meeting would be postponed. This meeting planned to approve the terms and conditions for a capital increase worth USD 400 MM. The Board of Directors continues assessing this transaction and permanently monitors the market conditions. At the same time, financing alternatives are currently under review and a decision should be made by the end of the year to meet the Company's financial obligations.
- Cosco Shipping Ports Chancay Perú S.A. (CSPCP), the company where Volcan holds a participation of 40% of shares, continues the construction of the first stage of the Chancay multi-purpose terminal, which has three components: 1) the entrance complex, 2) the underground viaduct tunnel, which includes the access road system, and 3) the port operating zone (2 multi-purpose docks and 2 container docks). The construction works are responsibility of the China Harbor Engineering Company SAC / China Communications Construction Company Fourth Harbor Engineering Co. Ltd consortium (components 1 and 3) and China Railway N° 10 Engineering Group Co. Ltd. Peruvian Branch (component 2). In August, the contract with Consorcio Transmantaro S.A. (ISA-REP) was entered into for the construction of the electric power transmission line, which will have an extension of approximately 7 km and supply power to the port, to be executed over a 24-month period.

The project is strictly observing all social and environmental obligations that have been approved in the detailed environmental impact assessment and its modification.

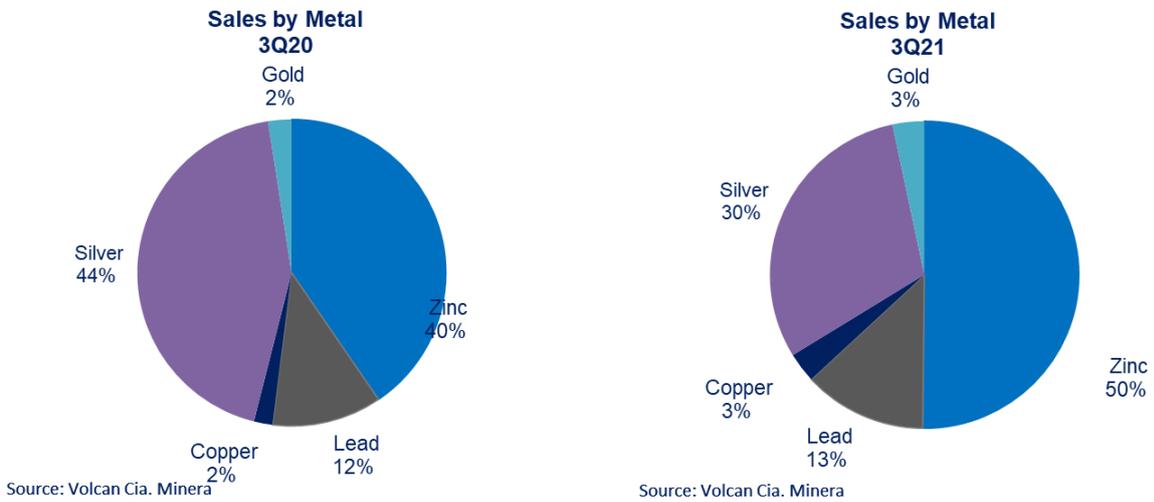
**Annexes**

**Annex 1: Sales Breakdown**

**Figure 6: Sales by Operating Unit (percentage of total sales)**



**Figure 7: Sales by Metal (percentage of total sales)**



The distribution of sales by metal in 2021 reflects the growth in the contribution of zinc to total sales, as a result of the increase in its price and the production of this metal.

## Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Zinc (USD/MT)	2,748	2,916	2,991	2,340	27.8	2,885	2,142	34.7
Lead (USD/MT)	2,020	2,127	2,341	1,876	24.8	2,163	1,798	20.3
Copper (USD/MT)	8,478	9,711	9,372	6,521	43.7	9,187	5,833	57.5
Silver (USD/Oz)	26.3	26.7	24.4	24.4	-0.1	25.8	19.2	34.1
Gold (USD/Oz)	1,802	1,814	1,790	1,912	-6.4	1,802	1,735	3.9

Source: London Metal Exchange

## Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Jul-Sep 2020	var %	Jan-Sep 2021	Jan-Sep 2020	var %
Exchange Rate (S/ x USD)	3.66	3.79	4.04	3.55	14.0	3.83	3.46	10.7
Inflation	2.60	3.25	5.23	1.82	187.4	5.23	1.82	187.4

<sup>1</sup> Inflation of the last 12 months

Source: Central Reserve Bank of Peru

## Annex 4: Domestic Peruvian Metal Production

National Production	Jan-Mar 2020	Apr-Jun 2020	Jul-Aug 2021	Jul-Aug 2020	var %	Jan-Aug 2021	Jan-Aug 2020	var %
Zinc (FMT)	390,682	401,947	249,584	246,813	1.1	1,042,213	758,478	37.4
Lead (FMT)	64,087	66,155	45,441	42,179	7.7	175,682	145,414	20.8
Copper (FMT)	531,083	551,858	393,239	392,649	0.2	1,476,179	1,341,771	10.0
Silver (Thousands Oz)	25,356	26,472	18,613	15,825	17.6	70,441	57,696	22.1
Gold (Thousands Oz)	733	761	519	411	26.1	2,012	2,786	-27.8

Source: Ministry of Energy and Mines