



# ANNUAL REPORT 2020





**ANNUAL**  
**REPORT**  
**2020**

## STATEMENT OF RESPONSIBILITY

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**"This document contains accurate and sufficient information on the business activities conducted by Volcan Compañía Minera S.A.A. in 2020. Notwithstanding the issuer's liability, the undersigned are liable for its contents in accordance with the applicable legal provisions."**

Lima, February 20, 2021



**José Picasso Salinas**  
Chairman of the Board of Directors



**Juan Ignacio Rosado Gómez de la Torre**  
Chief Executive Officer

The new coronavirus SARS-CoV-2 (COVID-19) that emerged in the Chinese city of Wuhan at the end of 2019 altered the worldwide scenario during 2020. Aiming to fight the pandemic, the governments triggered actions which halted their economies worldwide.

As of March 17, Volcan shut down its operations and entered a phase of "Care and Maintenance", which lasted up to May 18, 2020.

Volcan actively participated with the Executive and related unions in order to restart operations. This is how a strict health and safety protocol was established (The COVID-19 surveillance, prevention, and control Plan for all our operations).

Volcan complied with the protocols that were required to restart operations; these protocols had to be approved by the Ministry of Energy and Mines and sent to the Ministry of Health for review. This is how, as of May 18, 2020, Volcan gradually restarted its mining operations.

This stoppage, which led to the mandatory suspension of activities, affected the production levels and increased costs for the year.

**2020: A YEAR WHICH  
MADE US STRONGER**

**DESPITE THIS SITUATION,  
VOLCAN MADE AN  
UNPRECEDENTED EFFORT  
AND DOES NOT STOP, AND  
CONTINUES TO CONTRIBUTE  
TO THE COUNTRY'S  
DEVELOPMENT THROUGH  
RESPONSIBLE MINING.**



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# LETTER TO THE SHAREHOLDERS

## Dear Shareholders,

2020 has been particularly difficult for the world at large. We have gone through one of the most severe and complex health, economic and social crisis in history. The SARS-CoV-2 coronavirus (COVID-19) emerged in the Chinese city of Wuhan in late 2019. Since then, the world had to face the COVID-19 pandemic, which continues to claim victims all over the globe and has caused more than 2.7 million deaths and more than 124 million infections to this day.

In March, following the World Health Organization's pandemic declaration, all countries ordered massive lockdowns, border closures, and confinement to prevent the spread of the virus. Due to the mandatory social distancing, thousands of businesses, and companies closed their doors, causing unemployment and uncertainty over the duration of the crisis and slowing down investments in all the economy's production sectors.

Thus, the COVID-19 pandemic caused not only a health crisis, but also a global economic crisis with general drops in the gross domestic product, stock market crashes, and fluctuations in commodity and currency prices. 2020 saw a 3.3% decline in the global GDP: U.S.A. -3.5%, Eurozone -6.6%, United Kingdom -9.9%, India -8.0%, Japan -4.8%, Latin America -6.9%. Meanwhile, China's GDP grew by 2.3%, making it the only world power to register a GDP growth increasingly closer to that of the U.S.A., although it was the lowest figure since 1976. The impact was greater in Latin America, where economies are developing and

emerging: Brazil -4.5%, Mexico -8.5%, Argentina -10.4% and Peru -11.1%. As a result, global economy went into recession.

Peru's GDP fell 11.1%, the highest contraction in the last 31 years, due to the lower production of goods and services resulting from the COVID-19 pandemic. GDP dropped by 39% only in April, and 30% in 2Q, followed by negative results in 3Q and 4Q, with an accumulated figure of -5.3% in the second half of the year. All sectors evidenced significant reduction rates, except for the agricultural and fishing sectors, which recorded an annual growth of 1.3% and 2.1%, respectively.

On March 15, 2020, the government of Peru declared a state of national emergency and mandatory social quarantine nationwide after the first case of COVID-19 was reported on March 6, 2020.

On March 16, one day after the emergency declaration, Volcan shut down all its mining operations to protect the health and safety of all its workers and their families.

During the first part of the lockdown, our mines focused on the essential tasks. As from June, following the implementation of strict health protocols approved by the relevant authorities, we resumed operations in our different mining units.

Furthermore, Volcan was involved in a social fund against COVID-19 established to help vulnerable communities within the areas of direct influence. As part of this fund, Volcan delivered basic medical kits to vulnerable populations, as well as upgraded medical kits to local health centers, and basic grocery kits.

Moreover, during the 1Q 2021, Volcan donated two oxygen plants, one for Universidad Cayetano Heredia's Hospital and another one for Daniel Alcides Carrión Hospital located in Cerro de Pasco, which were commissioned and are used to assist the patients of such hospitals.

In addition, Volcan was actively involved in a number of donations for the population through the National Society of Mining, Energy and Oil. It last participated in 2021 by making possible the arrival from China of the first batch of one million vaccines manufactured by the Sinopharm laboratory.

The year 2021 will continue to see more uncertainty in Peru and around the world due to the COVID-19.

In the international political arena, the U.S. presidential elections were held, where Democrat Joe Biden defeated Republican Donald Trump, who lost the reelection in a deeply polarized election process. In Latin America, Jeanine Áñez was appointed president of Bolivia, while elections were called after the resignation of Evo Morales. In October 2020, Luis Arce, former Minister of Economy of Evo Morales, won the elections in Bolivia. In the same month, Chile voted in favor of drafting a new Constitution, with a broad support exceeding 78%. In April 2021, the members of the Constituent Assembly will be elected; they will be responsible for proposing a new Constitution. In April 2022, Chileans are expected to vote to decide on the approval of the new Magna Carta. Recent demonstrations and election results in Latin America reflects the discontent of the general population (Argentina and Mexico), most

of whom demand better social conditions. We must look closely at such claims in neighboring countries, as we are economically and culturally similar, since they could pose a risk of radical political and economic positions that have historically caused so much damage to the world. In April 2021, presidential elections will be held in Ecuador and Peru.

National political environment in 2020 was also marked by several major political events. On January 26, 2020, congressional elections were held as a result of Martín Vizcarra's decision to dissolve the Congress in September 2019.

On March 15, Martín Vizcarra's administration ordered a mandatory social lockdown, the closure of borders and passenger transportation restrictions in the face of the COVID-19 outbreak. On July 5, the Congress approved for the first time a constitutional amendment to remove parliamentary immunity and political pre-trial against the president, the Cabinet ministers, the judges of the Constitutional Court, the supreme court judges and prosecutors, as well as other authorities holding such investiture. On August 6, Walter Martos Ruiz was sworn in as Prime Minister, after the Congress denied the vote of confidence to the newly elected Prime Minister Pedro Cateriano. On November 9, the Congress approved a motion to impeach the President of the Republic, Mr. Martín Vizcarra, for moral incapacity, with 105 votes in favor, 19 votes against and 4 abstentions. The following day, Manuel Merino, president of Congress, was sworn in as the President of Peru. On November 15, Manuel Merino resigned as

President of the Republic after the death of two young people within the context of the demonstrations against Manuel Merino's administration. On November 17, the spokesman of the Purple Party's bench, Francisco Sagasti, who was previously elected as a member of the Congress's Board of Directors, was sworn in as President of Peru.

As a consequence of the global downturn caused by COVID-19 and Peru's political turmoil, the mining and hydrocarbons sector shrank 13.2% in the year, which is explained by the suspension of mining activities during the final days of the 1Q and most of 2Q. The metals with the greatest decrease in production were gold (-32%), silver (-22.5%), and lead (-21.9%).

With regard to metal prices, there was a dramatic fall in copper, silver, zinc and lead prices during the 1Q 2020, chiefly due to the lower demand. However, this situation was subsequently reversed as a result of the global downturn and

the decrease in mining production caused by the spread of COVID-19. As a consequence, metal prices rose in the second half of the year.

The zinc price rose by 18.8%, from 2,293 USD/MT at the end of 2020 to 2,724 USD/MT. Likewise, the lead price increased by 2.5% from 1,924 USD/MT to 1,972 USD/MT at the end of 2020. Conversely, copper saw a 25.8% increase from 6,156 USD/MT to 7,742 USD/MT; silver rose by 46.8% from 18.05 USD/oz to 26.49 USD/oz and gold by 24.1% from 1,523 USD/oz to 1,889 USD/oz.

In 2020, the mining sector accounted for 8.8% of GDP and 63% of total exports, which requires stronger public policies for the defense and promotion of this sector.

According to the annual ranking of the Fraser Institute for 2020, Peru moved down ten spots in the mining investment attractiveness index and

was ranked 34th out of 77 evaluated jurisdictions. This annual ranking evaluates two factors: geological potential and political perception. Regarding geological potential, Peru dropped eighteen positions compared to 2019, reaching the 30th spot. In terms of the perception of public policies and practices associated with the sector, Peru was ranked 42nd after moving up three positions. Greater emphasis should be placed on promoting State policies to seize the mining potential of Peru, in addition to guaranteeing the startup of important projects such as Mina Justa (Ica), Cuajone (Moquegua), Quellaveco (Moquegua), and those

that remain stagnant such as Tia Maria (Arequipa), Corani (Puno), Conga (Cajamarca), Río Blanco (Piura), Galeno (Cajamarca), Michiquillay (Cajamarca), La Granja (Cajamarca), among others. The unfortunate case of Minera Las Bambas is worth noting, continuously affected by social conflicts which, added to extremist left-wing political interference, have gone so far as to result in operational shutdowns. It is noteworthy the

sustained blockade to stop the traffic of concentrate trucks to the Matarani port (Peru's southern corridor), which affects around 30% of Peru's copper production. As noted in the past, we are responsible for promoting the development of Peru. Opportunities do not come every day, particularly when there is global competition for attracting new investments that will go to those countries where better conditions are offered. We see that traditionally non-mining countries in the region such as Ecuador, Colombia, and Brazil are beginning to develop a better reputation in order to attract investors that seize their mining potential.

It should be reiterated that excessive oversight pressure on tax, labor, environmental and social matters is in detriment of the opportunities for developing the major potential of Peru's mining industry. Such pressure, added to the damage caused by the law of prior consultation and the inefficient use of the mining royalties, which should be distributed more effectively depending on the needs of each region, resulted in social conflicts that remain unresolved to this date.

This has brought delays in private investment and cost overruns for local mining companies. It should be noted that the Executive branch has failed to push a series of reforms to reduce the excessive bureaucratic procedures that the mining sector is required to satisfy in order to explore and develop any projects, and that makes it very difficult to invest in the country.

In 2020, Volcan produced 167 thousand FMT of zinc, 30.3% lower than in 2019, 12.1 million ounces

of silver, lower by -22.4%, and 41 thousand FMT of lead, lower by -16.9%. This is mainly explained by the three-month shutdown of the operating units, in compliance with the declaration of a national emergency by COVID-19.

It should be noted that the Company remains focused on controlling and reducing costs in all Mining Units. During 2020, Volcan established new health protocols to prevent spread of COVID-19 in our operations, thus representing a greater cost. As a result, the unit cost in 2020 was 48.3 USD/MT, a 6.8% increase compared to the 45.2 USD/MT of 2019.

Investments made in the Mining Units decreased by 36.3%, from USD 180 million in 2019 to USD 114 million in 2020. This decrease is mainly explained by not executing works due to the operations shut down caused by COVID-19 pandemic. In addition, investments in expansion projects decreased from USD 7.8 million to USD 2.9 million, while regional exploration investments decreased from USD 4.2 million to USD 0.8 million.

Energy sector experienced a reduction from USD 2.5 MM to USD 0.5 MM. As a result, total investments in 2020 amounted to USD 119 million, a 38.9% increase with regard to USD 194 million in 2019.

INVESTMENTS MADE IN THE MINING UNITS DECREASED BY **36.3%**, FROM USD 180 MILLION IN 2019 TO USD 114 MILLION IN 2020.

During 2020, net sales totaled USD 535 million, a 28% decline if compared to USD 744 million in 2019. The Company's gross margin decreased from 20% in 2019 to 17% in 2020. EBITDA amounted to USD 164 million, compared to USD 244 million in 2019. Meanwhile, net loss before exceptional charges totaled USD 59 million and the final net loss for the year was USD 150 million as reported in the balance sheet of Volcan Compañía Minera and Subsidiaries.

As regards the corporate safety policy, emphasis was placed on the implementation of 19 elements of the SafeWork Program in 2020: Despite all these efforts, we regret to report one fatal accident in 2020. Volcan owns 354 thousand

Volcan owns 354 thousand hectares of mining concessions for the development of exploration activities and mining projects. In terms of total ore reserves, Volcan's estimates have been prepared by applying industry best practices and the international standards established in the JORC CODE, as well as complying with the guidelines established by Glencore Technical Services.

At Chungar, despite the restrictions, exploration continued in the Esperanza orebody with high grades of zinc and copper. To date, all drill holes have cut significant mineralization, allowing to define the first preliminary geological model with an estimate of inferred resources. While at Andaychagua and Yauli mining units, exploration activities with diamond drilling yielded positive results, increasing certainty in the Salvadora and Salvadora Norte orebodies, which



## VOLCAN HAS FOUR ADVANCED PROJECTS: ROMINA, CARHUACAYÁN, PALMA AND ZORAIDA.



are two new structures with high zinc grade.

In addition, Volcan carried out exploration activities in four advanced projects: Romina, Carhuacayán, Palma and Zoraida. In Romina, significant mineralization of zinc, lead and silver has been defined. Mineralized bodies and mantos have also been defined in the surrounding areas, named as Andrea, Adriana and Esperanza. In Carhuacayán, significant mineralization of zinc, lead and silver has been defined in the La Tapada body. Both projects, Romina and Carhuacayán, will produce ore to be treated at the Alpamarca Concentrator Plant. Palma is a greenfield project where significant mineralization of zinc, lead and silver has been defined, with great potential in four major areas along a 7 km corridor: Kenita, Palma, Santa Lidia and Palmeron. This will enable the development of a separate mining project from the other Mining Units.

Regarding the energy business, Volcan owns 13 hydroelectric plants, 350 km of transmission lines and 26 electrical substations. Energy generation during 2020 totaled 430 GWh, which represents a 11% increase with regard to the previous year. This is explained by the restart of operations of the Rucuy hydroelectric plant on June 01, 2019.

Energy consumption during the year totaled 665 GWh, representing a 12% decrease if compared to the previous year. This is mainly explained by the operations shutdown by COVID-19. It is worth highlighting that energy generation

accounted for 65% of total energy consumption.

As part of its policy on corporate social responsibility and care for the environment, Volcan seeks to engage in dialog and strengthen its relations with community leaders, key authorities and social stakeholders to generate a positive impact on the development of the communities within its direct area of influence. For such purpose, in 2020 the Company invested over USD 4 million in agreements with 39 communities within its direct area of influence. It is important to highlight that in response to the global pandemic caused by the increase of COVID-19 cases, a social fund was established to provide food, warm clothing against the cold, PPE and equipment for rural medical posts in more than 50 communities, population centers and institutions such as the Fire Department and the National Peruvian Police.

In order to ensure the sustainability of operations for this year of serious impact due to lower production and income, in August 2020 a bank financing totaling USD 300 MM was arranged with the main financial entities in the country and abroad. This financing was used to pay the short-term banking loans. In addition, Volcan signed up to the Reactiva Peru Governmental Program for a total amount of USD 13.6 MM through Volcan Compañía Minera S.A.A. and its subsidiaries.

It should be noted that the Company has been executing on a financial restructuring plan in order to extend maturity and reduce its total debt. In this regard, in February 2021, the Company successfully issued

5-year international bonds worth USD 475 MM, at an annual rate of 4.375%. Thus, the maturity date of a major part of the Company's debt was significantly extended. It is also worth noting that, in this new bond issuance, there were interest indicators of over USD 4.2 billion, i.e., 9.3 times the amount of the issuance. The proceeds of this issuance were used to pay off the syndicated loan of USD 300 MM and to buy back 2012 Bonds in the amount of USD 125 MM (balance of USD 535 MM, maturity date February 2022).

As part of the financial restructuring stage, a Shareholders' Meeting will be called in the 3Q for the issuance of capital amounting to USD 400 MM.

Cosco Shipping Ports Chancay Peru S.A. (hereinafter, CSPCP), the company that manages the Chancay port project and where Volcan holds a 40% stake, continues to move forward with the construction of the first Multipurpose Port Terminal of Chancay. The works of the entrance gate that leads to the underground viaduct tunnel were completed in December 2020, with an investment of USD 9 MM, all the necessary protocols, permits and licenses have been obtained. The construction of a campsite that will host 1,500 people, and related works, were also completed with an investment of USD 7.5 MM.

It should be noted that, on December 22, 2020, CSPCP obtained the approval of the Amendment to the Environmental Impact Study (MEIA, Spanish acronym) for the operations area of the port, aimed to expand port

capacities to four berths: two multipurpose ones and two for containers. It is also worth mentioning that the National Port Authority granted the Port Qualification on February 11, 2021.

The Chancay Port works are progressing on schedule, with an estimated investment of USD 1.3 billion for the first stage. To date, the 1.8-km underground viaduct tunnel works have been resumed. On the other hand, the works at the port's operations area will start in the first half of 2021, with the relevant protocols, permits and licenses in place.

The construction of the Chancay port represents a major opportunity for the economic development of Peru through a new connectivity network made up of maritime and terrestrial economic routes between China and the rest of the world.

Due to its outstanding features, it is expected to become the integrated port and logistical hub of the Pacific region in the medium term.

Moreover, on July 17, 2020, the members of the Board of directors Daniel Maté, Badenes, Christopher Eskdale and Carlos Perezagua Marín resigned from their position, and in their replacement Nikola Popovic, Abraham Chahuán and Carlos Francisco Fernández were appointed as members of the Board of Directors until ending the Board of directors' term of office (March 2018 - March 2021).

Finally, on behalf of the Board of Directors, I would like to avail of this opportunity to thank all of our current workers across all our Mining Units, employees, executives

and partners for their hard work, dedication, and commitment to the goals of the Company. For more than seven decades now, Volcan has been investing in the mining development of Peru's central highlands, with a commitment to sustainable growth in harmony with neighboring communities and the environment. However, this hasn't been an easy task. A number of challenges have emerged, but thanks to the hard work of our founders and of those who over decades have enabled the Company to continue to grow – workers, engineers, executives and directors – we have successfully overcome them.

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

**José Picasso Salinas**  
Chairman of the Board of Directors



## UNITED IN ONE GOAL

Volcan is continuously evolving, and it is reflected in the way it is and does. In that sense, in 2020, Volcan's vision and mission changed into a deeper, more essential, and permanent concept: **PURPOSE**

# RESPONSIBLY SOURCING THE COMMODITIES FOR EVERYDAY LIFE



This step in its evolution brings it in line with its main partner: Glencore, the world's leading Swiss multinational company engaged in the trading and production of commodities. Another fundamental step has been the adoption of Glencore's values.

Volcan is committed to foster long-term growth and opportunities for its stakeholders, including its customers, shareholders, and employees, as well as the communities and the country.

## COMMODITIES WHICH ARE TRANSFORMED INTO WELLBEING

Volcan is a responsible producer of key commodities that are used in different basic aspects of life. From the construction of essential infrastructure for communities, populations, and cities, to highways and railroad networks; and from the production of batteries for new technologies and modern transportation to sophisticated equipment for medical diagnosis. Our work is vital in the world we live in.





# ONE

## MACROECONOMIC ENVIRONMENT



## INTERNATIONAL OUTLOOK

In 2020, the global economy shrank 3.3% as a result of the supply and demand shocks caused by the COVID-19 pandemic. On the supply side, in general terms, the production of goods and services was affected by the restrictions on mobility and social lockdown, which limits workers' attendance at the workplace and the logistics required for the continuity of operations. On the demand side, there has been a decline in household consumption owing to the loss of income or jobs and the increased predisposition to save in view of the uncertain duration of the crisis, which has also adversely impacted the investment landscape.

Developed economies' GDP went down 4.7%, primarily due

to the downturn in the Eurozone, the United Kingdom and, to a lesser extent, in the United States. In the Eurozone, GDP decreased 6.6% in 2020, which is higher than the 4.5% drop it reported during the 2009 international financial crisis. GDP also fell 11% in Spain, 8.8% in Italy, 8.4% in France, and 5% in Germany. As a result, the number of people employed reduced by almost 2%, resulting in a total unemployment rate of 8.3% at year-end and in an unemployment rate of 18.5% for those under 25 years of age. In the United Kingdom, the economy slumped 9.9% as compared to the previous year.

Meanwhile, the United States' economy shrank 3.5%, the worst performance since the end of

the Second World War and the first downturn after the 2009 international financial crisis. The unemployment rate was 6.7% at year-end and peaked in April 2020, when it reached around 15%. On the other hand, emerging economies contracted 2.2%, as compared to the 8.0% decline in India, the 6.9% decline in Latin America, and the small growth of 2.3% in China, the lowest figure since 1976. The growth of the Chinese economy, the first to be impacted by the pandemic, was possible due to the promotion by government of infrastructure and welfare programs and to the greater industrial dynamism over the second half of the year, when the Chinese industry saw a strong demand for goods, mainly medical products and technological material for remote work.

Likewise, the uncertainty around

the COVID-19 affected the financial markets in 2020. At the beginning of the year, after the onset of the first cases, there was an increase in the demand for low-risk assets, such as the U.S. Treasury bonds, the U.S. Dollar, and gold, causing the flow of capitals to emerging economies that took place in early 2020 as a result of the agreements between the United States and China to reverse significantly in March 2020. Owing to the announcement of stimulus programs in the world's major economies, the favorable expectations concerning the evolution of the Chinese economy, the vaccine announcements, and the end of the election process in the United States, the markets stabilized and the demand for equity instruments or currencies other than the U.S. Dollar showed a recovery. In the meantime, the yield on the 10-year sovereign bond of the United States closed the year at 0.91%, compared to the yield of 1.92% in 2019 with a minimum of 0.51% in August 2020. The yield on the 10-year sovereign bond of Germany closed the year at -0.57%, lower to the previous year, where it registered a -0.19%, with a minimum of -0.86% in March 2020. Regarding equity markets, it should be mentioned that stock markets shows mixed results: positive results: S&P 500 of the United States (+16.3%), Nikkei 225 of Japan (+16.0%), DAX from Germany (+3.6%), IBOV from Brazil (+2.9%), SP/BVL Peru General from Peru (+1.4%), MEXBOL from Mexico (+1.2%), and negative results: IBEX 35 from Spain (-15.5%), FTSE 100 from the United Kingdom (-14.3%), IPSA from Chile (-14.3%), COLCAP from Colombia (-13.5%) y CAC 40 from France (-7.1%).

## PERUVIAN ECONOMY

In 2020, Peru's GDP went down 11.1%, the highest downturn rate in the last 31 years. In the first half of the year, the economy slumped 17.3%, and in the second half of the year, it shrank 5.3%; however, it recorded a positive growth rate of 0.5% in December, as compared to the same period of the previous year. The lower production of goods and services was the result of the supply and demand shocks caused by the COVID-19 pandemic. With respect to the production sectors, all the activities evidenced significant reduction rates, except for the agricultural and fishing activities, which showed an annual growth of 1.3% and 2.1%, respectively.

In particular, the mining and hydrocarbons sector contracted 13.2% in the year, which is explained by the suspension of mining activities during the last days of the 1Q and most of the 2Q. The metals that reported the greatest decrease were gold (-32%), silver (-22.5%) and lead (-21.9%). The companies

that suffered the sharpest declines were Barrick, Yanacocha and Buenaventura, in the case of gold; Hochschild, Buenaventura, Nexa and Volcan, in the case of silver; and Buenaventura, Volcan and Nexa, in the case of lead. It is worth noting that the fall in zinc production at Volcan and Nexa was partially offset by the increase in production at Antamina and El Brocal.

IN 2020, THE MINING AND OIL AND GAS SECTOR DECREASED BY **13.2%**

The slowdown compared to the previous year, where GDP was affected, is related to both the lower dynamism of domestic spending as well as exports within a context of lower global growth. The domestic demand results are related to the contraction of private consumption (-8.7%), explained by the loss of formal employment, the increase in the unemployment rate, and the loss of consumer confidence, as well as to the decline in public investment (-17.7%) and private investment (-17.2%). The decline in public investment estuvo asociado

### PERU'S PRODUCTION OF MAJOR METALS

METAL	2019	2020	VAR%
Zinc (thousand TMF)	1,404	↓ 1,329	-5.3
Lead (thousand TMF)	308	↓ 241	-21.9
Copper (thousand TMF)	2,389	↓ 2,086	-12.7
Silver (millions oz)	124.1	↓ 96.1	-22.5
Gold (thousand oz)	4,129	↓ 2,807	-32.0

Source: Ministry of Energy and Mines



a la paralización durante el primer semestre del año de proyectos de reconstrucción con was related to the shutdown of reconstruction projects in the first half of the year and other projects of national interest, while the decline in private investment was mainly due to the mandatory lockdown, which affected the execution of different projects during the first half of the year, and to the collapse of business confidence because of the crisis caused by the COVID-19. It is worth noting that mining investment saw a 29.6% decrease throughout the year, which represented USD 4,334 MM.

In real terms, exports of goods and services decreased by 20% in 2020. This is explained by lower export

volumes of traditional products such as minerals, petroleum and fish oil, as well as by lower dynamism in non-traditional exports, which volumes slowed from 5.7% growth in 2019 to 1.5% in 2020. Peru's current balance of payment registered a 0.5% surplus of GDP, as compared to the 1.5% deficit of the previous year. Lower prices of raw materials for export, particularly copper, gold and silver, improved the balance of trade from USD 6,614 million in 2019 to USD 7,750 million in 2020.

Inflation in Metropolitan Lima closed the year at 2% whereas inflation in Peru closed at 2.2%. Both rates are within the target range of Peru's Central Reserve Bank (between 1% and 3%).

## METALS PRICES

In 2020, zinc and lead prices fell mainly as a result of the lower demand and the greater supply. Nonetheless, this situation changed dramatically due to the global shutdown of mines caused by the spread of COVID-19.

Lead price also fell, reaching 2,021 USD/MT. One may observe a significant volatility of the average monthly prices of 2020, brought about by drastic changes in offer boosted by the measures to control the COVID-19 pandemic. As reference, the average zinc price during 4Q 2020 was 2,632 USD/TM.

Silver and gold prices saw a significant increase in August 2020, reaching 26.89 USD/oz and 1,969.87 USD/oz, respectively.

Silver prices rose primarily as a consequence of the uncertainty generated by the COVID-19, as compared to 2019 (+4.3 USD/oz). As reference, the average zinc price during Q4 2020 was 24,37 USD/TM.

## DURING 4Q 2020

# THE AVERAGE ZINC PRICE WAS 2,632 USD/TM.

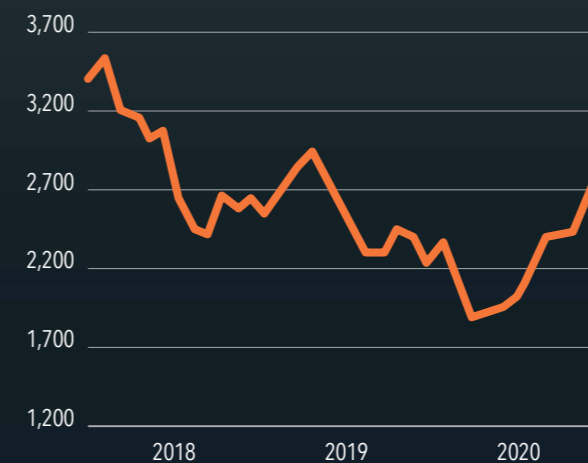


### EVOLUTION OF AVERAGE METAL PRICES

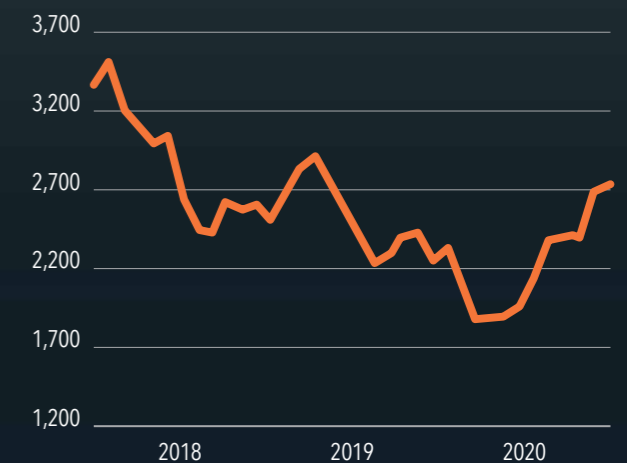
METALES	2014	2015	2016	2017	2018	2019	2020
Zinc (USD/TM)	2,162	1,933	2,091	2,894	2,925	2,549	↓ 2,265
Lead (USD/TM)	2,096	1,786	1,871	2,318	2,244	1,998	↓ 1,824
Copper (USD/TM)	6,860	5,502	4,863	6,163	6,525	6,005	↑ 6,167
Silver (USD/oz)	19.1	15.7	17.1	17.1	15.7	16.2	↑ 20.5

Fuente: Ministerio de Energía y Minas

### ZINC PRICE (USD/TMF\*)



### SILVER PRICE (USD/OZ)



\*Metric tons of fines



# TWO — OUR COMPANY



# TIMELINE

**1943**

Start of Operations

**1990**

Volcan started **the expansion of its operations** through the purchase of mining concession and their assets

**1997**

Volcan **acquired** Empresa Minera Mahr Túnel S.A, Owner of San Cristóbal and Andaychagua mining operations and the Mahr Túnel and Andaychagua plants.

**1999**

As a result of the acquisition of Empresa Minera Paragsha S.A.C, which included Cerro de Pasco Mining Unit, Volcan **became** Peru's largest zinc producer.

**2000**

Volcan acquired Empresa Administradora Chungar S.A.C. and Empresa Explotadora de Vinchos Ltda. S.A.C.

**2004**

Volcan **acquired** the Baños I, II, III, and IV and Chicrín hydroelectric plants.

**2009**

The Empresa Administradora Chungar S.A.C. **completed construction** of the Baños IV hydroelectric plant.

**2012**

Volcan placed **10-year corporate bonds** for a total amount of USD 600 million at a fixed rate of 5.375%.

Also, Volcan **acquired** Empresa Hidroeléctrica Huanchor S.A.C and **commissioned** Baños V hydroelectric plant.

**2013**

Islay Mine concession **was consolidated** through the purchase of surrounding areas. The expansion of Animon Concentrate Plant **was completed** and expansion of Victoria and Andaychagua Plants were completed too.

**2014**

The Company started operations in the new Alpamarca Mining Unit and the Oxide Plant.

Tingo Hydroelectric Plant **was purchased.**

**2016**

The Rucuy hydroelectric plant began **commercial operations.** Volcan purchased Romina polimetallic project from Milpo Mining Company.

**2017**

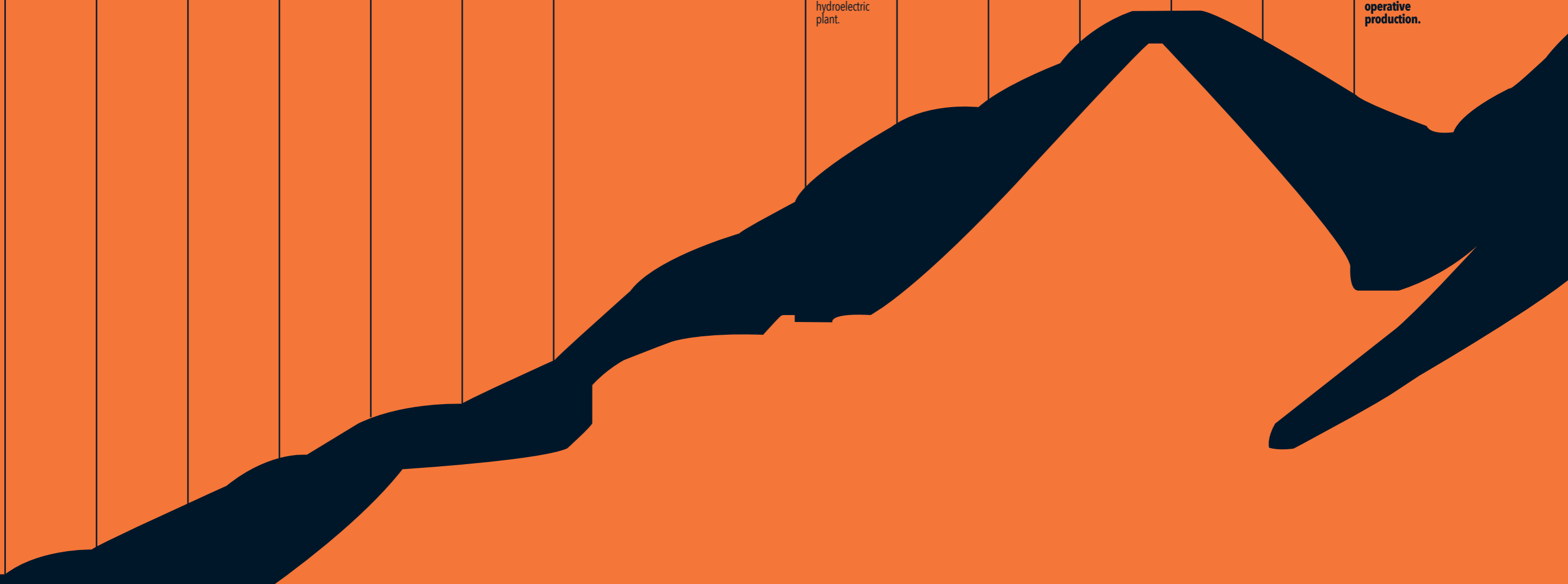
Glencore International AG **became the owner** of Volcan by purchasing 55.028% of Class-A shares.

**2019**

**The Company entered into association** agreements with the Chinese company Cosco Shipping Ports Limited (CSPL) for the development of the Port Terminal of Chancay.

**2020**

Volcan stopped its mining operations for more than 60 days due to **the COVID-19 pandemic.** The timely design and implementation of strict protocols and infrastructure to safeguard the health and safety of the entire workforce of the Company allowed **to restart and recover the operative production.**



## HISTORY

The Company started mining operations in 1943 in the upper Ticlio pass. Due to the continuous hard work and dedication of its directors and employees, Volcan became one of the leading producers of silver, zinc, and lead in Peru and across the world.

### THE COMPANY STARTED MINING OPERATIONS 1943

In the first years, Volcan's operations focused on the Carahuacra and Ticlio Mines, involving a group of 30 mining concessions. The ore extracted was sold to the Mahr Túnel Concentrator Plant, owned at the time by the U.S. company Cerro de Pasco Copper Corporation, which was expropriated by the military government in the early 1970s.

It was in the 1990s when Volcan broadened its operations through the acquisition of mining areas and their relevant assets, within a context of economic reforms implemented by the government and aimed at promoting private investment in public companies. The vision of the Board of Directors and the leadership of Dr. Roberto Letts played a key role in the Company's growth.

Through an international public auction in 1997, Volcan Compañía Minera S.A. acquired Empresa Minera Mahr Túnel S.A. from Centromin Peru. This included the Mahr Túnel, San Cristóbal and Andaychagua mining operations and the Mahr Túnel and Andaychagua plants.

The transaction amounted to USD 128 million, added to an investment commitment of USD 60 million. Over the year that followed, Empresa Minera Mahr Túnel S.A. and Volcan Compañía Minera S.A. went through a merger process that created Volcan Compañía Minera S.A.A.

Subsequently, in 1999, Volcan acquired Empresa Minera Paragsha S.A.C. from Centromin Peru for USD 62 million, plus an investment commitment of USD 70 million. In addition, the Company undertook a USD 20 million financial debt held by Centromin. This transaction included the Cerro de Pasco Mining Unit. As a result of this acquisition, Volcan became Peru's largest zinc producer.

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. This transaction involved a USD 20 million cash payment and the issue of 16 million class B shares. This acquisition also included the Françoise and San José II hydroelectric plants, with a joint generation capacity of 2.2 MW. The Vinchos silver mine started operations in 2004. In addition, Volcan acquired the Baños I, II, III, and IV and Chicrín hydroelectric plants, with a combined generation capacity of 7.5 MW.

In 2006, Volcan acquired Minera Santa Clara and Llacsacocha S.A., owner of the Zoraida Mine. In the following year, the Company purchased Compañía Minera El Pilar, owner of El Pilar Mine, adjacent to the Cerro de Pasco Mine and Open Pit.

In 2009, Empresa Administradora Chungar S.A.C. completed the construction of the Baños IV

hydroelectric plant, which enabled Volcan to achieve an overall installed capacity of 13 MW.

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

In January 2011, the simple reorganization of the Cerro de Pasco Mining Unit was approved. As a result, this unit was renamed as Empresa Administradora Cerro S.A.C. and became a subsidiary of Volcan Compañía Minera S.A.A. The reorganization aimed at enabling each mining unit to be managed separately.

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 for a total amount of USD 600 million at a fixed rate of 5.375%. The purpose of this issue was to provide the financing for the Oxide Plant expansion project in Cerro de Pasco and the new Alpamarca Mining Unit.

A month afterwards, in February 2012, Volcan acquired Empresa Hidroeléctrica Huanchor S.A.C. for USD 47 million. This hydroelectric plant was owned by Sociedad Minera Corona S.A. and had a capacity of 19.6 MW. Halfway through the year, Empresa Administradora Chungar S.A.C. also completed the construction and entry into operation of the Baños V hydroelectric plant. This 9.2-MW plant required a total investment of USD 24 million.

In 2013, the Islay Mine was consolidated into the Chungar Mining Unit as a result of the acquisition of two nearby mining

concessions (Islay and Islay 4) for USD 17 million. Early that year, the Company also completed the Animón concentrator plant expansion from 4,200 to 5,200 tpd (tons per day). The upgrade of the Victoria and Andaychagua plants located in the Yauli Mining Unit was also completed in 2013, up to a capacity of 10,500 tpd.

In 2014, the Company continued expanding the Yauli Unit plants to reach a treatment capacity of 10,800 tpd. Moreover, the Jacob Timmers shaft started operations in the Chungar Mining Unit, with a nominal capacity of 4,000 tpd.

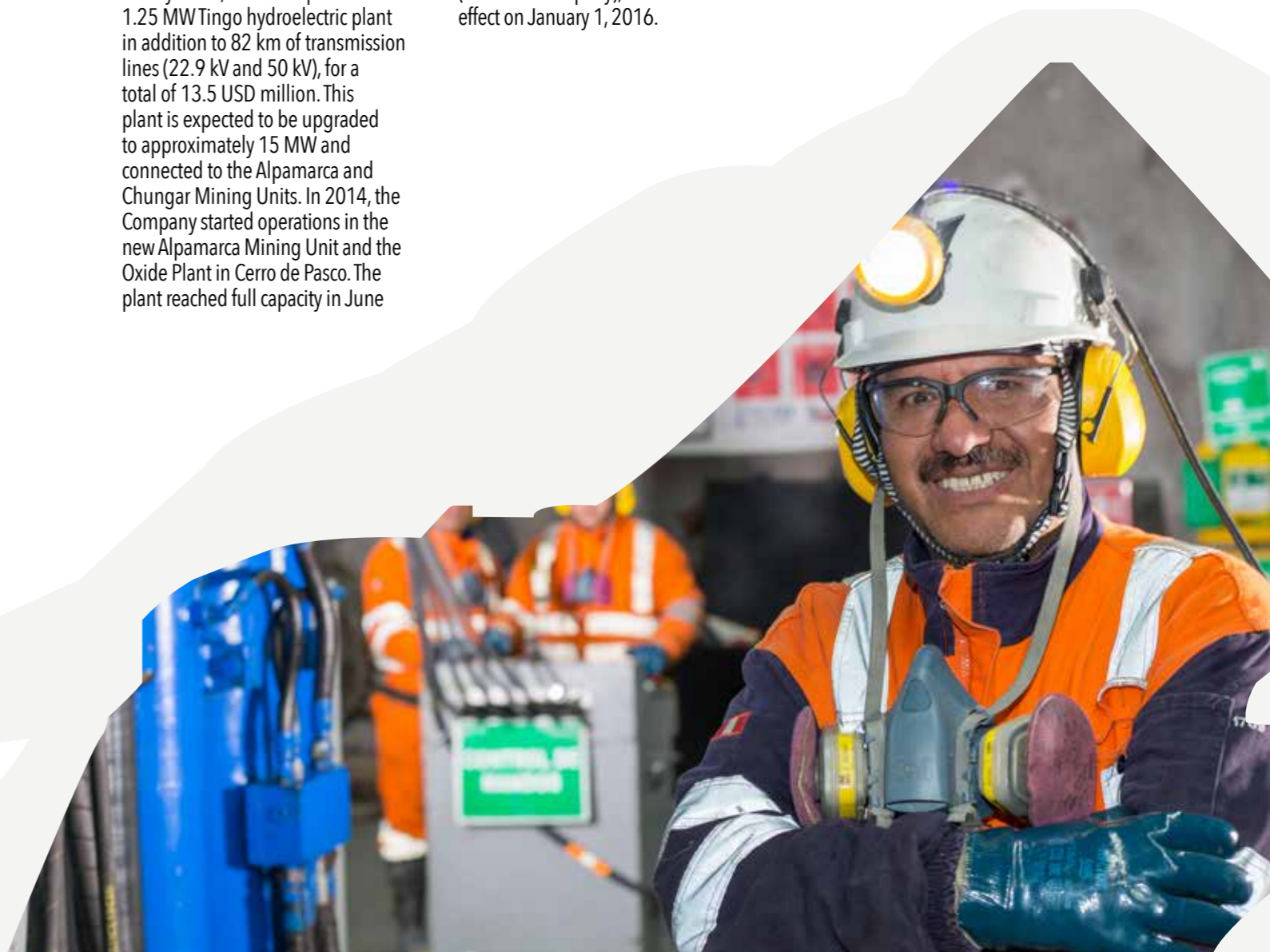
In July 2014, Volcan acquired the 1.25 MW Tingo hydroelectric plant in addition to 82 km of transmission lines (22.9 kV and 50 kV), for a total of 13.5 USD million. This plant is expected to be upgraded to approximately 15 MW and connected to the Alpamarca and Chungar Mining Units. In 2014, the Company started operations in the new Alpamarca Mining Unit and the Oxide Plant in Cerro de Pasco. The plant reached full capacity in June

2015 with a total investment of USD 280 million.

In 2015, the following corporate reorganizations were undertaken: merger under which Chungar absorbed the entire property of El Pilar, Huascarán, Santa Clara, Shalca, and Troy, which took effect on September 1, 2015; spin-off in Empresa Administradora Cerro S.A.C. involving an equity block made up of assets and liabilities related to the Oxide Plant, which took effect on October 1, 2015; and merger by absorption between Compañía Minera Alpamarca S.A.C. (absorbing company) and Empresa Administradora Chungar S.A.C. (absorbed company), which took effect on January 1, 2016.

Finally, the latter changed its corporate name to Compañía Minera Chungar S.A.C.

It is worth highlighting that the 20 MW Rucuy hydroelectric plant (120 GWh/year) began operations in August 2016. This project involved a total investment of USD 50 million. With the latest addition, the Company now has 13 hydroelectric plants in operation with a total generation capacity of 63 MW. generación total de 63 MW. Also in 2016, Volcan acquired the Romina polymetallic project from Milpo. From 2008 to 2012, more than 13,000 meters of DDH were completed. This project will



provide operational continuity to the Alpamarca Mining Unit.

In November 2017, Glencore International AG acquired a total of 603,077,387 class A common shares via a Public Tender Offer. As of the launch date of such offer, Glencore International AG and affiliated companies already held 295,754,888 shares, thus accumulating a total of 898,832,275 class A shares representing 55.028% of the class A common shares and 23.29% of the share capital (considering the class A shares and class B shares that the Company has in its portfolio).

At the end of 2018, Volcan completed the New Chancay Food Market Project through the Works for Taxes program. This Municipal market has more than 650 stands and involved a PEN 22 million investment. This was a very important project for the city of Chancay that will benefit 85 thousand people.

In 2019, the Company entered into association agreements with the Chinese company Cosco Shipping Ports Limited (CSPL) for the development of the Port Terminal of Chancay, located 80 km North from Lima. Also, the Company became a shareholder of Terminales Portuarios Chancay (TPCH) holding 60% of representative share capital. Volcan will maintain the remaining 40% of the share capital in TPCH.

In December 2020, workings at the mine portal entrance to the underground viaduct tunnel were

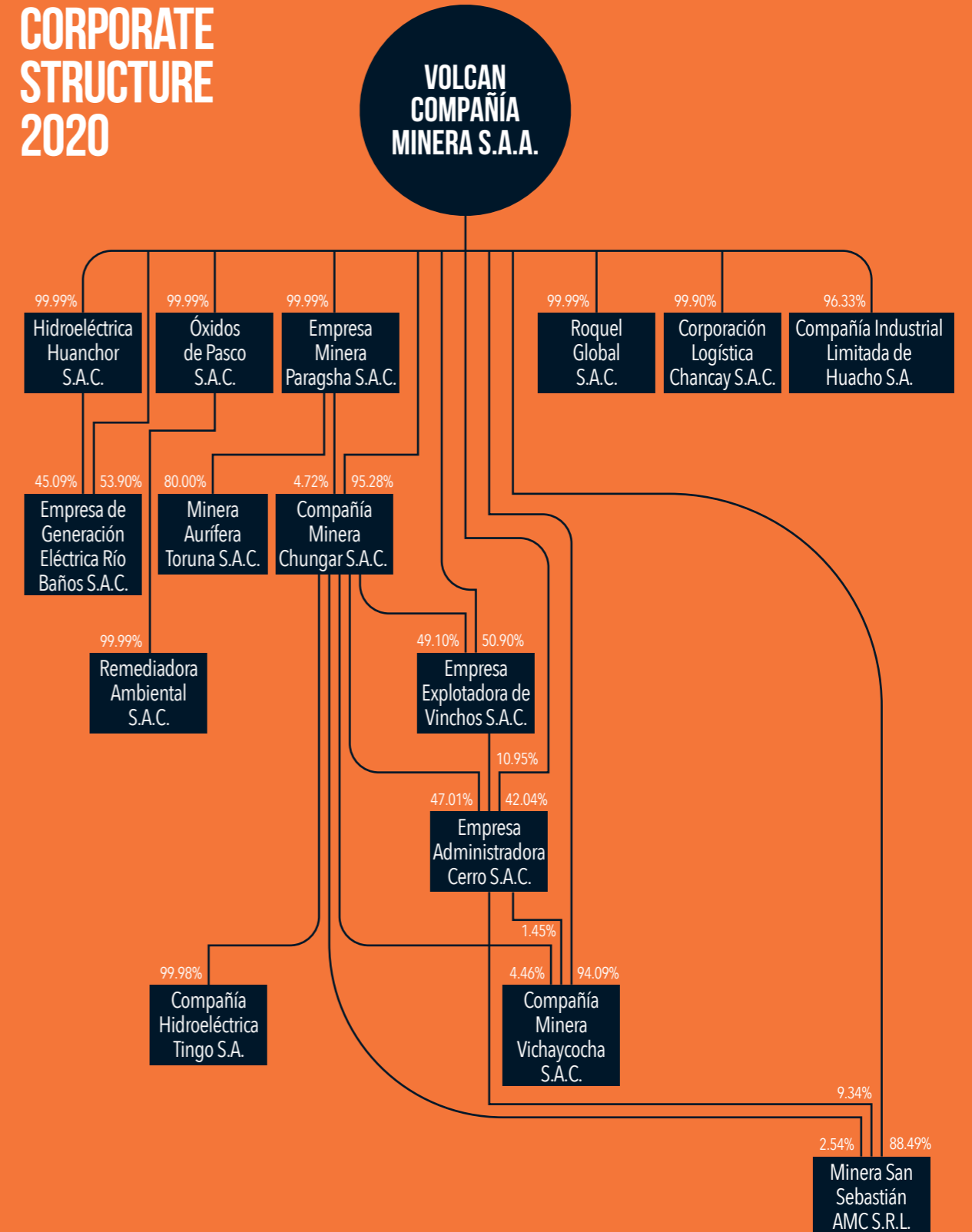
completed with an investment of USD 9 million including all the necessary protocols, permits, and licenses. Likewise, the construction of the camp with a 1,500 people capacity and collateral works was completed with a USD 7.5 million investment. Volcan has just turned 77 years old since its founding, and has over 354 thousand hectares of mining concessions, 8 mines . Moreover, on December 22, 2020, the Environmental Impact Assessment Modification (MEIA) of the project was approved, which

is an authorization for the port's operational zone, in order to expand its capacity with two multipurpose berths and two container berths. Volcan has just turned 77 years old since its founding. With over 354 thousand hectares of mining concessions, 8 mines in operation, six concentrator plants and one leaching plant, hydroelectric plants, transmission lines, a 40% stake of the Terminal Port of Chancay, it has become a highly diversified company and a global leader in zinc, lead, and silver production.

1943 ————— 2020

**VOLCAN HAS JUST TURNED 77 YEARS OLD SINCE ITS FOUNDING, AND HAS OVER 354 THOUSAND HECTARES OF MINING CONCESSIONS, 10 MINES IN OPERATION, SIX CONCENTRATOR PLANTS AND ONE LEACHING PLANT, HYDROELECTRIC PLANTS, TRANSMISSION LINES, AND A 40% STAKE OF THE TERMINAL PORT OF CHANCAY.**

**CORPORATE STRUCTURE 2020**





### ECONOMIC GROUP AND CORPORATE PURPOSE

BUSINESS NAME	TAX IDENTIFICATION NUMBER	COMPANY PURPOSE
Volcan Compañía Minera S.A.A.	20383045267	Extraction of non-ferrous metal minerals
Compañía Minera Chungar S.A.C.	20514608041	Extraction of other mines and quarries
Empresa Administradora Cerro S.A.C.	20538848060	Extraction of non-ferrous metal minerals
Óxidos de Pasco S.A.C.	20600715187	Smelting of non-ferrous metals
Empresa Explotadora de Vinchos Ltda. S.A.C.	20100539439	Extraction of non-ferrous metal minerals
Empresa Minera Paragsha S.A.C.	20347644502	Extraction of metal minerals non-ferrous metals
Minera Aurífera Toruna S.A.C.	20510318227	Extraction of other mines and quarries
Minera San Sebastián AMC S.R.L.	20447348421	Extraction of other mines and quarries
Compañía Industrial Limitada de Huacho S.A.	20102200170	Real state
Compañía Minera Vichaycocha S.A.C.	20504972241	Extraction of other mines and quarries
Hidroeléctrica Huanchor S.A.C.	20546236073	Generation, transmission, and distribution of electrical energy
Empresa de Generación Eléctrica Río Baños S.A.C.	20537761670	Generation, transmission, and distribution of electrical energy
Compañía Hidroeléctrica Tingo S.A.	20521371103	Generation, transmission, and distribution of electrical energy
Roquel Global S.A.C.	20602370748	Other activities related to transportation support
Corporación Logística Chancay S.A.C.	20602314392	Other activities related to transportation support
Remediadora Ambiental S.A.C.	20600655133	Other professional, scientific, and technical activities





# THREE

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT



## BOARD OF DIRECTORS

### CHANGES IN BOARD OF DIRECTORS

In July 2020, Mr. Daniel Maté Badenes, Mr. Christopher Eskdale and Mr. Carlos Perezagua Marín resigned from the Company's Board of Directors and were replaced by Mr. Nikola Popovic, Mr. Abraham Chahuán and Mr. Carlos Francisco Fernández.

Professional Background of the Board of Directors:

#### **José Picasso Salinas**

Director and member of the Executive Committee since March 1996. He served as Vice Chairman of the Board of Directors from 2006 to April 2010 when he started his tenure as 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 boards of Bodegas Vista Alegre, Cemento Polpaico S.A and the National Society of Mining, Petroleum and Energy, and a member of the Peruvian-Chilean Business Council. He previously served as Vice Chairman of the Board of Directors of Embotelladora Latinoamericana S.A.A (Coca-Cola) and director of Compañía Minera Atacocha S.A., EXSA, S.A., Castrovirreyna Compañía Minera, Compañía Molinera del Peru, Compañía de Seguros La Fénix Peruana S.A., Bolsa de Valores de Lima and Acción Comunitaria.

### DIRECTORIO VIGENTE AL 31 DE DICIEMBRE DEL 2020

**José Picasso Salinas**  
Presidente

**José Ignacio De Romaña Letts**  
Vicepresidente

**Nikola Popovic**  
Director

**Abraham Chahuán Abedrabo**  
Director

**Carlos Perezagua Marín**  
Director

**Ricardo Revoredo Luna**  
Director

**Victoria Soyer Toche**  
Director

#### **José Ignacio De Romaña Letts**

Director since 1993 and Vice Chairman of the Board since September 2014. He is member of the Executive Committee. He served as Deputy Manager of Compañía de Minas Buenaventura from 1992 to 1999 and as Manager of Volcan's Marketing Division between 2000 and 2010. He has also been a director 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.

#### **Nikola Popovic**

Director since July 2020. He is a worker in the Glencore group since 1992, first as a trader in the Zinc department in London, then in Moscow and finally in Switzerland. He was responsible for the acquisition of Kazzinc, Kazakhstan. He served as Chief Executive Officer and Chairman of Kazzinc. Nowadays, Mr. Popovic leads the commercial and smelting side of Glencore's global Zinc department. Mr. Popovic holds a degree and a master's degree in economics from Cambridge

University in England.

#### **Abraham Chahuán Abedrabo**

Director since July 2020. He served as Chief Executive Officer and Chairman of Compañía Minera Antamina from 2010 to 2020, as well as Chief Executive Office and Chairman of Compañía Minera Milpo from 2001 to 2010, and Chief Executive Office and Chairman of Siderperu from 1996 to 2001.

Mr. Chahuán, with 35 years of experience in the metallurgical mining sector, began his professional career at Southern Peru Copper Corporation. He formerly served as Vice Chairman of the National Society of Mining, Oil and Energy, as well as four times Director of the Peruvian Institute of Mining Engineers and president of Perumin 2013. Mr. Chahuán is a PhD candidate in international finance from University of Cataluña and holds a postgraduate

degree from Universidad Politécnica de Madrid. He holds a degree in engineering from Universidad Nacional de San Agustín. Abraham holds a degree in Metallurgical Engineering from Universidad Nacional de San Agustín.

#### **Carlos Francisco Fernández Navarro**

Director since July 2020. Executive Vice President since January 2018. SE He previously served as Business Development Manager for the Zinc Department of Glencore International AG, Asset Manager - South America for the Zinc Department of Glencore International AG and as Investor Relations Manager for Glencore International AG. Mr. Fernández holds a degree in Applied Mathematics from Yale University.

#### **Ricardo Revoredo Luna**

Director since November 2019. Mr. Revoredo also holds office as alternate director of Compañía Minera Poderosa S.A. and Compañía Minera San Ignacio de Morococha S.A.A., as well as director of Bolsa de Valores de Lima S.A.A., Compañía

Minera Chungar S.A.C., Proyectos Médicos S.A. and member of the Advisory Board of the Department of Administration and Corporate Finance of Universidad San Ignacio de Loyola. He previously served as Vice Chairman of the Board of Directors of Bolsa de Valores de Lima S.A.A. and as director of CAVALI ICLV.

Mr. Revoredo holds a business administration degree from Universidad Nacional Federico Villarreal. Before joining the Glencore Group in 2010, she held various positions within Tyco International in the United States for over seven years, most recently as Finance Director from 2008 until leaving the company in 2010. Capital (IBMEC) in Brazil, and a diploma of Administración de Negocios (ESAN).

#### **Victoria Soyer Toche**

Director since November 2017. She holds a degree in business from Universidad del Pacífico and an MBA from Thunderbird School of Management. Before joining the Glencore Group in 2010, Executive Vice President since January 2018. SE Before joining the Glencore Group in 2010, she held various positions within Tyco International in the United States for over seven years, most recently as Finance Director from 2008 until leaving the company in 2010.

Ms. Soyer is also a Director for Perubar and Transportadora Callao.



## SENIOR MANAGEMENT

### MANAGERS IN OFFICE AS OF DECEMBER 31, 2020

<b>Juan Ignacio Rosado Gómez de la Torre</b> Chief Executive Officer	<b>Eduardo Enrique Malpartida Espinoza</b> Corporate Safety and Occupational Health Manager.	<b>Miguel Herrera Quispe</b> Corporate Maintenance Manager
<b>Carlos Francisco Fernández Navarro</b> Executive Vice President	<b>Juan Neyra Valverde</b> Concentrator Plant Manager	<b>Human Barend Daniel</b> Corporate Technical Services Manager
<b>Aldo de la Cruz Peceros</b> Vice President of Operations	<b>Edgardo Zamora Pérez</b> Corporate Planning Manager	<b>César Emilio Farfán Bernales</b> Geology Corporate Manager
<b>Jorge Leoncio Murillo Núñez</b> Vice President of Administration and Finance	<b>Carlos Manuel García Zapata</b> Mining Unit Operations General Manager - San Cristóbal - Carahuacra	<b>Percy Luis Rivera López</b> Environmental Affairs Corporate Manager
<b>Vanessa Aita de Marzi</b> Marketing Corporate Manager	<b>José Francisco Zegarra Carmona</b> Mine Operations Manager	<b>Willy Antonio Montalvo Callirgos</b> Accounting and Tax Manager
<b>Renzo Muenta Barzotti</b> Corporate Human Development Manager	<b>Carlos Trillo Medrano</b> Andaychagua Mine Operations Manager	<b>Dayan Gustavo Segura Vandervelde</b> Information Technology Manager
<b>Roberto Juan Servat Pereira de Sousa</b> Corporate Social Responsibility and Labor Relations Manager	<b>Francisco Grimaldo Zapata</b> Alpamarca Mine Operations Manager	<b>Mauricio Scerpella Iturburu</b> Budget and Control Manager
<b>Juan Alberto Begazo Vizcarra</b> Audit Manager	<b>Adrián Felipe Corihuamán Mayta</b> Mine Operations Manager - San Cristobal	<b>Jorge de Olazábal Angulo</b> Technical Manager of Environmental Permits
<b>Alfonso Rebaza González</b> Legal Affairs Manager	<b>John Quispe Loayza</b> Tidlio Mine Operations Manager	<b>Jorge Luis Cotrina Luna</b> Head of Securities
<b>Ronald Martín Castillo Ángeles</b> Corporate Logistics Manager	<b>James Atalaya Chacón</b> Chungar Operations General Manager	
<b>Álvaro Luis Cabrera Ramírez</b> Energy Manager	<b>John Ames Gavino</b> Chungar Mine Operations Manager Manager	





# FOUR

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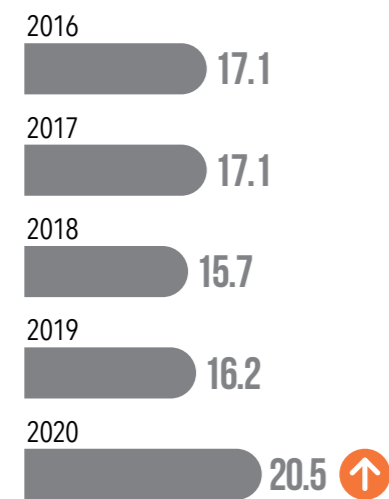
## MAIN INDICATORS



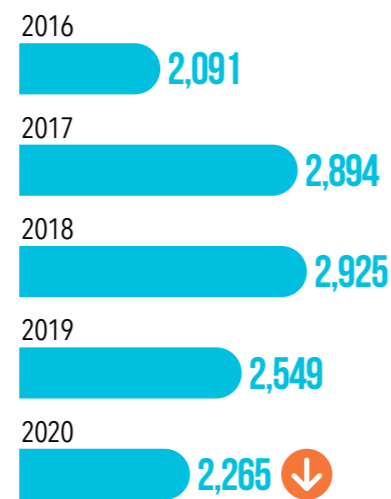
## MARKET INDICATORS

# AG ZN PB

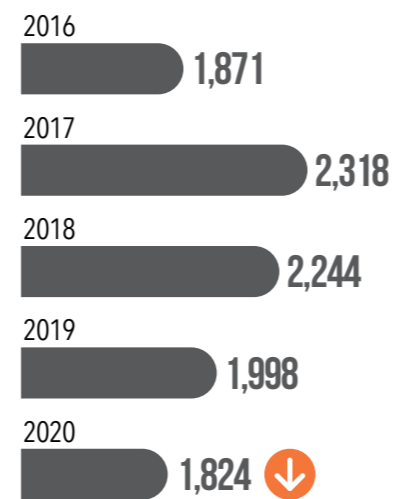
### EVOLUTION OF THE AVERAGE SILVER SPOT PRICE (USD/OZ)



### EVOLUTION OF THE AVERAGE ZINC SPOT PRICE (USD/MT)

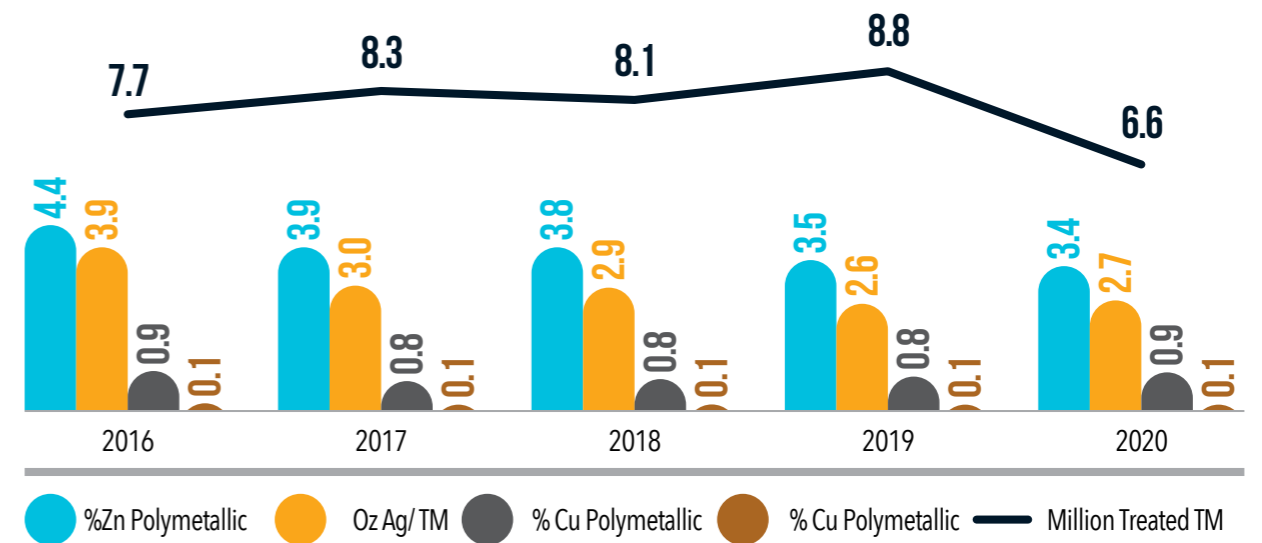


### EVOLUTION OF THE AVERAGE LEAD SPOT PRICE (USD/MT)

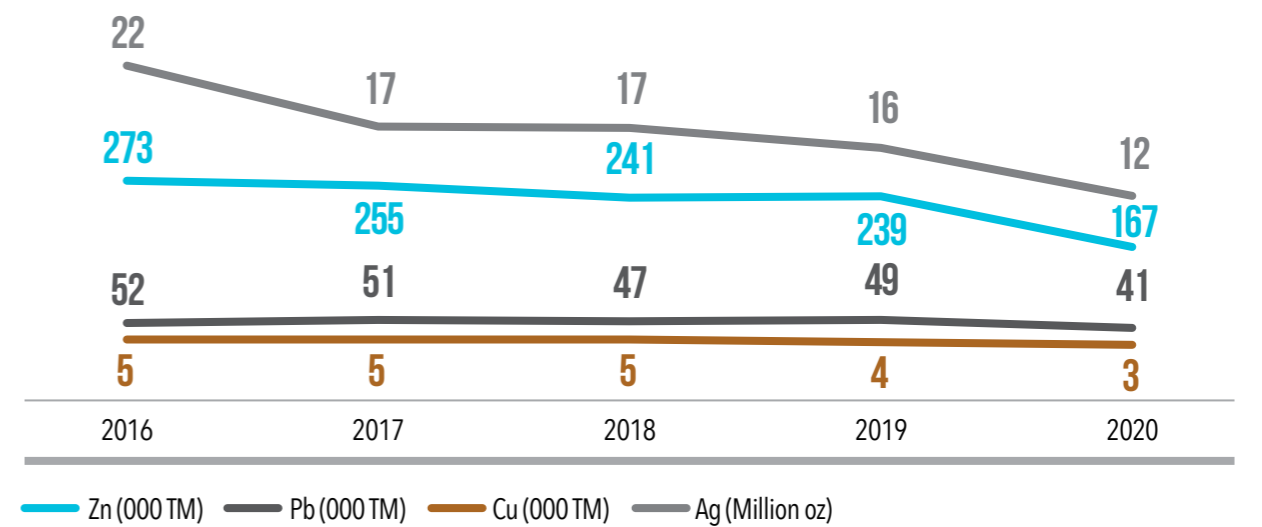


## PRODUCTION INDICATORS

### EVOLUTION OF PRODUCTION AND AVERAGE GRADES

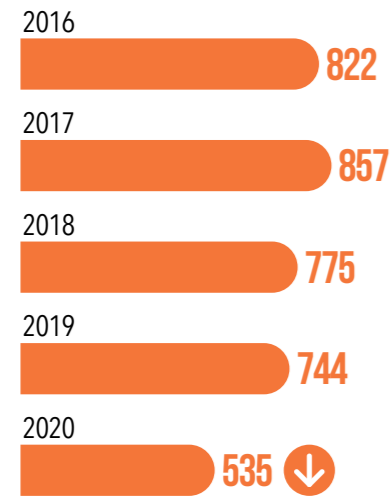


### EVOLUTION OF FINES PRODUCTION

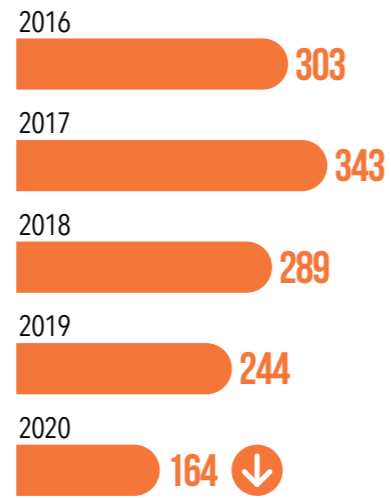


## FINANCIAL INDICATORS

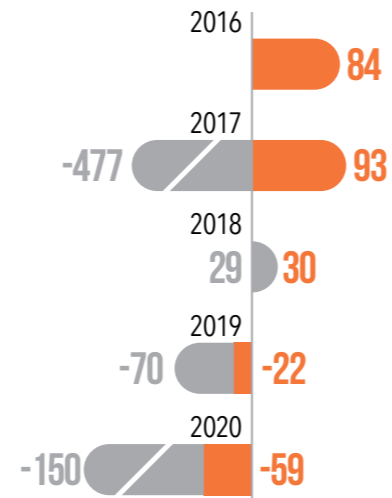
### SALES EVOLUTION (IN MILLION USD)



### EBITDA EVOLUTION (IN MILLION USD)



### NET PROFIT EVOLUTION (IN MILLION USD)



- Net profit after exceptionals
- Net profit before exceptionals





# FIVE

## MINERAL RESOURCES AND ORE RESERVES





## MINERAL RESOURCES REPORTED HEREIN ARE ALSO INCLUSIVE OF THOSE RESOURCES THAT PRODUCE RESERVES.



Mineral resource and ore reserve estimates of Volcan Compañía Minera as of December 31, 2020, have been prepared according with industry best practices and the international standards established in the JORC CODE.<sup>1</sup> This estimate will form part of the official report issued by Glencore Zinc and has been validated using the best practices adopted from Glencore Technical Services.

Mineral resources reported herein are also inclusive of those resources that produce reserves. This form of reporting follows the same one adopted for the report issued in 2018.

Volcan used specialized software to define resources and ore reserves (we have licenses for the best software in the world, both for Geology and Mine Planning).

The Company developed a strategic plan for 2020 in order to carry out the diamond drilling programs for exploration, resource definition and infill drilling.

The ultimate goal of this plan is to replace and increase ore reserves. This is possible through a dynamic relocation of the drilling programs to strategic areas to obtain the highest possible estimation of resources that can be converted to reserves. This allows for an adequate planning of production to ensure long-term sustainability.

Nevertheless, due to the COVID-19 global health crisis, the drilling campaign executed was redirected mainly to cover the mining plan sections considered in the 2020 LOM to increase its accuracy by prioritizing the infill drilling programs in all mines.

Mineral resources and ore reserves as of December 31, 2020 were calculated using long-term metal price annual forecasts for the life-of-mine of each Mining Unit or the LOM of each Mining Unit. The following average prices were used: 2,400 USD/MT for zinc; 1,900 USD/MT for lead; 6,250 USD/MT for copper, 1,650 USD/oz for gold; and 20 USD/oz for silver.

### EVOLUTION OF METAL PRICES APPLIED TO THE ORE RESERVE ESTIMATION

METALS	2015	2016	2017	2018	2019	2020
Zinc (USD/TM)	2,200	2,300	2,450	2,440	2,450	↓ 2,400
Lead (USD/TM)	2,000	2,100	2,100	2,030	1,910	↓ 1,900
Copper (USD/TM)	6,500	5,800	6,400	6,500	6,460	↓ 6,250
Silver (USD/oz)	18	18	18.5	16	17	↑ 20
Gold (USD/oz)	1,200	1,200	1,250	1,250	1,250	↑ 1,650

<sup>1</sup> The Statement of Zinc Mineral Resources and Ore Reserves as of December 31, 2018, has been compiled in keeping with the Australasian Code for The term "ore reserves", as defined in Clause 28 of the JORC Code, has the same meaning as "mineral reserves" as defined by reporting of Exploration Results, Mineral Resources and Ore Reserves of 2012 (JORC Code). the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards for the definition of mineral resources and ore reserves.

## ORE RESERVES

An Ore Reserve is the economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Ore reserves are categorized as proved or probable depending on the level of confidence.

AN ORE RESERVE IS THE ECONOMICALLY MINEABLE PART OF A MEASURED OR INDICATED MINERAL RESOURCE.

This estimate has been prepared by applying the guidelines established under best industry practices, and aligning Volcan procedures and methodologies to the standards used by Glencore on a corporate level. These procedures have been standardized to all Volcan mines.

Company reserves as of December 31, 2020, reduced their tonnage by 15% over the previous year. Ore reserves quality (grade) remained similar to 2019 with a slight decrease of 4% for zinc and 10% for silver grades compared to the previous year.

Ore reserves in Yauli Mining Unit decreased by 20% compared to the previous year however, there was a slight increase of 6% in the zinc grade.

Ore reserves in Chungar Mining Unit were dramatically impacted and decreased by 41% compared to the previous year. Ore quality (grade) in general also showed a slight increase by 5% compared to the previous year.

The Alparmarca Mining Unit shows an 11% decrease in ore reserves with an increase of 33% for zinc, 29% for lead and 27% for silver grades as compared to the previous year.

The Cerro de Pasco Mining Unit did not report any reserves for 2019, therefore, no comparison have been made. There is a considerable increase in reserves from 2.1 million in 2018 to 3.5 million in 2020.

### EVOLUTION OF METAL PRICES APPLIED TO THE ORE RESERVE ESTIMATION

YEAR	THOUSAND MT	GRADES				FINES		
		ZN %	PB %	CU %	AG OZ/TM	ZN THOUSAND MT	PB THOUSAND MT	AG MILLION OZ
2015	76,891	3.7	0.9	0.1	3.5	2,840	701	267
2016	65,242	3.9	0.9	0.1	3.3	2,536	614	215
2017	50,296	4.1	0.9	0.2	3.6	2,039	465	179
2018	34,300	4.0	0.9	0.1	2.4	1,388	306	81
2019	32,700	4.8	1.1	0.2	3.0	1,565	371	99
<b>2020</b>	<b>27,719</b>	<b>4.6</b>	<b>1.1</b>	<b>0.1</b>	<b>2.7</b>	<b>1,274</b>	<b>299</b>	<b>75</b>

PROVED AND PROBABLE ORE RESERVES BY MINING UNIT

MINING UNIT	MILLION MT	GRADES				FINES			
		ZN %	PB %	CU %	AG OZ/TM	ZN THOUSAND MT	PB THOUSAND MT	CU THOUSAND MT	AG MILLION OZ
<b>Yauli</b>	<b>16.7</b>	<b>5.5</b>	<b>1.0</b>	<b>0.2</b>	<b>3.3</b>	<b>916</b>	<b>169</b>	<b>28</b>	<b>54</b>
Proven	3.7	5.1	0.9	0.2	3.3	191	32	6	11
Probable	13	5.6	1.1	0.2	3.0	725	137	21	43
<b>Chungar</b>	<b>5.9</b>	<b>4.7</b>	<b>1.6</b>	<b>0.1</b>	<b>2.3</b>	<b>274</b>	<b>94</b>	<b>7</b>	<b>13</b>
Proven	1.5	5.4	1.7	0.1	2.2	81	25	3	3
Probable	4.4	4.4	1.6	0.1	2.3	193	69	4	10
<b>Alpamarca</b>	<b>1.6</b>	<b>1.2</b>	<b>0.9</b>	<b>0.1</b>	<b>1.9</b>	<b>20</b>	<b>14</b>	<b>2</b>	<b>3</b>
Proven	1.5	1.2	0.9	0.1	1.9	18	14	2	3
Probable	0.1	1.1	0.8	0.1	1.5	1	1	0	0
<b>Cerro de Pasco</b>	<b>3.5</b>	<b>1.8</b>	<b>0.6</b>	<b>-</b>	<b>1.3</b>	<b>63</b>	<b>22</b>	<b>-</b>	<b>4</b>
Probable	3.5	1.8	0.6	-	1.3	63	22	-	4
<b>Probable</b>	<b>6.7</b>	<b>4.3</b>	<b>1.1</b>	<b>0.2</b>	<b>2.7</b>	<b>291</b>	<b>71</b>	<b>11</b>	<b>17</b>
<b>Probable</b>	<b>21.0</b>	<b>4.7</b>	<b>1.1</b>	<b>0.1</b>	<b>2.6</b>	<b>983</b>	<b>229</b>	<b>26</b>	<b>58</b>
<b>Total</b>	<b>27.7</b>	<b>4.6</b>	<b>1.1</b>	<b>0.1</b>	<b>2.7</b>	<b>1,274</b>	<b>299</b>	<b>37</b>	<b>75</b>

ORE RESERVES BY TYPE OF MINING OPERATION

TYPE OF MINING OPERATION	MILLION MT	GRADES			
		ZN %	PB %	CU %	AG OZ/TM
<b>Underground</b>	<b>22.6</b>	<b>5.3</b>	<b>1.1</b>	<b>0.1</b>	<b>3.0</b>
Yauli					
San Cristóbal	9.3	5.1	0.9	0.2	3.3
Carahuacra	2.0	4.8	0.9	0.0	3.4
Andaychagua	4.7	6.5	1.2	0.1	3.1
Ticlio	0.7	5.8	1.0	0.5	2.5
Chungar					
Animón	5.4	4.8	1.6	0.1	2.0
Islay	0.5	3.1	1.2	0.1	5.2
<b>Open Pits</b>	<b>5.1</b>	<b>1.6</b>	<b>0.7</b>	<b>0.0</b>	<b>1.5</b>
Alpamarca					
Alpamarca	1.6	1.2	0.9	0.1	1.9
Cerro de Pasco					
OIS + Sulphides	3.5	1.8	0.6	0.0	1.3
<b>Total Reserves</b>	<b>27.7</b>	<b>4.6</b>	<b>1.1</b>	<b>0.1</b>	<b>2.7</b>

**COMPANY RESERVES AS OF DECEMBER 31, 2020, REDUCED THEIR TONNAGE BY 15% OVER THE PREVIOUS YEAR. ORE RESERVES QUALITY (GRADE) REMAINED SIMILAR TO 2019 WITH A SLIGHT DECREASE OF 4% FOR ZINC AND 10% FOR SILVER GRADES OVER THE PREVIOUS YEAR.**



## MINERAL RESOURCES

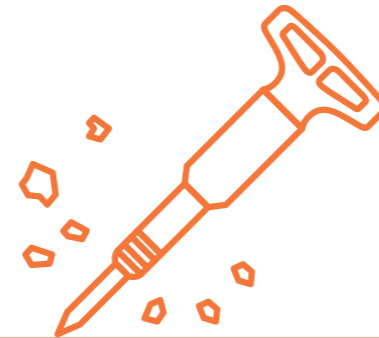
The mineral resource estimate as of December 31, 2020, includes those resources that produce reserves. This form of reporting differs from the one used by Volcan in previous estimates, prior to 2018, where those resources that produced reserves used to be excluded.

Both forms of reporting resources are accepted by the JORC code, as long as the method used is clearly established. This new form

of reporting has been adopted to be aligned with the reporting methodology used by Glencore.

A cut-off grade is used for reporting mineral resources to ensure that mineralized material with no economic interest is removed.

The mineral resources in general decreased by 8 million tons, excluding the Cerro de Pasco Mining Unit and exploration projects, mainly reflected in the Animon, San Cristobal and Carahuacra Mining Units, whose main factors are the reinterpretation of geological models, topography and quality control of ancient areas

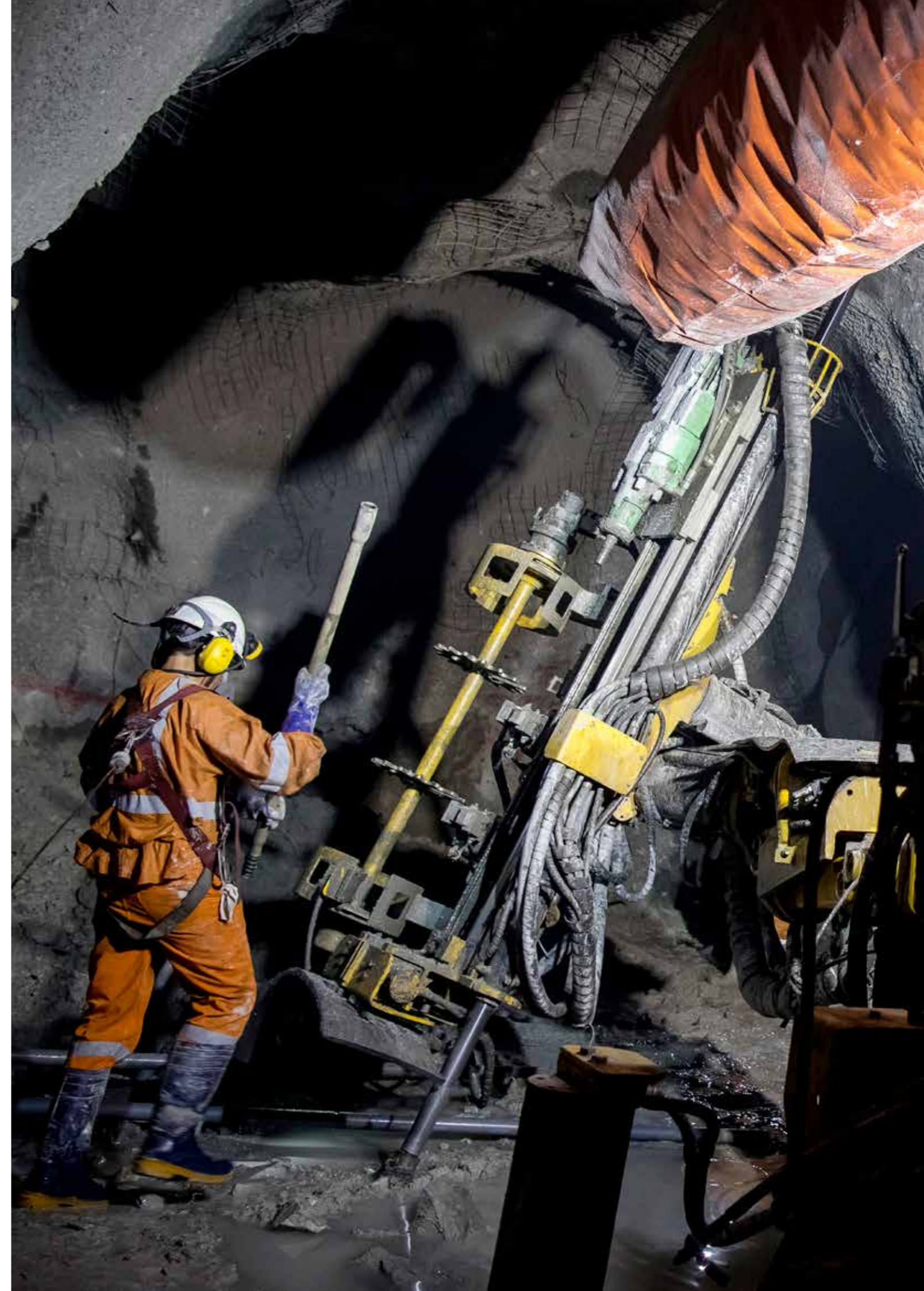


of the mines. In addition, mineral resources were influenced by the redirection and reduction of drilling programs and realigned to ensure the certainty of production blocks, which significantly decreased new resource and potential programs. During 2020, 80,609 meters were drilled (-64% as compared to 2019).

### EVOLUTION OF TOTAL ORE RESERVES - VOLCAN AND SUBSIDIARIES

YEAR	THOUSAND MT	GRADES				FINES		
		ZN %	PB %	CU %	AG OZ/TM	ZN THOUSAND MT	PB THOUSAND MT	AG MILLION OZ
2015	114,007	5.6	1.2	0.2	3.8	6,421	1,401	434
2016	105,983	5.7	1.2	0.2	3.7	6,028	1,268	389
2017	124,694	5.4	1.2	0.2	3.3	6,777	1,488	406
<b>2018</b>	<b>117,985</b>	<b>5.3</b>	<b>1.1</b>	<b>0.1</b>	<b>3.2</b>	<b>6,203</b>	<b>1,302</b>	<b>375</b>
<b>2019</b>	<b>117,573</b>	<b>5.6</b>	<b>1.3</b>	<b>0.2</b>	<b>3.5</b>	<b>6,634</b>	<b>1,516</b>	<b>414</b>
<b>2020</b>	<b>109,520</b>	<b>5.5</b>	<b>1.3</b>	<b>0.2</b>	<b>3.4</b>	<b>6,046</b>	<b>1,392</b>	<b>369</b>

**BOTH FORMS OF REPORTING RESOURCES ARE ACCEPTED BY THE JORC CODE, AS LONG AS THE METHOD USED IS CLEARLY ESTABLISHED.**



## MEASURED, INDICATED\* AND INFERRED RESOURCES BY MINING UNIT

MINING UNIT	MILLION MT	GRADES				FINES			
		ZN %	PB %	CU %	AG OZ/TM	ZN THOUSAND MT	PB THOUSAND MT	CU THOUSAND MT	AG MM OZ
<b>Yauli</b>	<b>70.2</b>	<b>5.8</b>	<b>1.0</b>	<b>0.2</b>	<b>3.6</b>	<b>4,067</b>	<b>737</b>	<b>145</b>	<b>252</b>
Measured	12.4	6.1	1.0	0.2	3.3	758	122	25	42
Indicated	27.4	6.2	1.1	0.2	3.8	1,700	314	55	105
Inferred	30.4	5.3	1.0	0.2	3.5	1,609	301	65	105
<b>Cerro</b>	<b>113.6</b>	<b>4.5</b>	<b>1.7</b>	<b>0.2</b>	<b>3.6</b>	<b>5,157</b>	<b>1,972</b>		<b>404</b>
Indicated	17.0	0.8	0.5	0.2	4.2	136	92	26	71
Inferred	96.7	5.2	1.9	0.2	3.4	5,022	1,880	192	333
<b>Chungar</b>	<b>35.6</b>	<b>5.4</b>	<b>1.7</b>	<b>0.1</b>	<b>3.1</b>	<b>1,934</b>	<b>621</b>	<b>51</b>	<b>110</b>
Measured	4.6	7.3	2.1	0.2	3.8	333	96	9	18
Indicated	12.7	6	1.8	0.2	3	755	233	20	38
Inferred	18.4	4.6	1.6	0.1	2.9	846	292	22	54
<b>Alpamarca</b>	<b>3.7</b>	<b>1.2</b>	<b>0.9</b>	<b>0.1</b>	<b>2.1</b>	<b>45</b>	<b>34</b>	<b>3</b>	<b>8</b>
Measured	3.1	1.2	0.9	0.1	2	38	29	2	6
Indicated	0.6	1.4	1.0	0.1	2.4	8	6	1	1
Inferred	0.0	1.5	0.9	0.1	2.3	0	0	0	0
<b>La Tapada</b>	<b>10.1</b>	<b>3.4</b>	<b>1.4</b>	<b>0</b>	<b>1.4</b>	<b>349</b>	<b>140</b>	<b>-</b>	<b>14</b>
Indicated	3.6	3.6	1.5	0	1.5	130	56	-	5
Inferred	6.5	3.4	1.3	0	1.3	219	84	-	8
<b>Zoraida</b>	<b>4.0</b>	<b>4.8</b>	<b>3.4</b>	<b>0.1</b>	<b>4.6</b>	<b>189</b>	<b>134</b>	<b>4</b>	<b>18</b>
Indicated	3.0	4.8	3.3	0.1	4.6	143	99	3	14
Inferred	1.0	4.8	3.7	0.1	4.8	46	36	1	5

MINING UNIT	MILLION MT	GRADES				FINES			
		ZN %	PB %	CU %	AG OZ/TM	ZN THOUSAND MT	PB THOUSAND MT	CU THOUSAND MT	AG MM OZ
<b>Palma</b>	<b>22.7</b>	<b>4.4</b>	<b>0.8</b>	<b>0</b>	<b>0.8</b>	<b>993</b>	<b>188</b>	<b>7</b>	<b>17</b>
Indicated	12.5	4.5	0.9	0	0.9	568	110	4	11
Inferred	10.2	4.2	0.8	0	0.7	426	78	3	7
<b>Puagjanca</b>	<b>14.5</b>	<b>4.6</b>	<b>2.7</b>	<b>0.1</b>	<b>1.2</b>	<b>672</b>	<b>394</b>	<b>12</b>	<b>18</b>
Measured	5.8	4.3	2.3	0.1	1.1	248	135	4	7
Indicated	4.8	5.3	3	0.1	1.4	251	143	5	7
Inferred	4.0	4.4	2.9	0.1	1.2	173	116	3	5
<b>Andrea</b>	<b>5.4</b>	<b>3.9</b>	<b>0</b>	<b>0</b>	<b>0.2</b>	<b>213</b>	<b>3</b>	<b>2</b>	<b>1</b>
Inferred	5.4	3.9	0	0	0.2	213	3	2	1
<b>Santa Bárbara</b>	<b>140.2</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>561</b>	<b>-</b>
Inferred	140.2	0	0	0.4	0	0	0	561	0
<b>Rondoní</b>	<b>60.5</b>	<b>-</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323</b>	<b>-</b>
Measured	18.4	0	0	0.5	0	0	0	92	0
Indicated	34.3	0	0	0.6	0	0	0	192	0
Inferred	7.8	0	0	0.5	0	0	0	39	0
<b>Measured</b>	<b>44.3</b>	<b>3.1</b>	<b>0.9</b>	<b>0.3</b>	<b>1.6</b>	<b>1,377</b>	<b>382</b>	<b>133</b>	<b>72</b>
<b>Indicated</b>	<b>115.8</b>	<b>3.2</b>	<b>0.9</b>	<b>0.3</b>	<b>2.2</b>	<b>3,690</b>	<b>1,053</b>	<b>305</b>	<b>252</b>
<b>Inferred</b>	<b>320.5</b>	<b>2.6</b>	<b>0.9</b>	<b>0.3</b>	<b>1.6</b>	<b>8,553</b>	<b>2,789</b>	<b>887</b>	<b>518</b>
<b>Total reserves</b>	<b>480.5</b>	<b>2.8</b>	<b>0.9</b>	<b>0.3</b>	<b>1.8</b>	<b>13,619</b>	<b>4,224</b>	<b>1,325</b>	<b>842</b>

\*Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

## MEASURED AND INDICATED\* RESOURCES BY TYPE OF MINING OPERATION

TYPE OF MINING OPERATION	MILLION MT	GRADES			
		ZN %	PB %	CU %	AG OZ/TM
<b>Underground</b>	<b>57.0</b>	<b>6.2</b>	<b>1.3</b>	<b>0.2</b>	<b>3.5</b>
Yauli					
San Cristóbal	20.0	6.4	1.1	0.2	4.2
Carahuacra	7.0	6.1	0.9	0.1	3.3
Andaychagua	7.7	6.7	1.3	0.1	3.9
Tidío	5.1	4.5	1.0	0.3	1.8
Chungar					
Animón	14.0	7.3	2.2	0.2	2.7
Islay	3.2	1.9	0.8	0.1	5.4
<b>Open Pits</b>	<b>7.3</b>	<b>0.6</b>	<b>0.5</b>	<b>0.0</b>	<b>2.9</b>
Cerro					
Óxidos in situ	3.6	0.1	0.1	0.0	3.8
Alpamarca					
Alpamarca	3.7	1.2	0.9	0.1	2.1
<b>Stockpiles</b>	<b>13.4</b>	<b>1.0</b>	<b>0.7</b>	<b>0.2</b>	<b>4.3</b>
Cerro					
Marginales Pb-Zn	5.0	2.0	0.6	0.0	1.3
Cerro					
Sulphides Stockpiles	8.4	0.4	0.7	0.3	6.1
<b>Projects</b>	<b>82.4</b>	<b>1.6</b>	<b>0.7</b>	<b>0.4</b>	<b>0.5</b>
Palma					
Palma	12.5	4.5	0.9	0.0	0.9
Romina					
Puagjanca	10.6	4.7	2.6	0.1	1.2
Yauli					
Zoraida	3.0	4.8	3.3	0.1	4.6
Carhuacayán					
La Tapada	3.6	3.6	1.5	–	1.5
Rondoní					
Rondoní	52.7	–	–	0.5	–
<b>Total Measured and Indicated Resources</b>	<b>160.1</b>	<b>3.2</b>	<b>0.9</b>	<b>0.3</b>	<b>2.0</b>

\*Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Inferred resources are a strong indicator of the capacity to grow and ensure the future sustainability of operations. A significant portion of these resources will become reserves in the short and medium term.

## INFERRED RESOURCES BY TYPE OF MINING OPERATION

TYPE OF MINING OPERATION	MILLION MT	GRADES			
		ZN %	PB %	CU %	AG OZ/TM
Underground	48.8	5	1.2	0.2	3.3
Yauli					
San Cristóbal	16.8	5.3	1	0.2	3.4
Carahuacra	4.5	7	1.2	0.1	4.4
Andaychagua	4.5	5.5	0.8	0.2	4.4
Tidío	4.7	3.4	1	0.3	2.1
Chungar					
Animón	14.4	5.4	1.8	0.1	2.4
Islay	4	1.8	0.8	0	4.8
Alpamarca					
Alpamarca	0	1.5	0.9	0.1	2.3
<b>Open Pits</b>	<b>88.1</b>	<b>5.5</b>	<b>2.1</b>	<b>0.2</b>	<b>3.6</b>
Cerro					
Raúl Rojas	69.5	6.9	2.6	0.2	3.6
Óxidos in situ	0.4	0.1	0.2	0	3.7
Piritas (sulfuros)	18.1	0.3	0.3	0.4	3.4
Alpamarca					
Alpamarca	0.1	0.9	0.5	0	1.6
<b>Stockpiles</b>	<b>8.6</b>	<b>1.9</b>	<b>0.7</b>	<b>0.1</b>	<b>2.1</b>
Cerro					
Marginales Pb-Zn	6.7	2.4	0.7	0	1.1
SP Sulphides Pyrites	1.9	0.4	0.7	0.3	5.6
<b>Projects</b>	<b>175</b>	<b>0.5</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>
Palma					
Palma	10.2	4.2	0.8	0	0.6
Romina					
Puagjanca	4	4.4	2.9	0.1	1.2
Andrea	5.4	0.9	0.5	0	1.6
Carhuacayán					
La Tapada	6.5	3.4	1.3	–	1.3
Yauli					
Zoraida	1	4.8	3.7	0.1	4.8
Santa Bárbara					
Santa Bárbara	140.2	–	–	0.4	–
Rondoní					
Rondoní	7.8	–	–	0.5	–
<b>Total Inferred Resources</b>	<b>320.5</b>	<b>2.6</b>	<b>0.9</b>	<b>0.3</b>	<b>1.6</b>

## MINERAL RESOURCES AND ORE RESERVES

Inferred resources in the polymetallic mines represent 45% of the total, while the projects account for 55% of the 320 million MT.

## INFERRED RESOURCE DISTRIBUTION

		MILLION MT	%	TOTAL %
Polymetallic Mines	Yauli	30.4	9%	45%
	Chungar	18.4	6%	
	Cerro	96.7	30%	
	Alpamarca	0.1	0%	
Projects	Palma	10.2	3%	55%
	Romina	9.4	3%	
	Carhuacayán	6.5	2%	
	Zoraida	1	0%	
	Santa Bárbara	140.2	44%	
	Rondoní	7.8	2%	
<b>Total Inferred Resources</b>		<b>320.5</b>	<b>100%</b>	<b>100%</b>





# SIX

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## MINING OPERATIONS



Volcan 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 Mining Units: Yauli, Chungar, Cerro de Pasco, Alpamarca and Pasco Oxides. Together, they have nine underground mines, three open pits, six concentrator plants with a treatment capacity of 23,650

tpd, one 2,750 tpd plant in care and maintenance and a leaching plant of 2,500 tpd.

Treated tons decreased from 8.8 million in 2019 to 6.6 million in

### MINING UNITS AND MINES PER TYPE

MINING UNIT	MINES			PLANTS		EXPLORATION AND MINING CONCESSIONS	
	NAME	TYPE	STATUS	NAME	TYPE	NUMBER	HA (000)
Yauli	San Cristóbal	Underground	Active	Victoria	Concentrator	144	40
	Andaychagua	Underground	Active	Mahr Túnel	Concentrator		
	Ticlio	Underground	Active	Andaychagua	Concentrator		
	Carahuacra	Underground	Active				
	Carahuacra Norte	Open Pit	Suspended				
Chungar	Animón	Underground	Active	Animón	Concentrator	12	14
	Islay	Underground	Active				
Cerro de Pasco	Mina subterránea	Underground	Suspended	Paragsha	Concentrator	29	18
	Raúl Rojas	Open Pit	Suspended	San Expedito	Concentrator		
	Vinchos	Underground	Suspended				
Alpamarca	Río Pallanga	Underground	Suspended	Alpamarca	Concentrator	28	19
	Alpamarca	Open Pit	Active				
Óxidos de Pasco	Stockpiles	Stockpiles	Active	Oxides	Leaching	1	0
Greenfields Exploration						628	263
<b>Total concessions</b>						<b>842</b>	<b>354</b>

2020, mainly explained by the disruption of operations and the prioritization of critical tasks (care & maintenance) from March 16 through June, in compliance with the national emergency declaration by COVID-19. Moreover, mineral quality was prioritized in all Volcan mines and sulfide stockpile treatment in the Cerro de Pasco mine continued.

In 2020, average ore grades for Volcan Consolidated were 3.4% for zinc, 0.9% for lead, 0.1% for copper and 2.7 oz of silver per ton in relation of fines, in 2020 the Company produced 167,000 tons of Zinc Fines, 41,000 tons of Lead fines, 3,000 tons of copper fines, 12.0 million ounces of Silver, and 11,000 ounces of gold. A decrease of 30% for zinc, 17% for

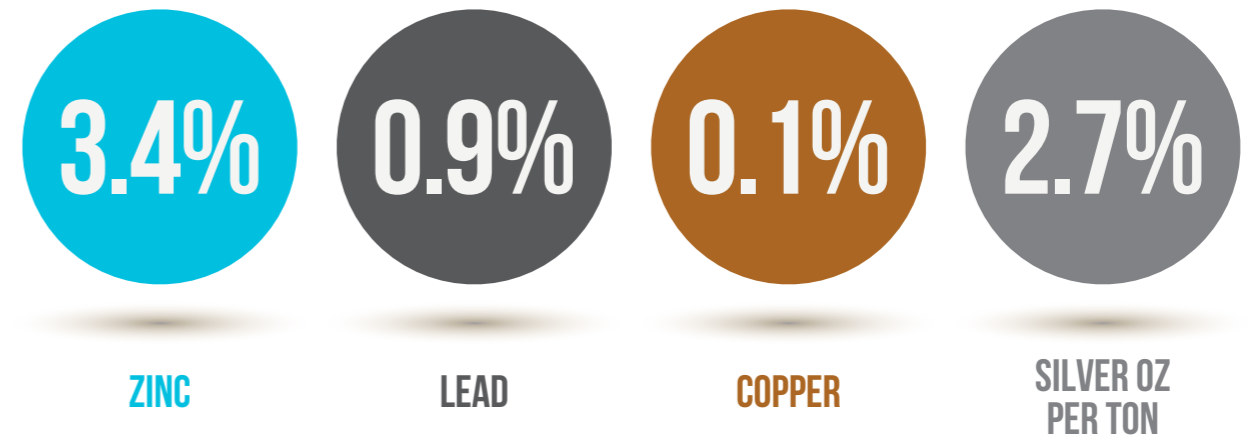
lead, 23% for copper and 22% for silver was noted.

ore grades of zinc, lead, Copper and Oz Silver decreased by 30%, 17%, 23%, and 22% respectively. This is mainly explained by the disruption of mining operations and the prioritization of critical tasks (care & maintenance) from March 16 through June, 2020, in compliance with the national emergency declaration by COVID-19.

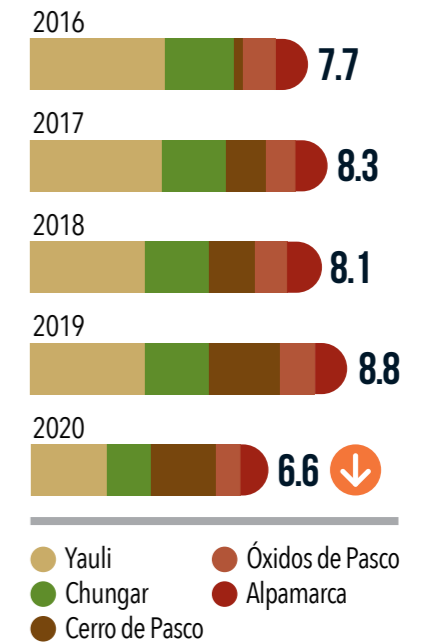
TREATED TONS DECREASED FROM **8.8 MILLONES** MILLION IN 2019 TO 6.6 MILLION IN 2020.



### CONSOLIDATED ORE GRADES - 2020

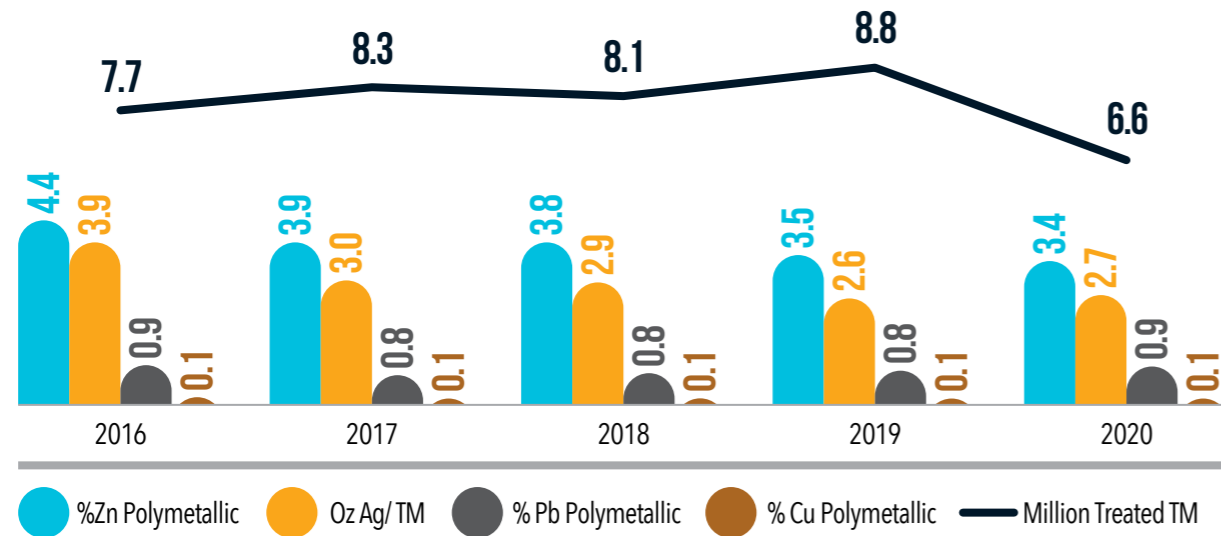


### EVOLUTION OF TREATED TONNAGE (MILLIONS OF TONS)

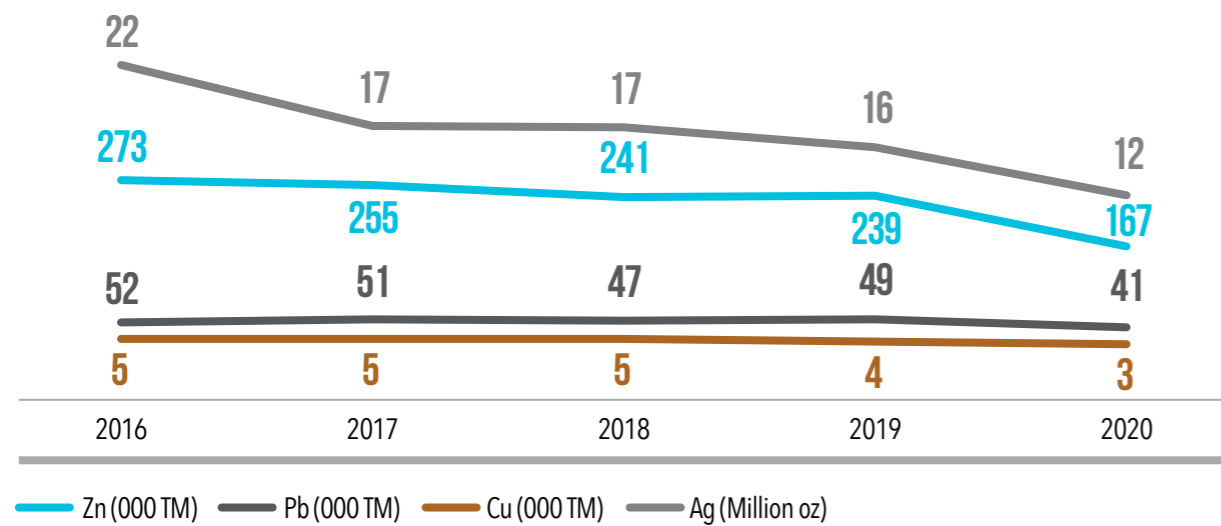




**EVOLUTION OF PRODUCTION AND AVERAGE GRADES**



**EVOLUTION OF PRODUCTION FINES CONSOLIDATED**

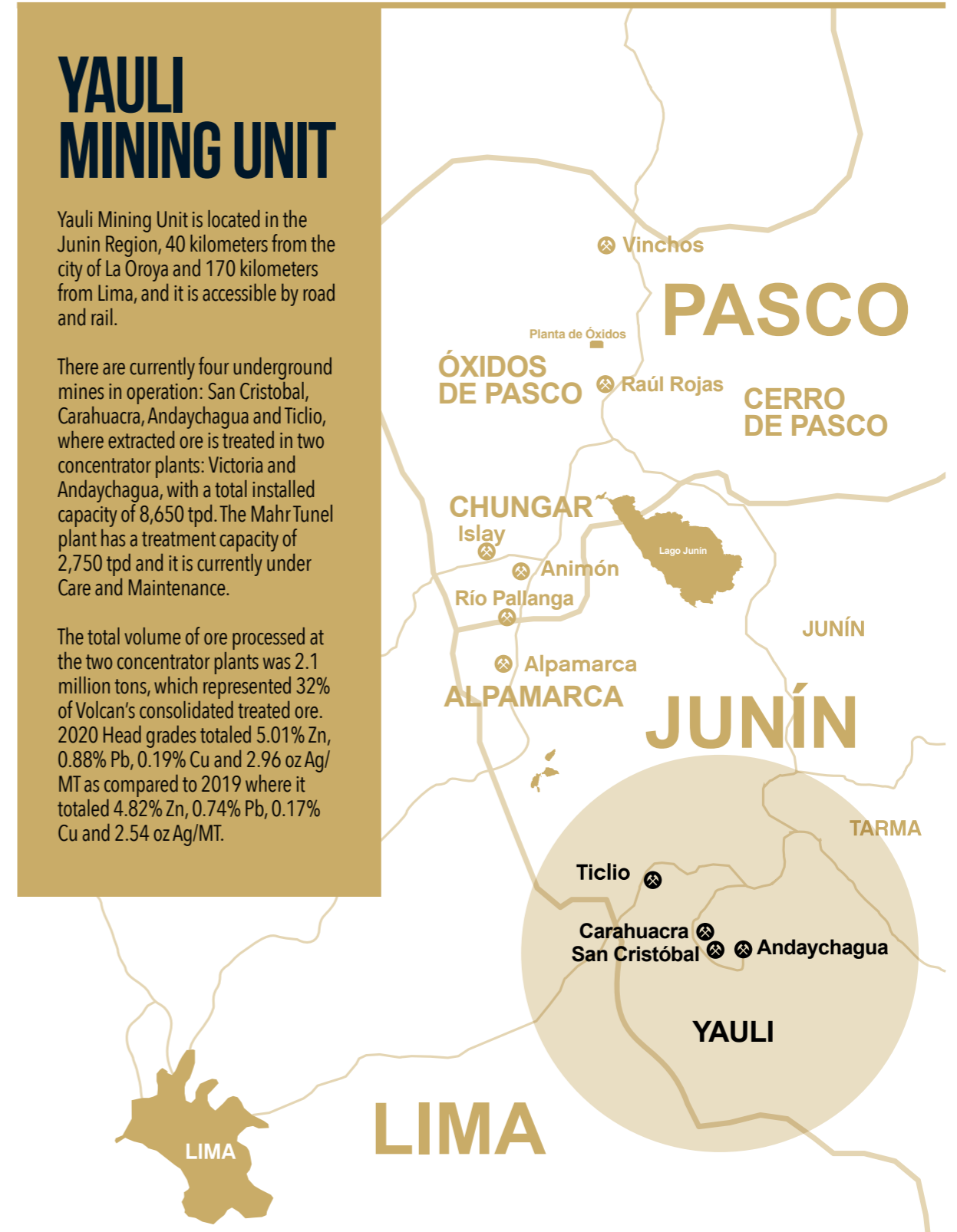


**YAULI MINING UNIT**

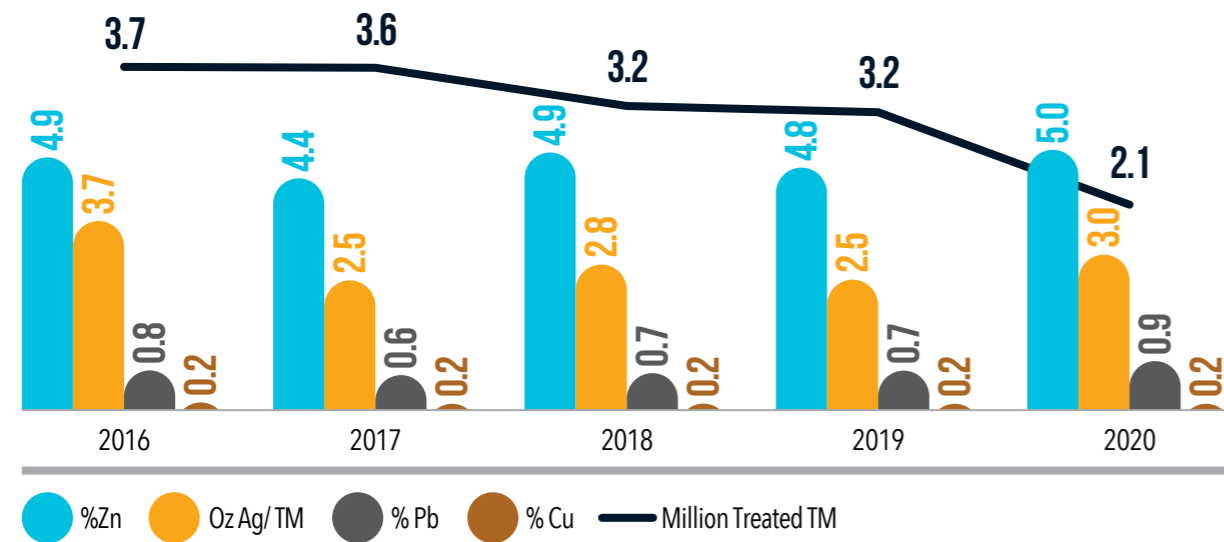
Yauli Mining Unit is located in the Junin Region, 40 kilometers from the city of La Oroya and 170 kilometers from Lima, and it is accessible by road and rail.

There are currently four underground mines in operation: San Cristobal, Carahuacra, Andaychagua and Ticlio, where extracted ore is treated in two concentrator plants: Victoria and Andaychagua, with a total installed capacity of 8,650 tpd. The Mahr Tunnel plant has a treatment capacity of 2,750 tpd and it is currently under Care and Maintenance.

The total volume of ore processed at the two concentrator plants was 2.1 million tons, which represented 32% of Volcan's consolidated treated ore. 2020 Head grades totaled 5.01% Zn, 0.88% Pb, 0.19% Cu and 2.96 oz Ag/MT as compared to 2019 where it totaled 4.82% Zn, 0.74% Pb, 0.17% Cu and 2.54 oz Ag/MT.

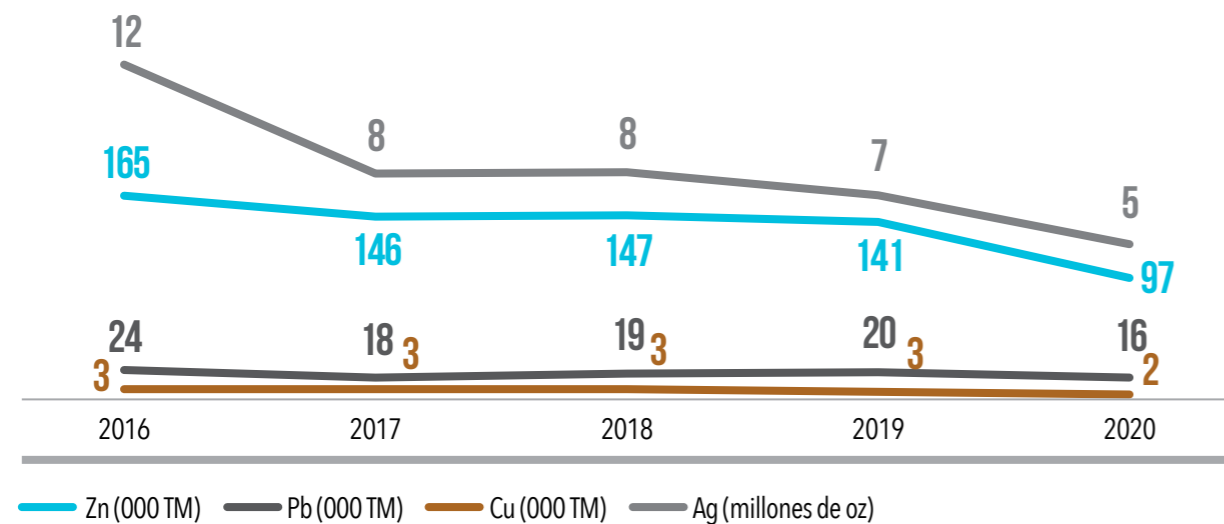


### YAULI - TREATED TONNAGE AND AVERAGE GRADES



Production of silver fines totaled 5 million ounces, a decrease of 24% from 2019; zinc fines production was 97,000 tons, a 31% decrease; and lead fines production decreased 20% to 16,000 tons.

### EVOLUTION OF FINES PRODUCTION - YAULI



### EVOLUTION OF FINES PRODUCTION

	TREATED TONNAGE (000 TM)		ZN GRADE [%]		PB GRADE [%]		CU GRADE [%]		AG ORE GRADE [OZ/TM]	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
San Cristóbal	1,191	812	5.5	5.3	0.6	0.8	0.2	0.3	2.9	3.5
Andaychagua	962	671	4.5	4.8	1.0	1.0	0.1	0.1	2.8	2.6
Ticlio	248	240	4.3	5.0	0.9	0.9	0.4	0.4	1.9	2.3
Carahuacra	764	371	4.4	4.7	0.5	0.8	0.1	0.1	1.8	3.0
Tajo Carahuacra Norte	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Yauli*</b>	<b>3,170</b>	<b>2,093</b>	<b>4.8</b>	<b>5.0</b>	<b>0.7</b>	<b>0.9</b>	<b>0.2</b>	<b>0.2</b>	<b>2.5</b>	<b>3.0</b>

\* In 2019, 5 thousand MT of ore purchased from third parties were processed.

### MINES

Since March 2020, the Yauli Mining Unit has successfully implemented COVID-19 biosafety protocols in order to mitigate the pandemic crisis at its four mines, care workers' health and ensure safe production.

Despite the situation in 2020, there were substantial improvements in the operating processes by implementing tools such as change management for the exploitation methods, the mine face opening file, which had the purpose to assess risks and define controls in the workplace, design and standardize pumping sumps, block plan and management of voids, in order to assure a world class safe operation.

Operating conditions were also improved, which has significantly reduced the associated risks, optimizing long-term mining plans aimed at creating a greater value for mines. Operations continued to implement geological model

improvements to ensure resource and reserve certainty. The diamond drilling programs were targeted to the planned operating zones in the short and medium term to increase the reliability of mining plans. In addition, a brownfield program was implemented around the Yauli dome, which allowed us to identify areas with high geological potential that will be developed in the coming years.

On the other hand, the budget production plans and the long-term model were optimized and consolidated using the Deswik mining software in all mining units. The main purpose of this model was to establish the baseline key performance indicators (KPIs) in order to obtain an executable plan for the mines.

The 3D geomechanical modeling is being developed in order to sectorize the mine by rock type and control the stability of mining excavations. Intensive workings

were completed in the different mining units, such as the inventory of retroactive support zones, the implementation of mechanized cable bolt with state-of-the-art equipment, the implementation plan for ground support in permanent mine workings, support standards and procedures. Moreover, the geomechanics teams were trained on specialized software.

The work throughout the year involved the implementation of good practices from other Glencore mining operations in countries such as Canada, Australia, and Chile (benchmarking), where technical visits took place, as well as an exchange of knowledge, therefore strengthening the capacities of our professionals at the Volcan Group.

Mining methods in mining units were assessed by developing mining method design standards. This information will allow us to strengthen our planning, to improve our process and to control our

risks. The implementation of the Amine topographic database was completed in the Andaychagua and Carahuacra Mining Units.

**San Cristobal Mine**

The head grades increased by 23%, 8% and 19% in Pb, Cu and Ag, respectively, as a result of the planned entry into higher grade zones and an operating strategy for controlling dilution at Split 658, Ramal Piso 722 and Sheyla Veins.

The production volume input was affected by restrictions due to COVID-19, which disrupted operations since March 16 and for 75 days. The operations were gradually restarted since June.

The 2020 ore production tons totaled under 32%, the results of Zn and Ag fines production were lower than in 2019, 34% and 19%, respectively.

Exploration was directed towards the Mine Deepening [658 and Split 658 Veins], intermediate zone including Ramal Piso 722 and Sheyla Veins, showing favorable results.

**Andaychagua Mine**

Regarding production, there was a 7% increase for zinc head grade mainly as a consequence of the planned contribution of the Salvadora ore body.

The 2020 ore production tons totaled under 30%, the results of Zn, lead, and Ag fines production were lower than in 2019, 24%, 29% and 37%, respectively. The results of Zn and Ag fines production were lower

than in 2019, 24%, 29% and 37%, respectively.

The production volume input was affected by restrictions due to COVID-19, which disrupted operations since March 18 and for 75 days. The operations were gradually restarted since June 1.

Despite the restrictions, exploration with diamond drilling yielded positive results, which increased certainty in the Salvadora, Salvadora Norte, Prosperidad Techo and Andaychagua orebodies.

**Ticlio Mine**

The head grades increased by 18%, 6% and 22% in Zn, Pb and Ag, respectively, as a result of a higher production from the Ramal Techo Vein.

The 2019 ore production tons totaled under 3%, the results of Zn, Pb and Ag fines production increased in 13%, 1% and 16%, respectively.

The production volume input was affected by restrictions due to COVID-19, which the production volume input was affected by restrictions due to COVID-19, which disrupted operations since March 16 and for 60 days. The operations were gradually restarted since May 18.

The drilling campaign focused on recategorizing indicated to measured resources in the Ramal Techo vein. Also, new mineralized bodies were defined in the western zone; In addition, new mineralized bodies were defined

in the west zone; and secondary structures were extended in the east zone of the same vein, but with important values of copper and silver.

**Carahuacra Mine**

Ore head grades of zinc, lead, and silver increased by 7%, 67%, and 67% respectively as compared to 2019.

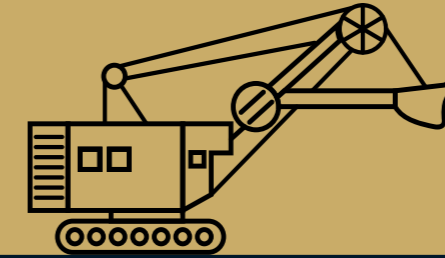
The Mary vein, the main mantos system and the Jazmín vein mainly contributed to the production.

The production volume input was affected by restrictions due to COVID-19, which disrupted operations since March 16 and for 70 days. The operations were gradually restarted since May 28.

Exploration with diamond drilling was directed towards the main mantos system and the Jazmin vein at 920 and 1020 levels, which achieved the recategorization from indicated to measured resources in the main mantos, and in the Jazmin vein, the extension of 150 meters of mineralized structure with high silver content was confirmed.

The 1280 level pumping system chambers were completed in order to replace auxiliary pumps and provide reliability to the 1360 level deepening pumping system.

The 2020 ore production tons decreased by 52%, the results of Zn, lead, and Ag fines production were lower than in 2019, 48%, 13% and 19%, respectively.



**MINE OPERATIONS - YAULI MINING UNIT**

**SAN CRISTOBAL MINE**

**HEAD GRADES** ↑

23% PB | 8% CU | 19% AG

**TOTAL PRODUCTION** ↓

32% (reduction as compared to 2019)

**FINES PRODUCTION** ↓

- 34% ZN (reduction as compared to 2019)
- 19% AG (reduction as compared to 2019)

**EXPLORATION** ↑

**ANDAYCHAGUA MINE**

**HEAD GRADES** ↑

7% ZN

**TOTAL PRODUCTION** ↓

30% (reduction as compared to 2019)

**FINES PRODUCTION** ↓

- 24% ZN (reduction as compared to 2019)
- 29% PB (reduction as compared to 2019)
- 37% AG (reduction as compared to 2019)

**EXPLORATION** ↑

**TICLIO MINE**

**HEAD GRADES** ↑

18% ZN | 6% PB | 22% AG

**TOTAL PRODUCTION** ↓

3% (reduction as compared to 2019)

**FINES PRODUCTION** ↑

- 13% ZN (increase as compared to 2019)
- 1% PB (increase as compared to 2019)
- 16% AG (increase as compared to 2019)

**EXPLORATION** ↑

**CARAHUACRA MINE**

**HEAD GRADES** ↑

7% ZN | 67% PB | 67% AG

**TOTAL PRODUCTION** ↓

52% (reduction as compared to 2019)

**FINES PRODUCTION** ↓

- 48% ZN (reduction as compared to 2019)
- 13% PB (reduction as compared to 2019)
- 19% AG (reduction as compared to 2019)

**EXPLORATION** ↑

**Carahuacra Norte Pit**

The Carahuacra Norte Pit remains halted since 2018. Currently, studies are being performed to ensure a future use as tailings deposit.

**CONCENTRATOR PLANTS**

The two concentrate plants made an average recovery of 92.7% for zinc, 86.9% for lead, 53.8% in copper and 86.6% for silver, where recoveries were 92.3% for zinc, 85.4% for lead, 53.2% in copper and 86.6% for silver, as compared to 2019, due to a lower head grade effect in metallic content.

**Victoria Plant**

The Victoria concentrator plant has an available processing capacity of 5,200 tpd. During 2020, potassium dichromate was replaced in the Pb-Cu separation

process by metabisulfite, which is a biodegradable reagent that decomposes to generate sodium sulfate, a less toxic compound than chromium.

On the other hand, copper buoyancy was improved by controlling depressants (sodium cyanide) during the milling, whose consumption was reduced from 13 to 10 g/t, resulting in a recovery of 63.1% in 2020, as compared to 56.6% in 2019.

Moreover, a second Cavex 650 cyclone was installed for primary milling, therefore increasing the release rate from 48 to 50%, 200 mesh in primary classification.

In 2020, a recovery of 92% for Zinc, 83.6% for Lead and 85.6% for Silver was obtained, as compared to 2019, with a recovery of 91.7% for Zinc, 79.8% for Lead and 85.1% for Silver, respectively.

**Andaychagua Plant**

With a treatment capacity of 3.450 tpd, the Andaychagua Plant operated the Ball Mills No. 1, 2 and 3 (10.5' x 14', 8' x 10' and 7'x 12') as Secondary Milling that feeds into the Flotation circuit mesh - 200: 59.5% under 75 microns (µm). P80 also increased from 120 microns to 125 microns, representing 68% of fines, therefore obtaining a higher release of floating particles which is reflected in the recoveries.

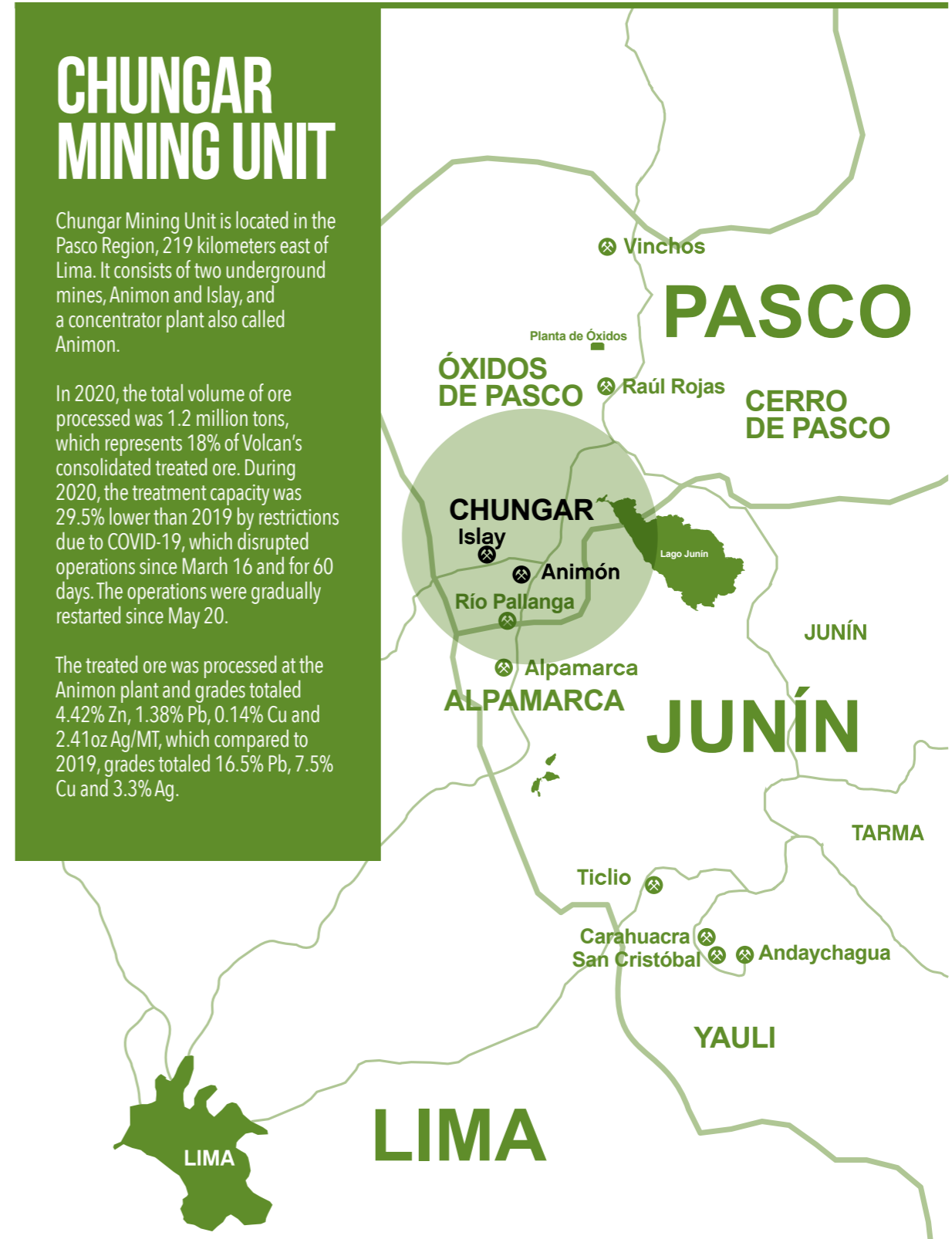
In 2020, a recovery of 94.1% for Zinc, 92.3% for Lead and 87.0% for Silver, compared to 2019, with a recovery of 92.9% for Zinc, 91.4% for Lead and 88.3% for Silver, respectively.

**Mahr Túnel Plant**

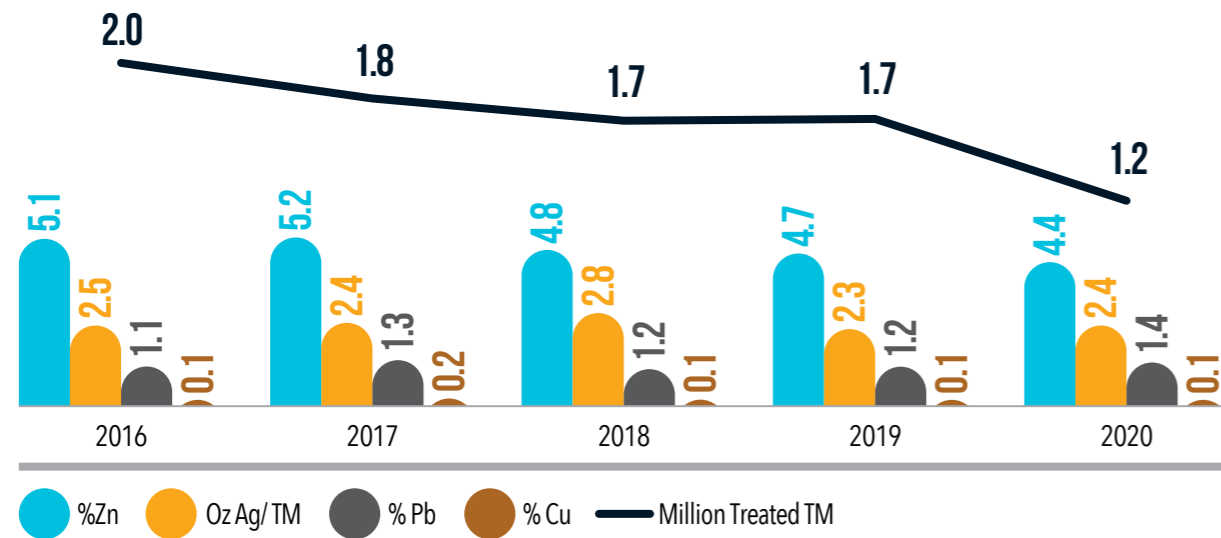
The Mahr Túnel plant has a treatment capacity of 2,750 tpd. During 2020, the plant stopped operations to be under care & maintenance until further notice.

**TREATED TONNAGE AT YAULI, BY CONCENTRATOR PLANT**

	TREATED TONNAGE (000 TM)		ZN CONCENTRATE (000 TM)		PB CONCENTRATE (000 TM)		CU CONCENTRATE (000 TM)	
	2019	2020	2019	2020	2019	2020	2019	2020
Victoria	1,756	1,359	162	125	17	18	8	8
Andaychagua	1,095	734	88	65	21	14	0	0
Mahr Túnel	318	0	24	0	5	0	4	0
<b>Total Yauli</b>	<b>3,170</b>	<b>2,093</b>	<b>274</b>	<b>190</b>	<b>43</b>	<b>32</b>	<b>11</b>	<b>8</b>

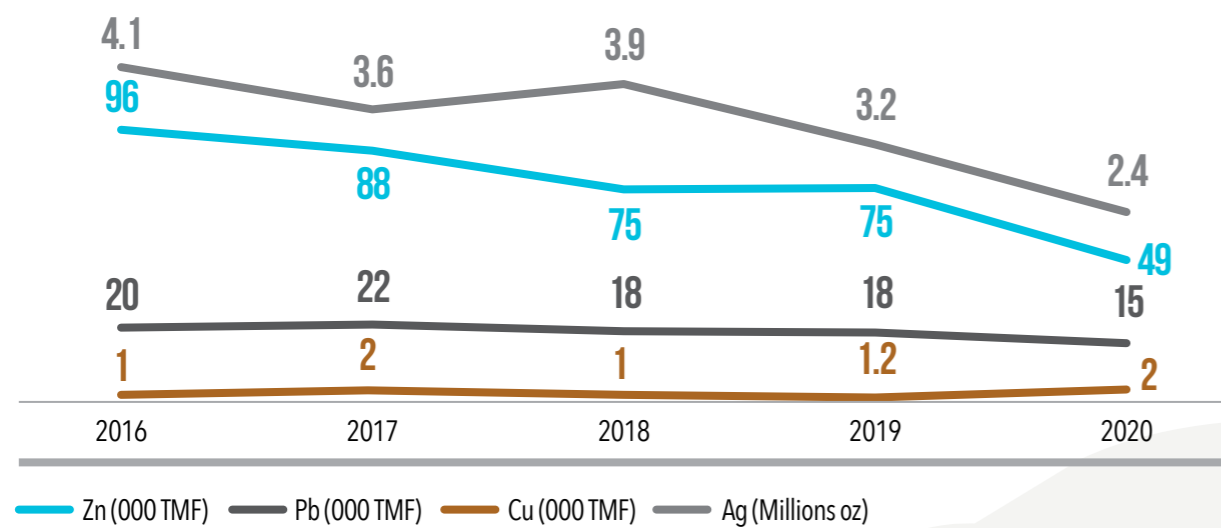


### NGAR - TREATED TONNAGE AND AVERAGE GRADES



Production of zinc fines decreased to 49,000 tons, whereas lead and silver production totaled 15,000 tons and 2 million ounces, a reduction of 35%, 19% and 25%, respectively, as compared to 2019.

### CHUNGAR - EVOLUTION OF FINES PRODUCTION



### CHUNGAR PRODUCTION, BY MINE

	TREATED TONNAGE (000 TM)		ZN GRADE [%]		PB GRADE [%]		CU GRADE [%]		AG ORE GRADE [OZ/TM]	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Animón	1,452	1,042	5.3	4.8	1.2	1.5	0.1	0.1	1.9	1.9
Islay	253	160	1.7	1.7	0.9	0.9	0.1	0.1	5.1	5.7
<b>Total Chungar</b>	<b>1,705</b>	<b>1,202</b>	<b>4.7</b>	<b>4.4</b>	<b>1.2</b>	<b>1.4</b>	<b>0.1</b>	<b>0.1</b>	<b>2.3</b>	<b>2.4</b>

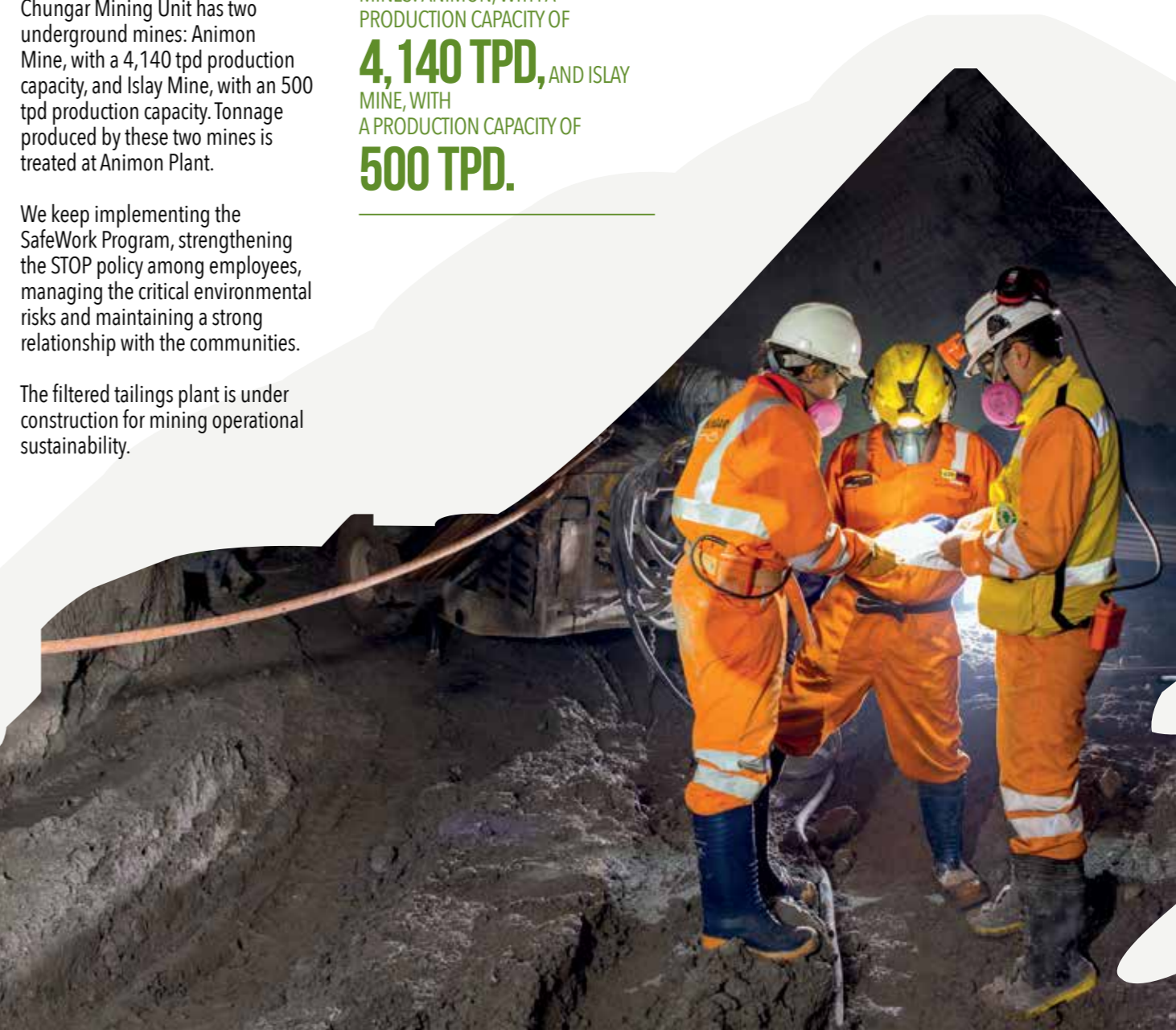
### MINES

Chungar Mining Unit has two underground mines: Animón Mine, with a 4,140 tpd production capacity, and Islay Mine, with an 500 tpd production capacity. Tonnage produced by these two mines is treated at Animón Plant.

We keep implementing the SafeWork Program, strengthening the STOP policy among employees, managing the critical environmental risks and maintaining a strong relationship with the communities.

The filtered tailings plant is under construction for mining operational sustainability.

CHUNGAR HAS TWO UNDERGROUND MINES: ANIMÓN, WITH A PRODUCTION CAPACITY OF **4,140 TPD**, AND ISLAY MINE, WITH A PRODUCTION CAPACITY OF **500 TPD**.



**Animón Mine**

In 2020, at the Animón mine, the construction of the Esperanza deposit and the filtering plant for waste disposal began, as well as differential protection panels, refuge chambers for emergency response and cable bolt to optimize the ground support at mine working were implemented.

Exploration was aimed at obtaining new mineral resources, continuing with the reconnaissance of the

Esperanza Body and discovering new structures (such as Janeth, Carmen NW, Carmen 2 and Nancy Body) with high zinc, lead and silver contents.

The extension program at the Esperanza ore body continued with high zinc and copper values as a result. This project is currently in the initial exploration stage.

**Islay Mine**

The construction of underground pumping system infrastructure was commenced, to ensure a total capacity of 420 l/s, which will guarantee deepening of the mine. On the other hand, the operation was focused on the Sur Vein,

Tensional Sur, Islay Piso and the Jazmín manto structures.

Exploration was aimed at discovering new structures, such as the Ruth, Jazmin and Guadalupe mantos, with favorable results.

**CONCENTRATOR PLANTS**

**Animón Plant**

The Animón Plant showed a lower tonnage production of 30% as compared to 2019, mainly explained by the disruption of operations due to the state of emergency. Operations restarted in May 2020, with a progressive increase of tonnage processed during June and July. However, the 2019 treatment levels were not reached due to low ore production from the Animón and Islay mines.

In 2020, the Animón concentrator plant achieved a recovery of 92% for zinc, 90.3% for lead, 58.1% for copper and 83.5% for silver. In 2019, a recovery of 92.7% for zinc, 91.4% for lead, 54.5% for copper and 80.7% for silver was obtained recovery of 92.7% for zinc, 91.4% for lead, 54.5% for copper and 80.7% for silver. Silver recovery was due to good head grades and good metallurgical performance of both ores.

**CONCENTRATE PRODUCTION**

ANIMÓN PLANT TREATMENT (000 TM)	2019	2020
Treated Tonnage	1,705	↓ 1,202
Zn Concentrate	132	↓ 85
Bulk Concentrate	38	↓ 30

**ANIMÓN CONCENTRATOR PLANT ACHIEVED A RECOVERY OF 92% FOR ZINC, 90.3% FOR LEAD, 58.1% FOR COPPER, AND 83.5% FOR SILVER.**

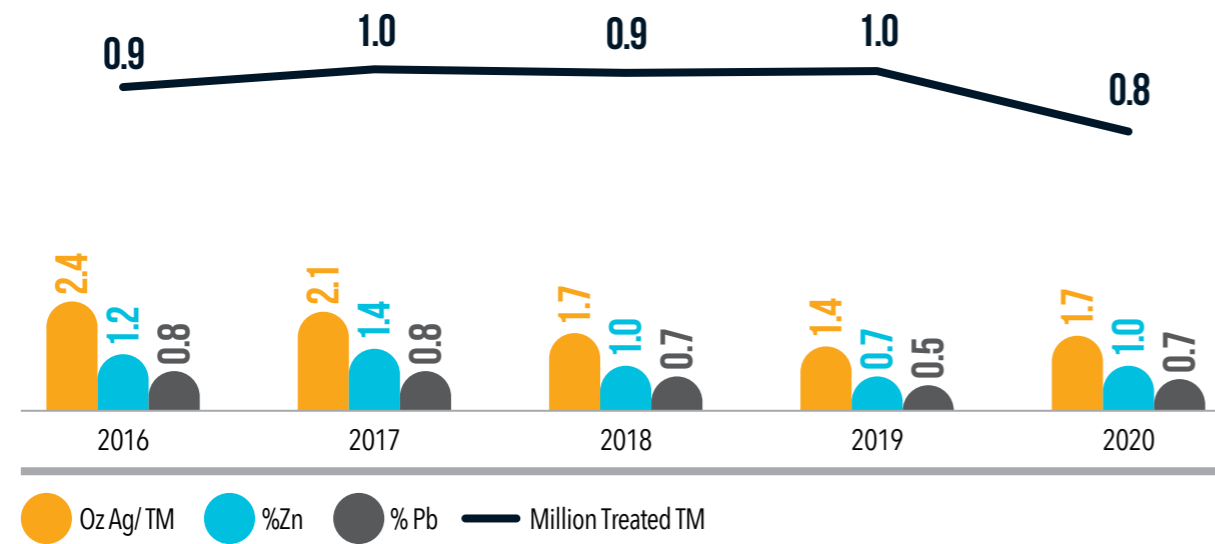
## ALPAMARCA MINING UNIT

Alpamarca Mining Unit is located in the district of Santa Bárbara of Carhuacayán, Yauli Province, Junín Region, 182 kilometers east of Lima.

This Mining Unit, which consists of the Río Pallanga underground mine (temporarily halted), Alpamarca Open Pit, Alpamarca Concentrator Plant (with a treatment capacity of 2,500 tpd), and the Romina -Puagjanca project, began operations in April 2014.

Ore processed in the concentrator plant came from the Alpamarca Open Pit, stockpiles, and tailings. Treatment totaled 784,000 tons, with average grades of 0.97% Zn, 0.67% Pb, and 1.68 oz. Ag/MT. Generally, a lower tonnage was obtained as compared to 2019, when 950 thousand tons were obtained with grades of 0.73% Zn, 0.53% Pb and 1.43 oz Ag/MT, as a consequence of the disruption of operations since March 16 for 62 days. The operations were gradually restarted since May 18.

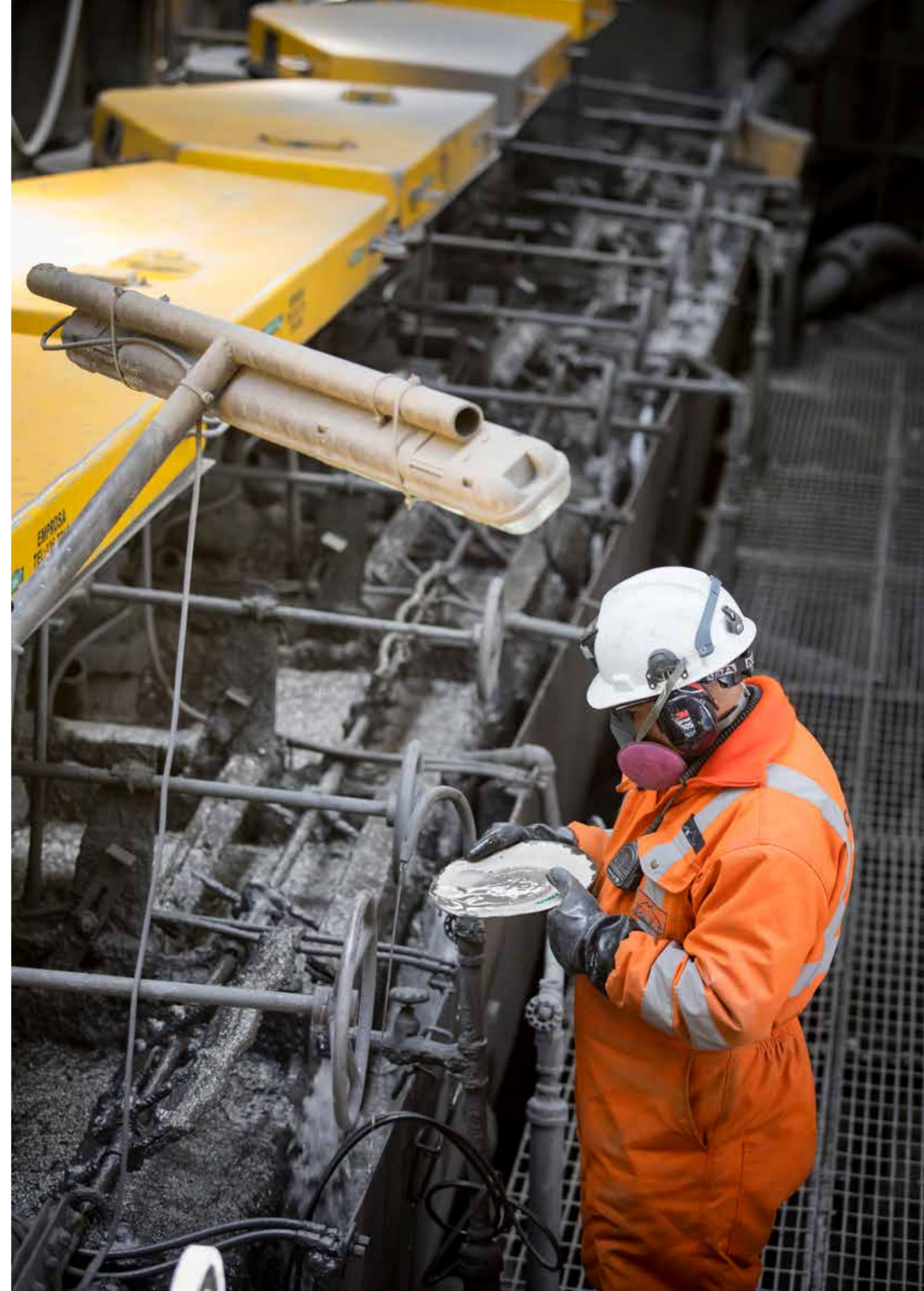
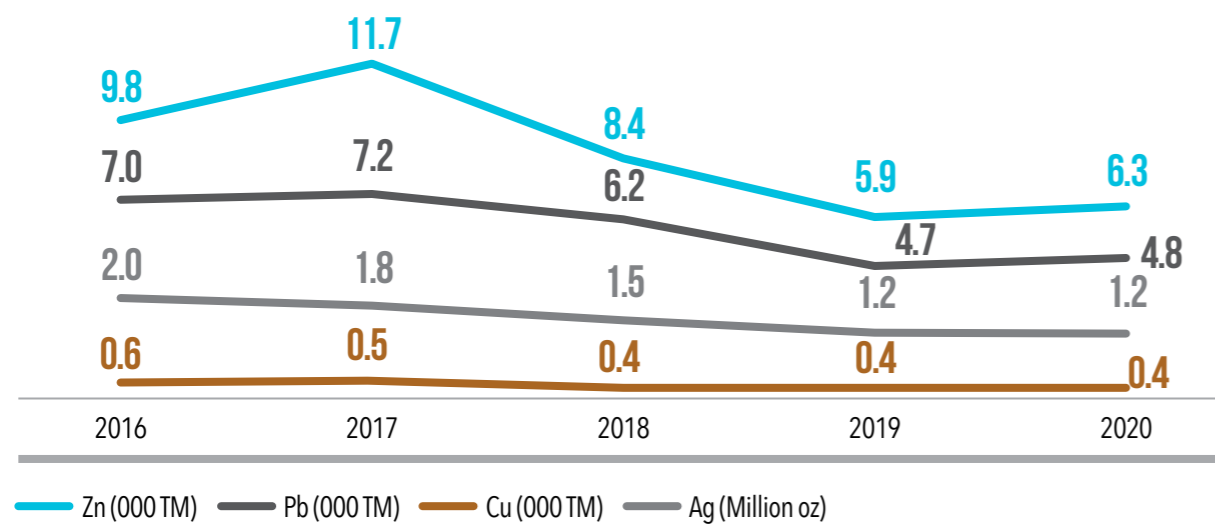
### ALPAMARCA TREATED TONNAGE AND AVERAGE GRADESS



Regarding the fines production, 6,000 tons of zinc and 4,000 tons of lead were obtained, despite the global situation due to COVID-19, those results meant an increase of 7% and 3%, respectively as compared to 2019. This increase was due to the mining sequence and higher head grades.

Meanwhile, silver production topped 1 million ounces of fines, a 4% decrease from 2019.

### ALPAMARCA FINES PRODUCTION



**MINES**

**Río Pallanga Mine**

Progress and production at the underground mine have been temporarily suspended since December 2015.

**Alpamarca Pit**

According to the reserves update as of December 2020, the Alpamarca pit is planned to be mined until December 2022, and the plant will be fed with stockpiled ore in 2023.

In 2020, the Pit ore production totaled 653,000 tons. Likewise, 6.12 million tons of waste were mined, including preparation areas, reaching a stripping ratio of 9.37.

**PLANT**

**Alpamarca Plant**

The Alpamarca Concentrator Plant processed 784,000 tons of polymetallic ore from the Alpamarca Pit and stockpiles. The mining plan was not fulfilled due to the global COVID-19 pandemic (ore processing was disrupted for sixty

days). Metallurgical performance at the Alpamarca Plant was low, with metal recovery rates of 83.1% for zinc, 90.6% for lead, and 88.3% for silver; as compared to 2019, where recoveries for zinc, lead and silver totaled 84.9%, 92.1% and 88.7 respectively.

**ROMINA - PUAGJANCA PROJECT**

The Romina-Puagjanca project, located 9 km in a straight-line northwest of Alpamarca, advanced the feasibility study by 95% during 2020, when the hydrogeological study was being updated and will be completed by 2Q 2021. Review processes were also completed with external consultants, Glencore's GZTS technical team and Volcan.

The Semi-detailed Environmental Impact Study (EIASd) was approved, enabling exploration works and the construction of an 850-meter exploratory tunnel directed towards the Puagjanca deposit. The modification of the EIASd was

submitted and is planned to be approved by the competent authority in 1Q 2021. This modification will allow to build the Roberto Letts tunnel (length in 1.6 km) and the necessary infrastructure to continue with the development of the project. The Detailed Environmental Impact Assessment (EIAd) is also being prepared and is expected to be submitted in 2021 and approved by 4Q 2022.

The ore from Romina will be treated at the Alpamarca concentrator plant, which requires upgrades and improvements. These requirements have been approved through a technical support report (TSR) in 4Q 2020. The mining technical report (ITM) is expected to be submitted by 2021 in order to start with the modification works.

THE ROMINA - PUAGJANCA PROJECT SHOWED A **95%** WITHIN THE FEASIBILITY STUDY DURING 2020, WHEN THE HYDROGEOLOGICAL STUDY WAS BEING UPDATED AND WILL BE COMPLETED BY Q2 2021.

**CONCENTRATE PRODUCTION**

ALPAMARCA TREATMENT PLANT	2019	2020
Treated Tonnage	950	784
Zn Concentrate	10	12
Bulk Concentrate	8	8



## CERRO DE PASCO MINING UNIT

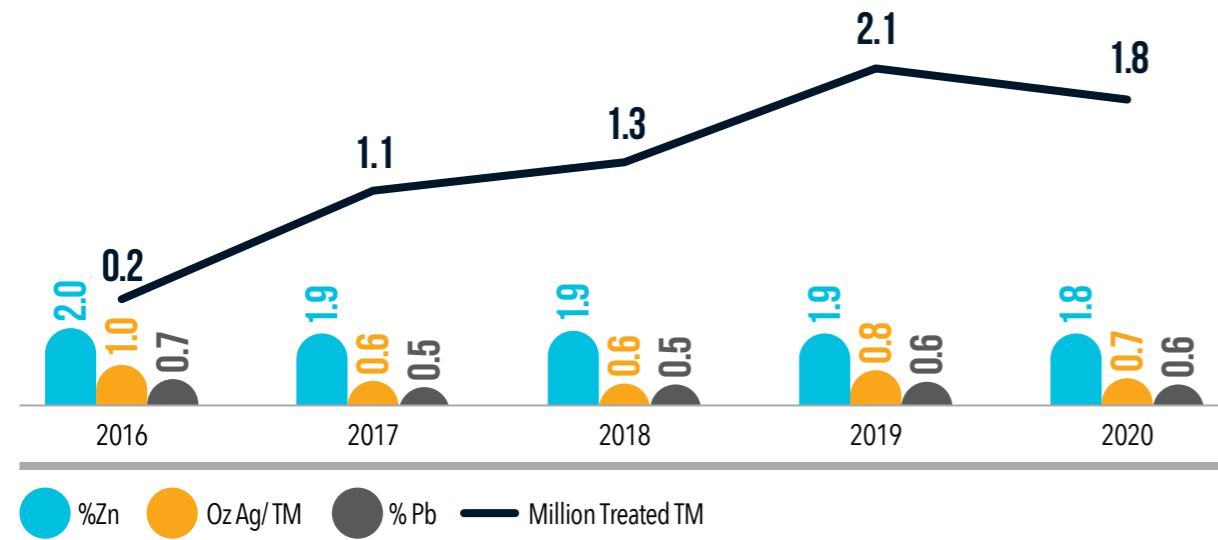
Cerro de Pasco Mining Unit is located in the Pasco Region approximately 295 kilometers from Lima and can be reached via the Central Highway.

During 2020, 1.8 million tons of stockpiled ore were processed at the Paragsha- San Expedito plant, with ore grades of 1.85% Zn, 0.58% Pb, and 0.82 oz Ag/MT.

During 2020, 2.1 million tons of stockpiled ore were processed at the Paragsha- San Expedito plant, with ore grades of 1.89% Zn, 0.63% Pb, and 0.82 oz Ag/MT, showing a lower tonnage production as compared to 2019, mainly explained by the disruption of operations since March 16 and for 70 days. The operations were gradually restarted since May 29. This ore corresponds from the Raúl Rojas pit stripping. It was stored at Santa Rosa and Pampa Seca Stockpiles.

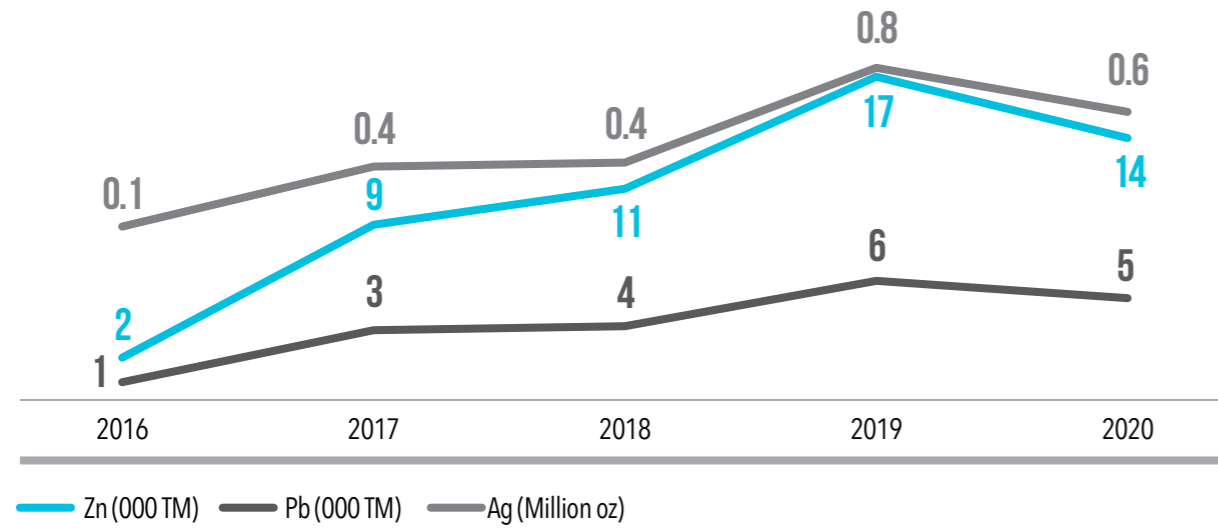


CERRO DE PASCO - TREATED TONNAGE AND AVERAGE GRADES



The fines production totaled 14,000 tons of zinc, 5,000 tons of lead and 0.6 million ounces of silver, in comparison with the 2019 results of 17,000 tons of zinc, 6,000 tons of lead and 0.8 million ounces of silver.

EVOLUTION OF FINES PRODUCTION



**MINES**

**Paragsha Underground Mine**

During 2020, the Paragsha Mine continued with temporary suspension. The mine is being maintained and water pumping system is in good condition.

**Raúl Rojas Pit Ore Stockpiles**

Marginal ore stockpiled from the Raúl Rojas Pit and oxides ore from In-situ

Oxides Pit was treated (Santa Rosa and Machu Picchu areas).

**Vinchos Mine**

The closure process for this mine is underway.

**CONCENTRATOR PLANT**

**San Expedito / Paragsha Plant**

The Paragsha-San Expedito plants operated continuously, with

treatment of marginal polymetallic ore from Cerro de Pasco's Raúl Rojas Pit, and stockpiles from Santa Rosa, Pampa Seca, and Miraflores

Tonnage was progressively increased from 5,000 tpd (June 2020) to 6,000 tpd with a mill start-up re-milling No. 6 (12.5'x 16') and with the start-up of Re-milling No. 5 (14'x 18.5'). In July 2020, treatment reached 7,000 tpd, capacity that has been maintained.

**CONCENTRATE PRODUCTION**

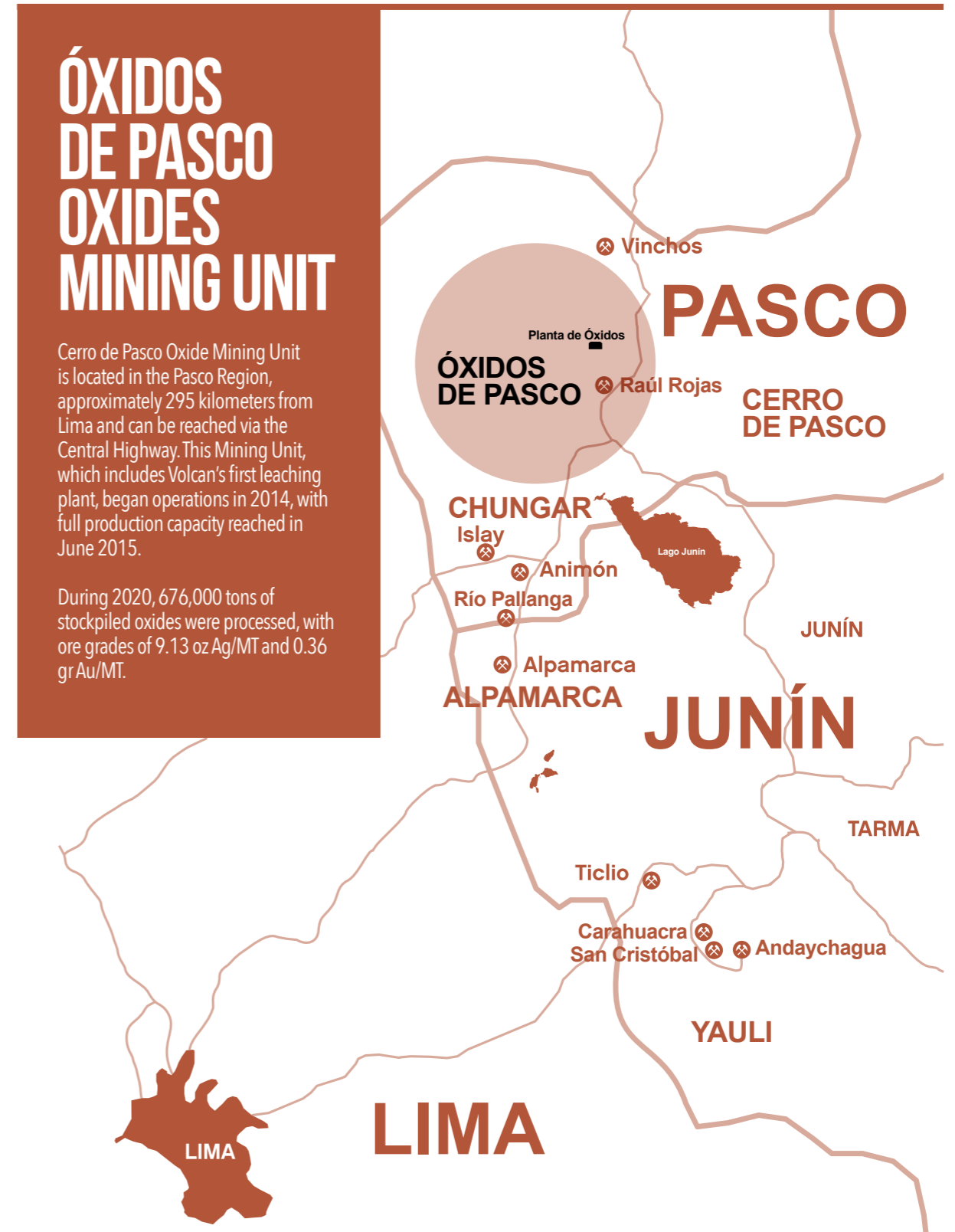
TREATMENT SAN EXPEDITO PLAN (000 TMD)	2019	2020
Treated Tonnage	2,073	↓ 1,824
Zn Concentrate	39	↓ 30
Pb Concentrate	14	↓ 11



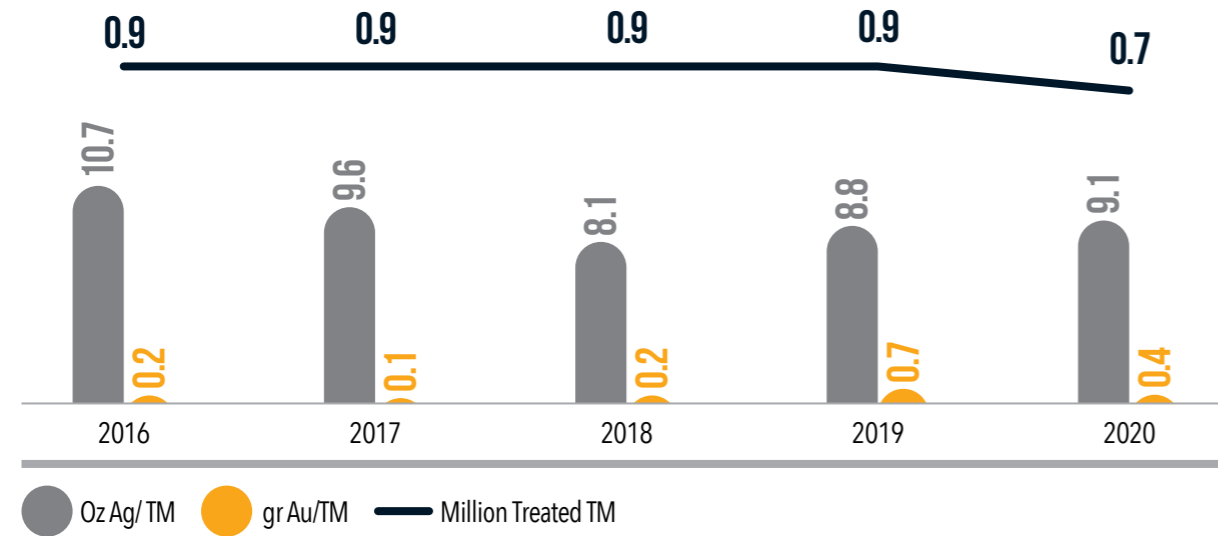
**ÓXIDOS DE PASCO OXIDES MINING UNIT**

Cerro de Pasco Oxide Mining Unit is located in the Pasco Region, approximately 295 kilometers from Lima and can be reached via the Central Highway. This Mining Unit, which includes Volcan's first leaching plant, began operations in 2014, with full production capacity reached in June 2015.

During 2020, 676,000 tons of stockpiled oxides were processed, with ore grades of 9.13 oz Ag/MT and 0.36 gr Au/MT.



### OXIDES- TREATED TONNAGE AND AVERAGE GRADES

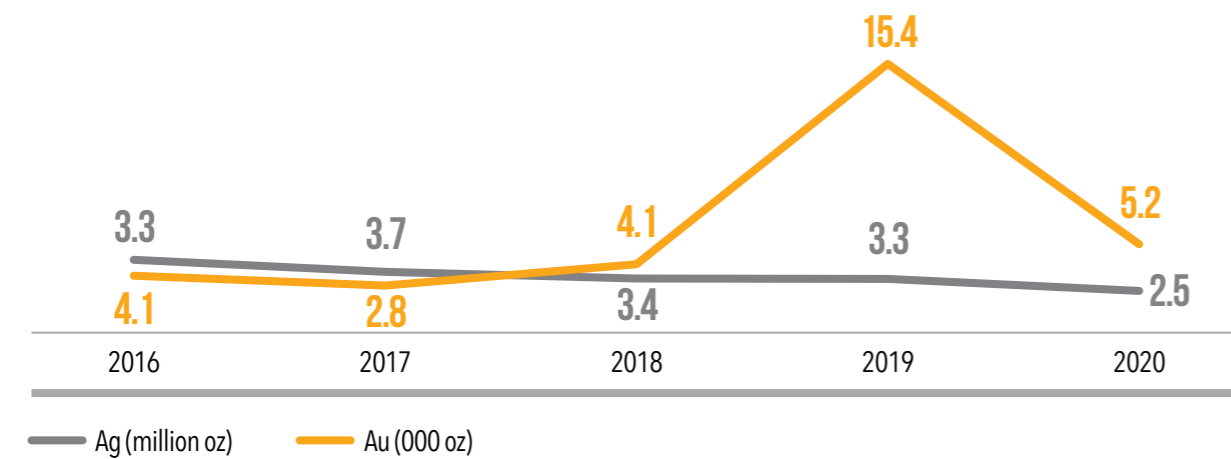


Production of silver fines reached 2.5 million ounces, representing a reduction of 24% with respect to the 3.3 million ounces in 2019, due to the disruption of operations since March 16 and for 75 days. The operations were gradually restarted since June.

The 2020 silver head grade (9.13 oz/t) was higher than 2019 (8.76 oz/t) due to high silver grade pyrites.

The ITS, approved on August 18, with the VGS domain in the Santa Rosa zone, began feeding the plant in the third week of November.

### OXIDES - EVOLUTION OF FINES PRODUCTION



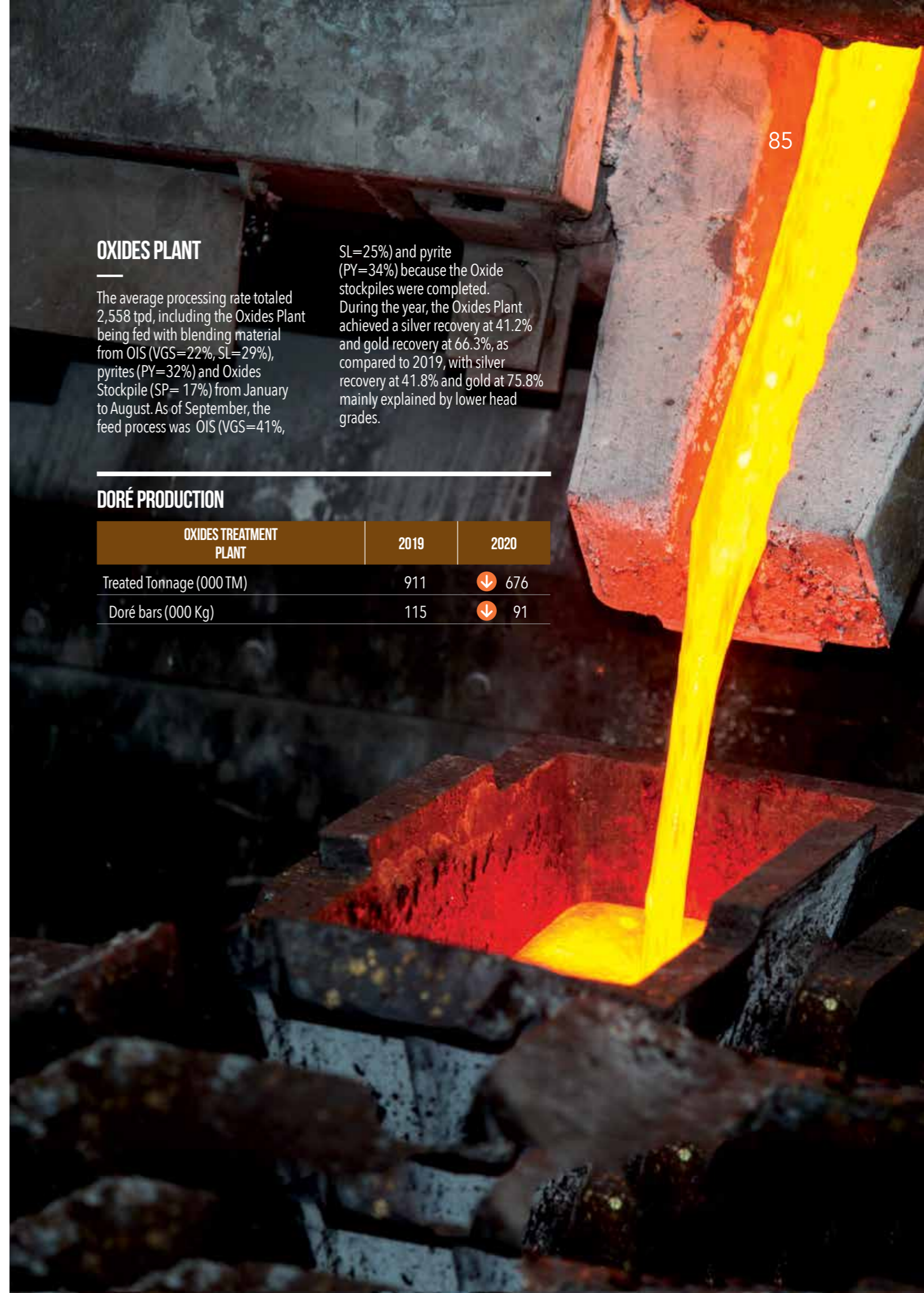
### OXIDES PLANT

The average processing rate totaled 2,558 tpd, including the Oxides Plant being fed with blending material from OIS (VGS=22%, SL=29%), pyrites (PY=32%) and Oxides Stockpile (SP= 17%) from January to August. As of September, the feed process was OIS (VGS=41%,

SL=25%) and pyrite (PY=34%) because the Oxide stockpiles were completed. During the year, the Oxides Plant achieved a silver recovery at 41.2% and gold recovery at 66.3%, as compared to 2019, with silver recovery at 41.8% and gold at 75.8% mainly explained by lower head grades.

### DORÉ PRODUCTION

OXIDES TREATMENT PLANT	2019	2020
Treated Tonnage (000 TM)	911	↓ 676
Doré bars (000 Kg)	115	↓ 91





# SEVEN

## EXPLORATIONS AND GROWTH



## EXPLORATIONS

In 2020, due to the covid-19 global health crisis, Volcan decided to put the advanced exploration projects on stand by, such as Romina, Carhuacayán, Zoraida and Palma, without executing meters of diamond drilling. However, the economic feasibility studies were advanced in house.

At the Romina project, the Feasibility Study was completed and the procedures to obtain the environmental permits to build

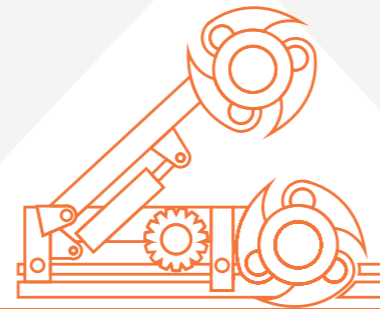
the mine are in process, which is planned to start operations in 2024.

On the other hand, at Carhuacayán, the economic feasibility study Venture Analysis was completed with positive results. It should be noted that both projects, Romina and Carhuacayán, will produce ore to be treated at the Alpacamarca concentrator plant.

Finally, at Zoraida, where a significant mineralization in zinc, lead and silver mantos has been defined; the Venture Analysis economic feasibility study was

completed with positive results. Production at Zoraida will be treated in the Andaychagua concentrate plant.

At Palma, a significant mineralization of zinc, lead and silver has been defined by a Greenfields project, which continues with the economic feasibility study. Therefore, a large geological potential is yet to be discovered.



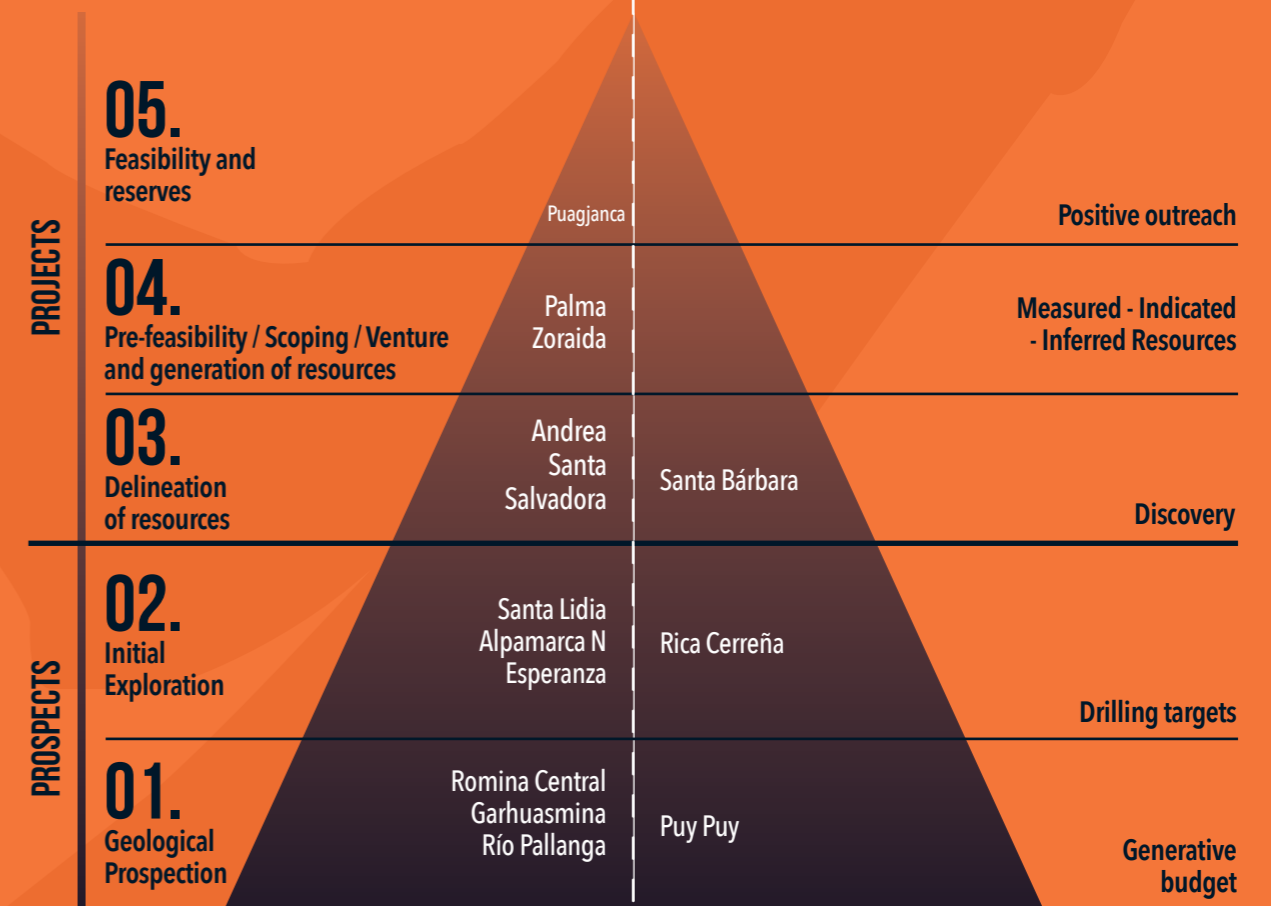
### PROGRESS IN REGIONAL EXPLORATIONS (M)

PROJECTS	2017	2018	2019	2020
Carhuacayán	22,904	14,110	10,359	-
Puagjanca*	10,688	12,560	3,994	-
Andrea*	-	-	10,170	-
Palma	7,920	21,591	19,041	-
Zoraida	-	4,966	10,730	-
Shuco	-	984	-	-
Santa Bárbara	9,087	-	-	-
Alpacamarca Norte	10,409	-	-	-
Chumpe	875	-	-	-
<b>DDH</b>	<b>61,883</b>	<b>54,211</b>	<b>54,294</b>	<b>-</b>

\*Romina Projects includes Puagjanca and Andrea Ore Bodies.

## PROGRESS IN EXPLORATIONS PROJECTS

(Puagjanca is part of Romina)



AG PB ZN CU

## DEVELOPMENT OF MINING PROJECTS

During 2020, trade-off studies were carried out for Romina and Carhuacayán due to their proximity to the Alpamarca Concentrator Plant, as well as Zoraida due to its proximity to the Andaychagua Concentrator Plant. Finally, Palma was selected for its major potential.

### **Romina Project**

Located in the Pacaraos District, 15 km west of Alpamarca Mine. It is a zinc, lead and silver polymetallic mineralization that outcrops in the form of replacement bodies.

The project is in the advanced exploration phase; the Puagjanca sector is the most advanced in terms of exploration. Initial explorations were executed between 2008 and 2012 by Votorantin Metais and later by Milpo mining companies, who completed 13,263 meters of diamond drilling in 43 boreholes.

Explorations continued from 2017 to 2019 based on pilot metallurgical testing completed at SGS Chile, as well as geomechanical stress measurement testing. The pre-

feasibility study was completed by REDCO Mining Consultants and Klohn Crippen Berger Company, defining that the Puagjanca body will follow an Open Pit and Sublevel Caving mining methods.

The Feasibility Study is in final stage of the presentation of the Detailed Environmental Impact Assessment (EIAd). Early 2021, the Modification of the Semi-Detailed Environmental Impact Study was approved, which includes explorations in the surroundings of Puagjanca, the construction of the Roberto Letts tunnel and the implementation of the first stage of the industrial water treatment plant by the General Direction of Environmental Affairs of the Ministry of Energy and Mines. This means an important step in the progress of the project that will allow the Volcan's growth.

### **Carhuacayán Project**

Located 20 km east of the Alpamarca Mine, Carhuacayán is a polymetallic project of zinc, lead, and silver located in a mountainous area. The mineralization is observed in veins, breccia bodies, replacement bodies and mantos.

Replacement bodies were found in La Tapada, in an embedded lime block that had been mined previously. This half-table replacement zone has dimensions that are more than 500 meters long and 300 meters deep, with a width ranging from 30 to 50 meters, located in very significant polymetallic mineralization areas.

From 2017 to 2019, an exploration program was completed in La Tapada, where resources were increased to 10.1 million MT, and significant mineralization was evidenced in La Tapada Norte and La Tapada Oeste.

During 2020, the conceptual economic feasibility study was completed with positive results. Moreover, the Modification of the Semi-Detailed Environmental Impact Study was submitted to the General Direction of Environmental Affairs of the Ministry of Energy and Mines, which will expand the project's explorations.

## DEVELOPMENT OF MINING PROJECTS

**DURING 2020, TRADE-OFF STUDIES WERE CARRIED OUT FOR ROMINA AND CARHUACAYÁN DUE TO THEIR PROXIMITY TO THE ALPAMARCA CONCENTRATOR PLANT.**

**Palma Project**

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

Drilling campaigns completed in the past enabled estimating inferred resources and identifying that ore is structured in mantos, with optimal potencies and good rock quality, and mineralization open both at depth and towards the sides. In late 2019, a significant increase in indicated and inferred resources to 22.7 million MT was achieved.

In 2020, the scoping study of the project was completed. Also, metallurgical tests are being developed at SGS Chile to continue with the next phases of the project.

**BROWNFIELDS EXPLORATION**

**Andaychagua - Zoraida Project (Yauli)**

Located 7 km south of the Andaychagua mine, Zoraida is primarily a silver project with lead and zinc content. Due to its geological characteristics, it may become the third polymetallic system in the Yauli dome, after San Cristóbal and Andaychagua Mines.

In 2018, more than 23,000 meters of diamond drillholes performed from 2007 to 2014 were reviewed and re-interpreted as per new standards. This review has assisted in defining part of the Zoraida Vein and replacement mantos with significant mineralization of silver, lead and zinc,

generating a new geological model with high potential.

In 2019, a 10,730-meter DDH campaign was completed, and it made possible to validate the geological model, any diamond drilling carried out in previous years and indicated and inferred resources of 4 million MT with a significant silver content.

In 2020, the conceptual economic feasibility study was completed with positive results. The Zoraida orebody would be processed at the Andaychagua concentrator plant. In 2021, a new Semi Detailed Environmental Impact Study will be submitted to continue with the explorations.

**CURRENT OPERATIONS**

**YAU LI**

Due to the COVID-19 health crisis, the drilling campaign executed during 2020 was redirected mainly to cover the mining plan blocks to increase their certainty by prioritizing the infill drilling programs.

At Andaychagua, the two new high grade zinc structures known as the Salvadora and Salvadora Norte orebodies were consolidated. Likewise, positive results were obtained in the exploration of the lower zone of the Prosperidad Techo body with high zinc values in the Andaychagua mine, as well as in the Andaychagua body at deepening levels, which will allow a great performance in the coming years.

At San Cristobal, the Ramal Piso 722, Ramal Piso 658 and the Sheyla main

veins continued to be considered as the main mineralization contributors.

At Carahuacra, the main mantos area is being consolidated, the geological models of the Jazmin vein were reinterpreted, as well as the deepening of the Mary vein. This will allow an optimal performance of the Carahuacra mine in the coming years.

At Ticio, the geology of the deposit has been reinterpreted and zones with high grade replacement bodies, branches of the Ramal Techo vein with high silver and copper grades, the deepening of the Ariana body, as well as the operational continuity of the Ramal Techo vein have been found. This will allow an optimal performance of Ticio mine the coming years.

During 2020, 51,707 meters of diamond drilling were executed (-61% as compared to 2019, due to COVID-19 restrictions), distributed as follows:

**THE DRILLING CAMPAIGN EXECUTED DURING 2020 WAS REDIRECTED MAINLY TO COVER THE MINING PLAN BLOCKS DUE TO THE COVID-19 HEALTH CRISIS.**

**YAU LI DRILLING PROGRAM**

MINE	METER DRILLED - 2020				TOTAL (M)
	BROWNFIELD (M)	POTENTIAL (M)	RESOURCES (M)	INFILL DRILLING (M)	
San Cristóbal		1,528	1,794	13,679	17,001
Andaychagua		625	520	15,952	17,098
Ticio		-	-	3,439	3,439
Carahuacra		918	-	13,270	14,189



The following results enabled to confirm depth and continuity of lateral resources were determined in the mineralized structures: (i) in Andaychagua Mine, consolidation of high ore grade mineralized structures known as Salvadora y Salvadora Norte, associated with metavolcanic rocks; (ii) in San Cristóbal Mine, depth of 722, 658; Split 658 and Ramal Piso Veins, as well as lateral continuity of vein 722, vein K, Siberia II, Split Aracely; (iii) in Carahuacra Mine, increased depth of Mary and re-interpretation of main mantos; and (iv) in Ticio Mine: discovery of replacement bodies and branches from Ramal Techo Vein with high silver and copper ore grades.

## CHUNGAR

Due to the health crisis caused by COVID-19 pandemic, the drilling campaign executed during 2020 was redirected mainly to cover the mining plan blocks to increase its certainty by prioritizing the infill drilling programs of both the Animón and Islay mines.

At Animon, exploration was completed around the operating area with positive results, as significant mineralization was discovered, such as the Carmen NW 1, Carmen NW 2 and Nancy orebodies, which will allow Animon to have sustained production in the coming years.

Exploration continued in the Esperanza body with high grades of

zinc and copper, and the deepening of the mine. To date, all drill holes have cut significant mineralization ore, which will allow the first preliminary geological model with inferred resource estimation.

At Islay, the Jazmín and Guadalupe mantos were explored and together with the Islay Piso vein will allow the continuity of the operation.

During 2020, a 25,609-meter DDH campaign was executed (-70% decreased as compared to 2019 due to COVID-19 pandemic) distributed as follows:

The results confirmed the depth and lateral continuity of the resources in the main mineralized structures: (i) in Animon Mine, discovery of high ore grade mineralized bodies Carmen NW 1, Carmen NW 2, and Nancy in the surroundings of the operational area; and (ii) in Islay Mine, consolidation of polymetallic mantos Jazmin and Guadalupe.

## ALPAMARCA

Due to the health crisis caused by the covid-19 pandemic, the drilling campaign executed during 2020 was redirected mainly to cover the blocks of the mine plan to increase the certainty of the Alpamarca open pit.

The reinterpretation of the integral geological model of Alpamarca was completed, with positive results: new sectors with mineralization were found

that allowed the pit to be viable throughout the year, which also guaranteed production for 2022.

During 2020, a 2,437-meter DDH campaign was executed (-65% decrease as compared to 2019 due to COVID-19 pandemic) distributed as follows:

Results allowed to confirm mineral resources in North and Center Pits, showing variable content of silver, zinc, and lead. Likewise, the sector known as Fortuna has been identified as a geological and economic high potential area. A push back is planned to be completed in this area; therefore extending the Alpamarca Mine Life of Mine.

**DURING 2020, A 2,437-METER DDH CAMPAIGN WAS EXECUTED (-65% DECREASED AS COMPARED TO 2019 DUE TO COVID-19 PANDEMIC).**

## CHUNGAR

MINE	METER DRILLED - 2020				TOTAL (M)
	BROWNFIELD (M)	POTENTIAL (M)	RESOURCES (M)	INFILL DRILLING (M)	
Animón	837	6,637	3,908	8,718	20,101
Islay	–	1,439	–	4,907	6,345
<b>Total</b>	<b>837</b>	<b>8,076</b>	<b>3,908</b>	<b>13,625</b>	<b>26,446</b>

## ALPAMARCA

MINE	METER DRILLED - 2020			TOTAL (M)
	POTENTIAL (M)	RESOURCE (M)	INFILL DRILLING (M)	
Alpamarca	–	–	2,437	2,437
<b>Total</b>	<b>–</b>	<b>–</b>	<b>2,437</b>	<b>2,437</b>





# EIGHT

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## MARKETING MANAGEMENT



In 1Q 2020, the terms of trade for zinc and lead concentrates were unfavorable for mining producers. However, these changed drastically due to the decrease in concentrate supply caused by the global health crisis.

From January to February 2020, an average zinc spot TC totaled USD 313/DMT compared to USD 272/DMT in 2019, as published by Wood Mackenzie. The increase in terms of trade was caused by the surplus of concentrates and the low capacity of the refineries to treat them. However, this situation changed drastically due to the stoppages and decreases in production in most mines as a result of the global pandemic situation. In this context, the average spot zinc TC for 2020 totaled 179 USD/DMT. It should be highlighted that the average spot TC in 4Q 2020 totaled around 75-85 USD/DMT.

With regard to lead concentrates, the closure of some lead refineries due to environmental and/or economic issues has led to a significant decline in the demand for lead concentrates, adversely impacting the terms of trade as of August 2019. As a reference, the average spot TC in 4Q 2019 totaled 152 USD/DMT, and Q1 2020 was 177 USD/TMS as published by Wood Mackenzie. However, the supply of concentrates was considerably reduced due to the decrease in production caused by the global pandemic situation. Consequently, the average spot lead TC for 2020 totaled 136 USD/DMT.

It should be highlighted that the average spot TC in 4Q 2020 totaled around 75-95 USD/DMT. In order to face this situation, Volcan maintained its policy of diversifying markets and finding ways to optimize the value of concentrates in order to improve the terms of trade. In this connection, the Company sought to achieve the optimal concentrate grade, focusing on a higher recovery

of payable elements and reducing impurities in concentrates as much as possible. Lastly, the Company continued its efforts to reduce sales expenses through new, more efficient logistical strategies.

The fines sales volume decreased for all metals mainly explained by a lower production during the year.

#### FINE CONTENT SALES VOLUMES

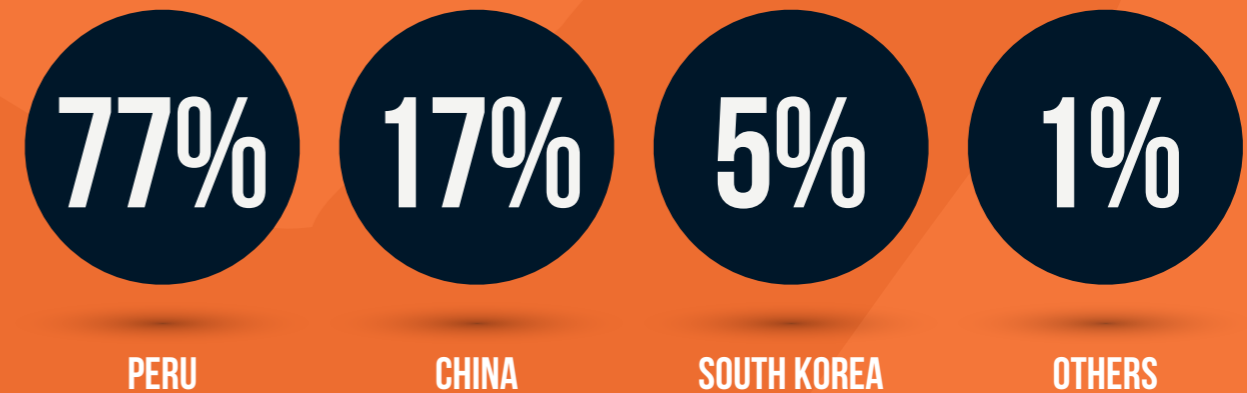
FINES	2019	2020	VAR%
Zinc (Thousand TMF)	241.3	↓ 166.5	-31.0
Lead (Thousand TMF)	50.5	↓ 41.8	-17.3
Copper (Thousand TMF)	4.3	↓ 3.2	-26.7
Silver (Million oz)	15.6	↓ 12.1	-22.6
Gold (Million oz)	24.4	↓ 10.4	-57.4

The average sales price for zinc fell from 2,539 USD/MT in 2019 to 2,280 USD/MT in 2020 (-10.2%), while the average sales price for lead decreased from 1,978 USD/MT to 1,855 USD/MT (-6.2%). The average sales price for silver increased from 16.1 USD/oz to 21.4 USD/oz (+32.8%).

#### SALES PRICES BY METAL

FINOS	2019	2020	VAR%
Zinc (USD/TM)	2,539	↓ 2,280	-10.2
Lead (USD/TM)	1,978	↓ 1,855	-6.2
Copper (USD/TM)	6,022	↑ 6,074	0.9
Silver (USD/Oz)	16.1	↑ 21.4	32.8

### SALES BY DESTINATION (PERCENTAGE OF VALUE IN USD)





# NINE

## ANALYSIS OF RESULTS AND INVESTMENTS



## SALES

In 2020, total sales before adjustments declined by 29.5%, from USD 754.1 million in 2019 to USD 531.8 million. The above decline is mainly explained by: (i) decreased production, and (ii) lower TCs for metal prices.

Sales adjustments totaled USD 3.7 million, as a result of: negative final settlements of USD -11.8 million, adjustments due to provisions on open commercial positions (USD +11.1 million), and adjustments for hedging results of USD 4.4 million. Accordingly, sales after adjustments in 2020 amounted to USD 535.5 million, representing a 28% decline with regard to USD 743.6 million in 2019.

## COSTS

The absolute cost of production decreased by 20.7%, from USD 396.7 million in 2019 to USD 314.4 million in 2020. Meanwhile, the unit cost of production was up by 6.8%, from 45.2 USD/MT in 2019 to 48.3 USD/MT in 2020, owing to lower processed volumes.

Volcan has been taking actions to control costs despite having to incur in additional costs to maintain protocols to deal with COVID-19. In 2020, these costs totaled more than

### NET SALES BREAKDOWN (MILLION USD)

	2019	2020	VAR%
Zinc	421.4	234.7	-44.3
Lead	83.8	59.1	-29.5
Copper	13.9	12.1	-13.1
Silver	206.5	212.2	2.8
Gold	28.5	13.6	-52.3
<b>Total</b>	<b>754.1</b>	<b>531.8</b>	<b>-29.5</b>
Adjustments <sup>1</sup>	-10.5	3.7	-135.1
<b>Net Sales</b>	<b>743.6</b>	<b>535.5</b>	<b>-28.0</b>

<sup>1</sup> Adjustments :i) final settlements of prior period shipments, ii) adjustments for open positions (implicit derivative and sales adjustment), iii) hedging results. SOURCE: Volcan Cía. Minera



USD 10 million, without considering the USD 5 million inversion to implement the protocols. Production costs are expected to stabilize and gradually decrease to precovid-19 levels as the pandemic situation improves nationally and globally.

In 2020, the cost of sales totaled USD 446.3 million, down by 25.2% with regard to the USD 596.4 million in 2019. This reduction is mainly explained by a lower production, which resulted in lower production costs and lesser depreciation and amortization.

### ABSOLUTE COSTS (IN MILLION USD)

MINI	2019	2020	VAR%
Yauli	210.1	↓ 163.6	-22.1
Chungar	97.8	↓ 81.9	-16.2
Cerro	27.3	↓ 21.5	-21.4
Óxidos	38.8	↓ 28.7	-26.1
Alpamarca	22.7	↓ 18.7	-17.6
<b>Consolidated</b>	<b>396.7</b>	<b>↓ 314.4</b>	<b>-20.7</b>

### UNIT COST (USD/TMT)

MINI	2019	2020	VAR%
Yauli	65.9	78.3	18.7
Chungar	58.5	68.0	16.3
Cerro	13.2	11.8	-10.6
Óxidos	42.5	42.4	-0.3
Alpamarca	24.3	26.1	7.6
<b>Consolidated</b>	<b>45.2</b>	<b>48.3</b>	<b>6.8</b>

### SALES COST BREAKDOWN BY BUSINESS

COST OF SALES (MILLION USD)	2019	2020	VAR%
<b>Own Cost of sales</b>	<b>594.7</b>	<b>445.6</b>	<b>-25.1</b>
Own Production Cost	396.7	314.4	-20.7
Production Cost D&A	190.0	132.1	-30.4
Purchase of ore	1.0	0.0	-100.0
Extraordinary costs	2.2	0.0	-100.0
Inventory own variation	4.7	-0.9	-
<b>Worker participation</b>	<b>1.7</b>	<b>0.6</b>	<b>-62.1</b>
<b>Total</b>	<b>596.4</b>	<b>446.3</b>	<b>-25.2</b>

**VOLCAN HAS BEEN TAKING ACTIONS TO CONTROL COSTS DESPITE HAVING TO INCUR ADDITIONAL COSTS TO MAINTAIN PROTOCOLS TO DEAL WITH COVID-19**

## INVESTMENTS

Total mining investments decreased by 38.4%, from USD 191.5 million in 2019 to USD 117.9 million in 2020. Operating investments decreased by 36.3%, from USD 179.5 million in 2019 to USD 114.3 million in 2020 mainly explained by limitations to execute projects within a context of pandemic. We expect to fully recover the investment execution capacity in all mining units for the coming quarters

## RENTABILIDAD

The Company's gross margin in 2020 was 17% lower than the one reported in 2019 (20%). This gross margin decline is mainly related to the downward trend in metal prices. Therefore, gross profits fell by 39.4%, from USD 147.2 million in 2019 to USD 89.2 million in 2020.

In 2020, administrative expenses decreased from USD 38.3 million in 2019 to USD 34.3 million in 2020. Regional exploration expenses saw a decrease from USD 18.9 million in 2019 to USD 6.4 million in 2020.

Meanwhile, sales expenses went down from USD 23.2 million in 2019 to USD 15.4 million in 2020. As for other net income (expenses), this line item moved from USD -24.0 million in 2019 to USD -14.6 million in 2020.

Furthermore, losses due to exchange rate fluctuations totaled USD -5.6 million in 2020, compared to the USD 1.1 million gain reported in 2019.

## INVESTMENT BREAKDOWN

CONSOLIDATED INVESTMENTS (MM USD)	2019	2020	VAR%
<b>Mining Business</b>	<b>191.5</b>	<b>117.9</b>	<b>-38.4</b>
<b>Mining Units</b>	<b>179.5</b>	<b>114.3</b>	<b>-36.3</b>
Local exploration	23.1	8.6	-62.9
Development	70.8	38.7	-45.3
Plants and TSFs	30.8	30.1	-2.4
Mine and Infrastructure	34.3	24.7	-28.0
Energy in Mining Units	6.3	2.9	-53.4
Support and others	14.2	9.3	-34.6
<b>Regional Explorations</b>	<b>4.2</b>	<b>0.8</b>	<b>-81.9</b>
<b>Growth and others</b>	<b>7.8</b>	<b>2.9</b>	<b>-62.4</b>
<b>Energy Business</b>	<b>2.5</b>	<b>0.5</b>	<b>-80.1</b>
<b>Total</b>	<b>194.0</b>	<b>118.4</b>	<b>-38.9</b>

All of the above resulted in EBITDA decreasing from USD 244.1 million in 2019 to USD 164.1 million in 2020. Likewise, net profit before exceptional charges fell from USD -21.9 million in 2019 to USD -58.8 million in 2020.

It should be noted that during 2020, USD -91.6 million of exceptional accounting adjustments were recorded, consisting of i) USD -31.3 million for shutdown expenses due to COVID-19, ii) USD -48.9 million for the reversal of the accounting record of available-for-sale assets related to the unexecuted purchase agreement with Cerro de Pasco Resources (non-cash), and iii) USD -11.4 million of impairment and other non-cash provisions.

## LIQUIDITY AND CREDITWORTHINESS

In 2020, cash flow generated by the mining operations and energy business, after operating investments, totaled USD 59 million. Financing cash flow was negative by USD 19 million and includes USD 42 million in respect of interest. As a result, total cash flow for the year was USD 78 million and the cash balance as of December 31, 2020 was USD 115 million.

Taking into account EBITDA, cash balance and debt, the leverage ratio (Net Financial Debt/EBITDA<sup>2</sup>) at year end was 4.8 to 1 relative to 3.0 to 1 in 2019.

<sup>2</sup> Pertains to cumulative EBITDA for the last 12 months.

## INCOME STATEMENT (MM USD)

	2019	2020	VAR. %
<b>Sales before adjustments</b>	<b>754.1</b>	<b>531.8</b>	<b>-29.5</b>
Settlement of prior period adjustments	-15.7	-11.8	-24.8
Adjustments for open positions	-2pp	10.5	-
Hedges	7.5	4.4	-41.1
<b>Sales after adjustments</b>	<b>743.6</b>	<b>535.5</b>	<b>-28.0</b>
<b>Cost of sales</b>	<b>-596.4</b>	<b>-446.3</b>	<b>-25.2</b>
<b>Gross Profit</b>	<b>147.2</b>	<b>89.2</b>	<b>-39.4</b>
<i>Gross Margin</i>	20%	17%	-3pp
Administrative fees	-38.3	-34.3	-10.3
Explorations expenses	-18.9	-6.4	-66.1
Costs of sales	-23.2	-15.4	-33.5
Other income (expenses) <sup>1</sup>	-24.0	-14.6	-39.3
<b>Operating profit</b>	<b>42.8</b>	<b>18.4</b>	<b>-56.9</b>
<i>Operating margin</i>	6%	3%	-2 pp
Financial Expenses (Net)	-47.7	-49.9	4.7
Exchange Rate difference (Net)	1.1	-5.6	-
Royalties	-8.6	-5.8	-32.8
Income Tax	-9.5	-15.9	67.1
<b>Net profit before exceptionals</b>	<b>-21.9</b>	<b>-58.8</b>	<b>168.0</b>
<i>Operating margin</i>	-3%	-11%	-8 pp
Exceptional Adjustments <sup>2</sup>	-48.4	-91.6	-
<b>Net profit after exceptionals</b>	<b>-70.3</b>	<b>-150.4</b>	<b>114.0</b>
<b>EBITDA<sup>3</sup></b>	<b>244.1</b>	<b>164.1</b>	<b>-32.8</b>
<i>EBITDA Margin</i>	33%	31%	-2pp

<sup>1</sup> The accounting income statement as of 4Q 20 shows all shutdown expenses in the sales cost line and no longer in other expenses line. This management report does not consider this change to provide a comparison with prior periods.

<sup>2</sup> Includes sales and sales cost of the energy division.

<sup>3</sup> The 2020 accounting adjustment totaled USD -91.6 million, consisting of i) USD -31.3 million for shutdown expenses due to COVID-19, ii) USD -48.9 million for the reversal of the accounting record of available-for-sale assets related to the unexecuted purchase agreement with Cerro de Pasco Resources (non-cash), and iii) USD -11.4 million of impairment and other non-cash provisions.

<sup>4</sup> Excludes exceptional items.

Source: Volcan Cia. Minera



# TEN

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# ENERGY



Volcan owns hydroelectric power plants and electrical transmission systems, which contribute to the generation of renewable energies by supplying energy to its operations and also third-party operations. This strategy allows for improving operating costs, ensuring power supply to the mining operations and contributing to the reduction of greenhouse gas emissions.

The consolidated power demand from Volcan and Subsidiaries is 95 MW.

The overall installed capacity of the hydroelectric plants totals 63 MW according to the following:

**STRUCTURE**

- 10 BAÑOS-CHUNGAR HYDROELECTRIC PLANTS (22 MW)**
- 1 TINGO HYDROELECTRIC PLANT (1 MW)**
- 1 HUANCHOR HYDROELECTRIC PLANT (20 MW)**
- 1 RUCUY HYDROELECTRIC PLANT (20 MW)**



**ENERGY GENERATION**

In 2020, energy generation totaled 430 GWh, up 11% from the previous year's figure of 387 GWh. This increase was mainly due to the fact that: (i) the Rucuy Hydroelectric Power Plant restarted operations in June 2019 and operated steadily, and (ii) the production of Chungar's hydroelectric plants increased to 2 GWh.

In addition, Compañía Hidroeléctrica Tingo S.A.C. owns the 1.25 MW Tingo hydroelectric plant and 82 km of 50 and 22.9 kV transmission lines and was down for maintenance from January to August 2020, generated 2 GWh, which were fully supplied to Chungar's operations.

It is worth mentioning that there is a project to expand the Tingo power plant from 1.25 MW to 15 MW, which is currently under the final generation of concession.

Meanwhile, Hidroeléctrica Huanchor S.A.C. generated 144 GWh in 2020, representing a 10% decrease over 10% as compared to 2019. Such increase was due to a lower availability of the water resource and maintenance of the plant transformers. Huanchor is member of the Economic Operation Committee of the National Interconnected System (COES) and maintained electricity supply contracts with eight customers throughout 2020.

Finally, Empresa de Generación Eléctrica Río Baños S.A.C., owner of the Rucuy hydroelectric plant, restarted commercial operations on June 1, 2019, generating 131 GWh in 2020. Egerba is member of the Economic Operation Committee of the National Interconnected System (COES) and maintains a Renewable Energy Resources (RER) contract with the Peruvian State, under which it earns a guaranteed income for the generation of 110 GWh a year.

**ENERGY CONSUMPTION**

The Company's consolidated energy consumption during 2020 totaled 665 GWh, with a peak demand of 95 MW. This represented a 12% increase with regard to 2019. This is mainly explained by the mining operations

shutdown by COVID-19 from March to May.

The self-consumption of energy totaled 23% of the total energy consumption. Additional energy required was purchased from the company Engie Peru S.A. and supplied via the National Interconnected System (SEIN), through a supply contract effective from January 1, 2018.

Finally, it is worth noting that the annual availability recorded for the High Voltage System during 2020 in Yauli was 99.15%, while the availability in Chungar-Alpamarca was 99.89%, excluding preventive maintenance activities. This indicator reflects the level of continuity and availability of electricity supply to the mining operations.

**ELECTRICITY BALANCE (GWH)**

	2019	2020	VAR%
<b>Energy Consumption</b>	<b>387</b>	<b>↑ 430</b>	<b>11%</b>
Chungar HPP	151	↑ 153	1%
Tingo HPP	9	↓ 2	-77%
Huanchor HPP	159	↓ 144	-10%
Rucuy HPP	68	↑ 131	94%
<b>Energy Consumption</b>	<b>755</b>	<b>↓ 665</b>	<b>-12%</b>
<b>Energy Consumption</b>	<b>596</b>	<b>↓ 510</b>	<b>-14%</b>



# ELEVEN

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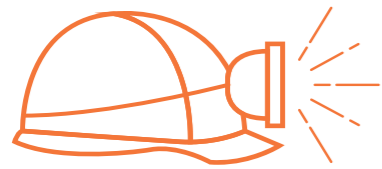
**SAFETY, HUMAN  
RESOURCES,  
CORPORATE SOCIAL  
RESPONSIBILITY &  
ENVIRONMENT**





# SAFETY

## SAFework PROGRAM



**IN 2020, EMPHASIS WAS PLACED ON THE IMPLEMENTATION OF 19 ELEMENTS OF THE SAFework PROGRAM. THE FOLLOWING WERE THE KEY ACTIONS COMPLETED:**

### ELEMENT 1:

Fair Process/Consequence Management Procedure. The standard was updated, both for the sanction classification matrix and for the recognition program.

	VOLCAN HSEC MANAGEMENT SYSTEM	Code	ESG-VOL-GLO-07-02
		Revision	03
	Title: Consequence Management Standard	Department	HSEC
		Pages	1/9

#### 1. PURPOSE

Implement guidelines to recognize compliance or sanction the non-compliance with the Occupational Health and Safety and Environmental Policies, Directives or Procedures established by the Company, complying with the current labor legislation.

#### 2. SCOPE

This standard applies to all employees of Volcan Compañía Minera S.A.A. and its subsidiaries (hereinafter the Company), mining contractors and contractors with related activities that provide services for the Company.

	VOLCAN	Code	REG-VOL-GLO-07-10
	HSEC MANAGEMENT SYSTEM	Revision	2
	Title: Penalty Classification Matrix	Department	HSEC
		Pages	1

The list of deviations described in this matrix is exhaustive; the disciplinary measures to be imposed may be greater than those described in the sanctions matrix, taking into account the nature and seriousness of the breach, the disciplinary behaviour record, the circumstances in which the breach was committed, how responsible was the employee, among other factors that could aggravate the sanction, such as the breach of the fatal hazard protocols, life saving behaviors and critical environmental risks.

The grounds for justified dismissal included in the labor legislation are not modified or excluded by the current matrix of penalties.

(\* ) The order in which the types of sanctions are indicated in this matrix are only for illustrative purposes, since the sanction to be applied corresponds to the seriousness, frequency and number of breaches incurred.

DESCRIPTION OF THE VIOLATION	BEHAVIORS	TIMEFRAME	TYPE OF SANCTION				
			WARNING IN WRITING	SUSPENSION (DAYS)			SERIOUS OFFENCE
				1 A 5	6 A 9	10 A 30	
<b>VIOLATIONS RELATED TO SAFETY BREACH AT THE WORKPLACE</b>							
Failure to comply with the Company's Safety, Occupational Health, Environment, and Quality guidelines  - Behaviors and sanctions are applicable for both the Worker and Supervisor	Failure to comply with the Company's Safety, Occupational Health, Environment, and Quality guidelines.	Not defined.	1st time (*)		Repeat violation (1X*)	Repeat violation (2X*)	
	Behaviors and sanctions are applicable for both the Worker and Supervisor	Not defined.	1st time (*)		Repeat violation (1X*)	Repeat violation (2X*)	
	Failure to comply with the risk assessment procedure within the parameters established by the company	Not defined.	1st time (*)		Repeat violation (1X*)	Repeat violation (2X*)	
	Noncompliance to safety standards established by the Company.	Not defined.	1st time (*)		Repeat violation (1X*)	Repeat violation (2X*)	
	Noncompliance to recommendations issued by audit processes, regarding risk mitigation for HSE, Environment, and Quality.	Not defined.	1st time (*)		Repeat violation (1X*)	Repeat violation (2X*)	
	Noncompliance to safety standards and tools Continuous Risk Assessment (IPERC), JSA, etc. Noncompliance to the emergency response protocol.	Not defined.	1st time (*)		Repeat violation (1X*)	Repeat violation (2X*)	
	Noncompliance to the substandard condition reported, assigned and in active status (with approved budget).	Not defined.	1st time (*)		Repeat violation (1X*)	Repeat violation (2X*)	
	Noncompliance to the HSEC training plan Developed by the Company for VOLCAN employees as well as Contractor Company's personnel and specialized companies.	Not defined.	1st time (*)		Repeat violation (1X*)	Repeat violation (2X*)	

**ELEMENT 3:**

SafeWork Fatal Hazard Protocols introduction modules Internal audits were completed at the end of each quarter to measure the implementation of these protocols. The result was 84.4% at the end of 2020.

**ELEMENT 7:**

Communication and reporting of NMRI - Near Miss Risk Incident The report and investigation process of near-accidents at all mining units, both for Volcan and contractor companies, was reinforced to analyze all non-injury incident, and thus

prevent the occurrence of a major accident.

**ELEMENT 10:**

Glencore Communication (GCOM). The objective of GCOM is to make the operations safer by positively influencing the behavior of all people involved, through a process of information and communication exchange. The GCOM is a framework for meetings used to facilitate communication between teams before or after a shift.

**ATAL HAZARD PROTOCOLS**

01. ENERGY ISOLATION	02. WORKING AT HEIGHT	03. CONFINED SPACES AND NOXIOUS /IRRESPIRABLE ATMOSPHERE	04. MOBILE EQUIPMENT	05. GROUND / STRATA FAILURE
06. ELECTRICAL SAFETY	07. EMERGENCY RESPONSE	08. LIFTING AND CRANAGE	09. FIRE AND EXPLOSION	10. EXPLOSIVE AND SHOT FIRING
11. TYRE AND RIM MANAGEMENT	12. INRUSH AND OUTBURST	16. SHAFTS AND WINDERS		



**GCOM**



**IT FOSTERS A SAFE WORKPLACE 2 ORIENTED TO 3 ACHIEVING A ZERO-HARM CULTURE**

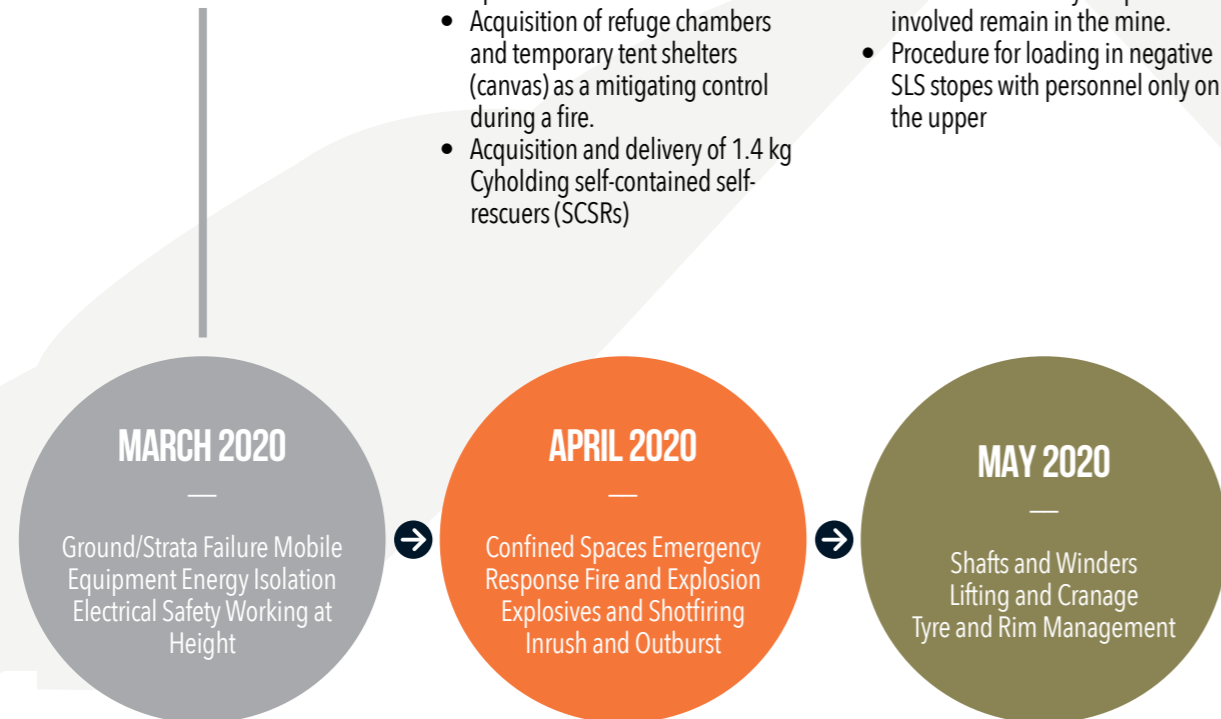
1	<b>HOW WAS THE PREVIOUS SHIFT?</b>	<p><b>Key questions</b> Are you feeling good? Is there any issue at home? How is your family doing?</p> <p><b>The leader of the meeting should</b> provide the following information: Substandard acts and conditions reported and actions taken as response. STOP policy application, learnings embedded from events occurred during the previous shift. Controls to be implemented. Provide positive feedback to workers.</p>
2	<b>WHAT ARE TODAY'S ACTIVITIES FOR THE INCOMING SHIFT?</b>	Are the personnel trained in the activity and do they hold an authorization in force (equipment operators, SUCAMEC, others)?
3	<b>WHAT ARE THE RISK ASSOCIATED TO THE ACTIVITIES?</b>	What FHPs and Life-Saving Behaviours are related to this activity? The following management tools are delivered: Work Order, Continuous Risk Assessment (IPERC), Safe Work Instructions (SWI) or Job Safety Analysis (JSA), and pre-use checklist.
4	<b>WHAT CONTROLS ARE CURRENTLY REQUIRED TO COMPLETE THESE ACTIVITIES SAFELY?</b>	Are the engineering and critical controls in place to complete the activity? If no critical controls were implemented, the activity should not be completed. <b>Apply the STOP Policy (SLAM).</b> Safety improvement opportunities should be recorded on the GCOM Dashboard
5	<b>WHAT ARE THE HIGH RISK ACTIVITIES THAT REQUIRE A HIGH-RISK WORK PERMIT (HPWR)?</b>	Deliver the HPWR with the SSOMAC register number to the activity leader. NO activity can be completed without this requirement The HPWR should be delivered by the responsible of the area. The safety department will audit compliance with the controls in the field.

Closure: Verify the condition of the workers' EPP. Sign the attendance register and GCOM book with the action plan and close with the SAFETY MOTTO and the commitment to safe work. Every and each worker must show their commitment book duly completed.

**SAFETY IS VOLCAN'S FIRST VALUE. PRODUCTION DOES NOT EXCEED SAFETY.**

**ELEMENT 19:**

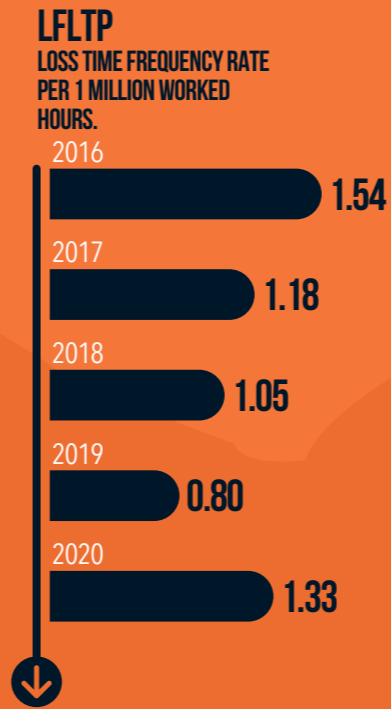
Catastrophic Hazard Management Process. Through the bowtie methodology, we have identified critical preventive and mitigating controls for each catastrophic risk scenario associated with the Fatal Hazard Protocols. These risk assessments have been registered in Glencore's Risk Manager system and compliance is monitored from there. The development schedule was as follows:



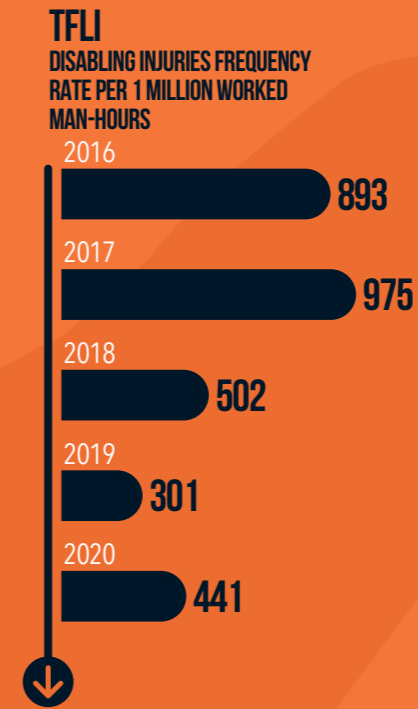
Based on the identification of critical controls and recommendations from the audits from 2019 and 2020 at Glencore's expense, we have implemented the following controls:

- The Cabletec equipment have been acquired to install the cable bolt at Andaychagua mine.
- Implementation of Fire Suppression System in mobile Equipment entering the UG operation.
- Acquisition of refuge chambers and temporary tent shelters (canvas) as a mitigating control during a fire.
- Acquisition and delivery of 1.4 kg Cyholding self-contained self-rescuers (SCSRs)
- Communications system, such as portable radios with tetra system in mine.
- Implementation of underground refuel stations, located in the chimneys with foul air outtake
- Fire drills in underground substations and mobile equipment.
- Mapping, identification and signaling of fresh air must points.
- Blasting procedure with personnel on the surface. Only the personnel involved remain in the mine.
- Procedure for loading in negative SLS stopes with personnel only on the upper

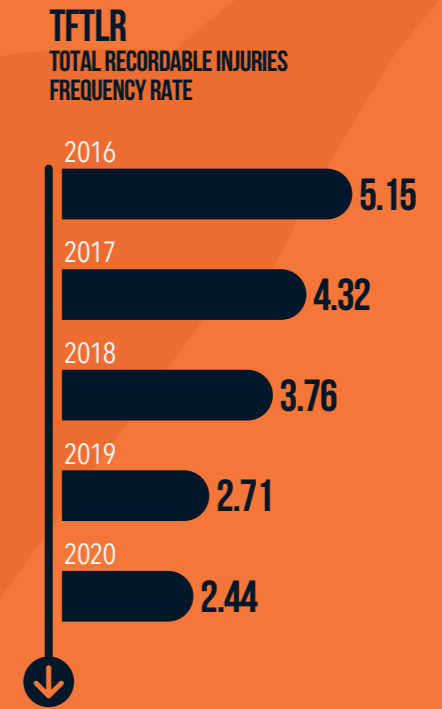
**2020 SAFETY KPIS:**



**13.7%**  
REDUCTION

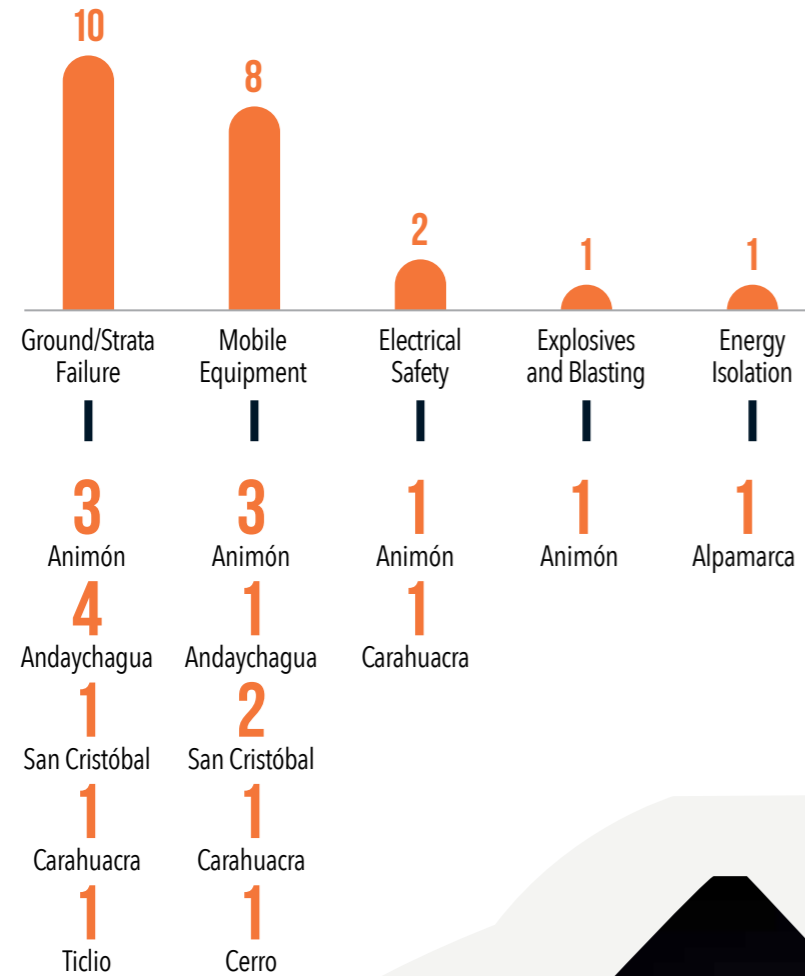


**49.4%**  
REDUCTION



**47.4%**  
REDUCTION

### TYPES OF ACCIDENTS



Despite all these efforts, we regret to report one fatal accident in 2020. Results from the Volcan and Subsidiaries Safety Managements:

- 1 Fatal Accident at San Cristobal Mine
- 23 LTI Accidents
- 44 Minor accidents
- 109 accidents with damages to property
- 22 HPRI's as detailed in the left table

The main objectives for 2021 are to guarantee Zero Fatal Accidents, consolidate our Safety Culture towards a Zero Harm Culture and seek alignment to world-class mining standards under Glencore's guidelines, focus on prevention and mitigation of catastrophic consequence events and be prepared to provide Emergency Response and Fire & Explosion.

## HUMAN RESOURCES:

2020 has been a different year in terms of people management, with the same humanistic approach under which we have been working, aimed at providing employees with the necessary resources to get their best at work. Since the beginning of 2020 and under the situation caused by the pandemic, health care and strict compliance with protocols have constituted an important role to safeguard our workers' lives and ensure business continuity.

In 2020, clear goals were undertaken, which made it possible to align each employee's individual efforts and professional development with the business strategy. By following the performance management cycle, we promote a high-performance and continuous improvement culture.

The main challenges in personnel management were aimed at strengthening the culture of SafeWork, developing the technical capacities and soft skills of the personnel, improving the employee satisfaction index, and continuing the automation projects of key human resources processes.

Despite the changes caused by the economic situation, all the people management objectives remained the same, which allowed the implementation of new mechanisms and ways of doing things in order to assure their fulfillment but prioritizing the fight against COVID-19 by providing information, guidance, care and support to each worker as well as their families.

## TRAINING

In 2020, we continue to focus our efforts on executing systemic training activities intended to develop the technical and behavioral competencies required by the employees to attain the strategic objectives set by the organization. The implementation of the Talent virtual training platform was a fundamental tool to provide continuity to established training programs and incorporate new content into training plans.

Despite the restrictions of social distancing and classroom training, 77% of the training activities planned at the beginning of 2020 as part of the Annual Training Plan (PAC) were completed in four fundamental areas:

- Safety and environment
- Soft skills
- Technical skills
- Compliance

Moreover, a reinduction program was implemented for all employees returning to work after a prolonged period of absence of more than thirty days from mining operations.

## PERFORMANCE AND TALENT MANAGEMENT

As in previous years, the performance and talent assessment was consistently carried out. This process is part of the employee management cycle and is manifested through recognition of individual contributions during the period evaluated.

The results strengthen the culture of high performance and meritocracy by

recognizing employees who make a greater contribution to the business and who, because of their efforts, can participate in differentiated training, career development, compensation, and retention plans.

## BENEFITS AND COMPENSATION

In 2020, as in previous years, a salary benchmark survey was conducted on the mining market and, despite the pandemic situation that caused a reduction in the salary increase budget, specific adjustments were applied for those employees qualified as key people, as part of the talent differentiation matrix.

Halfway through the year, an exhaustive salary analysis was completed together with the technical departments of the organization, in order to implement specific measures to assure the key talent continuity of the technical departments in the business.

Finally, the analysis and management of indicators was maintained as part of the process optimization and continuous improvement practices within the human resources department.

## WORKPLACE CLIMATE

Volcan is constantly working on the development of initiatives to improve the working conditions of its personnel, their development opportunities within the organization and the interrelationship with their co-workers and leaders. In this sense, we seek to have a positive impact on



their well-being, commitment, and satisfaction.

In 2020, workplace climate committees were set up for each workplace. They analyzed the survey results, thus identifying strengths and improvement opportunities. Cross-sectional and specific action plans were developed based on the results and the information gathered.

Likewise, multiple initiatives were implemented to improve the quality of life of workers in the mining units, such as the "Dialoguemos" program, with the purpose of reduce the uncertainty levels generated during the pandemic through a virtual communication space between the employee and Volcan's senior management. In addition, initiatives for mitigating the levels of anxiety generated by the mandatory social isolation in the mining units, such as cinema and bingo sessions, among others, were implemented. Finally, we worked to improve the housing and feeding conditions in the mining units within the established protocols and with the fundamental premise of caring our employees' health.

Despite the difficult situation and the restrictions during 2020, the employees' satisfaction increased from 77% to 82%, according to the results of the OCQ 2020 (Organizational Climate Questionnaire) completed between November and December, 2020.

THE EMPLOYEES' SATISFACTION  
INCREASED FROM

**77% TO 82**

In this regard, it should be noted that the incorporation of workers and employees as part of OCQ 2020, which represents a milestone for Volcan as it is the first organizational climate questionnaire completed for this labor group. The level of satisfaction was 73%.

Finally, during 4Q 2020, the Corporate Purpose and Values were relaunched, with the participation of each of the organization's leaders for subsequent deployment to all personnel.

## PERSONNEL MANAGEMENT

2020 has been a new year for process optimization and automation.

Early 2020, we began the process of outsourcing the payroll service for the Lima mining unit and the group of officials. Moreover, we also launched the self-service portal, where each employee can self-manage vacations, leaves, permits, certificates, letters, among others.

All employees were encouraged to use their vacation time in order to promote work-family life balance, as well as to diminish the vacation days generated as part of the first stage of mandatory lock down established by the Peruvian State.

## INTERNAL COMMUNICATIONS

This 2020 year has been characterized by an arduous and intense communication effort to prevent

COVID-19, as well as to comply with the guidelines established as part of the corresponding protocols. In this regard, the use of e-mails and text messages was intensified as an alternative to strengthen key messages and reach all members of the organization.

We also continued with the main corporate campaigns that are part of the annual communication plan to reinforce fundamental concepts within the organizational culture:

- Safety campaign
- Environmental campaign
- Purpose and values campaign
- Recognition campaign

Finally, we worked hard using the GCOM as a daily communication tool between the employees and their line of command, to identify the needs of personnel in the operation and to provide quick and efficient solutions to meet the generated requirements.

## HEALTH AND WELLBEING

At Volcan, 2020 has been the year of health due to the prevalence of the department in the fight against COVID-19.

Weeks before the beginning of the pandemic in Peru, the possible consequences of the arrival of COVID-19 in the country and the measures that should be implemented were already being analyzed, which allowed the organization to act quickly and correctly when the first COVID-19 cases were reported in Peru. Thus, a first protocol was already in place in mid-March, which has been embedding learnings from

## MANAGEMENT WITH A HUMANISTIC APPROACH

**VOLCAN IS CONTINUOUSLY  
DEVELOPING  
INITIATIVES TO IMPROVE  
THE WORKING CONDITIONS  
OF THEIR PERSONNEL.**

a disease that clearly exceeded all expectations.

The main actions developed against the pandemic situation are as follows:

- Definition of vulnerability criteria and isolation of vulnerable personnel.
- Implementation of early virus detection tests (rapid test, molecular test, antigen test).
- Modification of working hours to 28 x 14
- Implementation of COVID-19 medical protocol
- Implementation of COVID-19 isolation centers.
- Implementation of work groups
- Reinforcement of medical equipment in mining units and isolation centers for primary treatment and follow-up isolation centers for primary treatment and follow-up.
- Reinforcement of the COVID-19 communication plan.
- Employee support measures:
  - Virtual e-learning training
  - Improved feeding conditions
  - Psychological counseling for employees and their families.

As part of the Health Department management process throughout the pandemic, 76,750 screening

tests have been generated and 4,907 positive cases were identified, of which 84% have been detected outside the mining units.

The Health Department and the social welfare team have been responsible for monitoring each of the cases detected both inside and outside the mining units, providing support and advice to both the workers and their immediate families.

In 2020, we also concentrated efforts on the prevention of occupational diseases, as well as monitor all physical, chemical, biological, disergonomic and psychosocial agents in our operations, emphasizing on disergonomic agents, as several workplaces were identified to cause musculoskeletal ailments.

Occupational medical examinations were performed on 100% of the Company's and contractors' workers, which include entry, periodical, exit, and change of position medical examinations. Underground workers who have a history of occupational diseases were removed from service.

### VOLCAN WORKFORCE

As of December 31, 2020, the Company had a total of 3,227 direct employees, both in Lima and in the Mining Units. Of those, 2,359 are permanent employees with indefinite-term contracts and 868 are employees with fixed-term contracts. Additionally, at year-end, the number of contractors' employees amounted to 7,126, making a total workforce of 10,353 employees.

### VOLCAN EMPLOYEES

NUMBER OF PERSONNEL	WORKERS			EMPLOYEES			OFFICIALS			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Volcán Cia Minera S.A.A.	442	395	366	1,228	1,286	1,399	32	32	29	1,702	1,713	1,794
Cía. , Minera Chungar S.A.C.	366	365	403	558	612	629	3	3	2	927	980	1,034
Emp. Admin. Cerro S.A.C.	171	172	173	69	79	83	-	-	-	240	251	256
Oxidos de Pasco S.A.C.	39	38	35	80	86	85	1	-	-	120	124	120
Hidroeléctrica Huancho S.A.C.	-	-	-	22	22	23	-	-	-	22	22	23
<b>Total</b>	<b>1,018</b>	<b>970</b>	<b>977</b>	<b>1,957</b>	<b>2,085</b>	<b>2,219</b>	<b>36</b>	<b>35</b>	<b>31</b>	<b>3,011</b>	<b>3,090</b>	<b>3,227</b>



## SOCIAL RESPONSIBILITY

In 2020, Volcan invested USD 3.91 MM in the development of the 39 communities located within its direct area of influence, as a consequence of the agreements and commitments in place, the sustainable development plans and community relations plans contained in the Environmental Impact Assessments. The investment is centered on five intervention pillars: education, health, economic development, local employment promotion, and infrastructure. Furthermore, in order to strengthen local economies, Volcan does business with community companies. These are contracted for different types of service, such as civil works, mining operations, transportation, among others.

### Corporate Volunteer Program

As part of its culture, Volcan continued its Corporate Volunteer Program during 2020. Employees from several areas in the different Mining Units (including Corporate) volunteered their time, sharing their knowledge, abilities and skills with members of the adjoining communities. As a result, our employees become change agents who directly participate in the development of the communities located within the areas of influence and the society in general.

### Newsletter

The Company's external communication channels include publications that serve as sources of information and are aimed at reinforcing the population's basic values, providing safety and health advice, as well as articles on educational topics, emphasizing the importance of caring for the

environment, informing the community on how the Company is complying with its commitments, boosting the culture, among others.

### PUBLICATIONS

MINING UNIT	NUMBER OF ISSUES
Yauli	4
Chungar	4
Baños	2
Cerro	2

### Corporate Recycling Program

Efforts were made to continue the "Recycle Me" program implemented through a partnership with SOS Children's Villages. The purpose is to raise awareness and promote continuity of the actions needed to address paper and cardboard waste, protect the environment, as well as to secure the funds that will provide meals for the children that rely upon SOS Children's Villages.

On the other hand, the "Tapatón" campaign was continued during 2020. This campaign was implemented together with the NGO "Tierra y Ser" and the participation of Lima office and Mining Units. In addition to promote plastic recycling, the added value of this program is to provide the tools that will help improving the quality of life of people with disabilities within the area of influence.

### EDUCATION

#### Elementary and High School Education

The partnership with "Enseña Perú" remained strong during 2020. This NGO aims at driving professionals into working together to transform education. This partnership was present in the Yauli, Chungar, and Cerro de Pasco Mining Units, directly benefiting more than 1.023 students in primary and secondary schools. This helped improve their performance in math, language comprehension, physics, English, science, and technology and the environment.

### ASSOCIATED COMMUNITIES INCLUDED IN THE "ENSEÑA PERÚ" PROGRAM

DEPARTMENT	MININ	COMMUNITY
Pasco	Cerro	Rancas
		Huayllay
	Chungar	Cochamarca
Junín	Yauli	León Pata
		Andacancha
		Suitucancha
		Huay-Huay
		Yauli

### Higher Education

#### Yauli Mining Unit

In the peasant community of Yauli, as part of the agreement with the community, four young people of the Yauli community were awarded full scholarships to study the careers of Maintenance Mechanics, Automotive Mechanics, Heavy Machinery Mechanics and Software Engineering with AI at the National Service for Industrial-Technical Training (SENATI).

#### Chungar Mining Unit

In the Huayllay community, ten students were awarded scholarships to Senati and English classes were offered during the summer. In the Huaychao community, two students were awarded scholarships to Senati, two students to Tecsup and two students to Cetemin.

#### Cerro Mining Unit

In San Antonio de Rancas Community, 25 students were awarded scholarships to

Universidad Nacional Daniel Alcides Carrión (UNDAC), 15 students were awarded scholarships to SENATI and 2 to TECSUP.

Furthermore, in the Quiulacocha Community, three students were awarded scholarships to UNDAC and one student was awarded a full scholarship to SENATI.

#### Alpamarca Mining Unit

In 2020, in the community of San José de Baños, three students received full scholarship to SENATI. Additionally, in Santa Catalina Community, three students received full scholarship to SENATI whereas three students were awarded a scholarship to CETEMIN. Finally, the Vacaciones en Escena

program was implemented for the children of two communities of Santa Catalina (Santa Cruz and Santa Catalina).

### Training

#### Yauli Mining Unit

In 2020, twenty young people from the Pomacocha rural community, an area of direct influence of the San Cristobal Carahuacra Mining Unit, were trained in office automation. This activity was completed jointly with Senati and in compliance



with the agreement in place with the community. Nevertheless, the activities were limited due to the pandemic.

**Chungar Mining Unit**

The annual "Heavy Machinery Operator" training course was delivered to 20 residents of the communities of Huayllay and Huaychao and their children. However, the training course could not be provided due to the pandemic, since its methodology is 80% practical and the students had to attend the course in person. Therefore, upon request of the community, this clause was replaced by the purchase of tablets for education purposes.

**Cerro Mining Unit**

- Training was provided on the Code of Ethics and Conduct to the employees of contractors and community companies in the area of direct influence were trained on the code of ethics and conduct, in compliance with the Information and Communication Program of the Community Relations Plan.
- The communities and localities of influence were trained on participatory socio-environmental monitoring addressed to the communities and towns in the area of influence. Subsequently, monitoring was completed during February and December in compliance with covid-19 protocols.
- In coordination with Senati, virtual training courses in labor and technical training were developed for the communities that conform the area of social influence of Cerro de Pasco.

**Alpamarca Mining Unit**

- The Vacaciones en Escena program was developed in the

communities of Santa Catalina, Santa Cruz and San Jose de Baños. Education strengthening and culture promotion through theater workshops was achieved.

- A workshop in disease prevention by sheep and cattle was held in compliance with biosecurity protocols.

**HEALTH**

**Health Campaigns**

Volcan continued to partner with NGO Prisma to support the improve of health standards and the impact on the quality of life of our communities.

The project has identified (through progress and monitoring indicators) the most prevalent diseases

related to more than ten medical specializations. Such identified are respiratory, osseomuscular and gastrointestinal conditions. Moreover, we work on prevention through advocacy meetings, awareness-raising with authorities and experiential education sessions on prioritized topics according to community needs, such as personal care and hygiene, healthy eating, anemia prevention, among others. More than 9,500 medical attentions are given every year.

Because the Peruvian State have a fundamental role to ensure the sustainability of the project, while Volcan seeks to be involved in the implementation and execution of such initiatives. In this regard, when patients requiring immediate attention were detected, facilities

**CAMPAÑAS MÉDICAS POR COMUNIDAD**

DIVISION	MINING UNIT	LOCATION	CAMPAIGN	
Mining	Yauli (Carahuacra- San Cristóbal, Andaychagua, Ticlio)	Pachachaca	1°	
		Pomacocha	1°	
		Suitucancho	1°	
		Yauli	2°	
	Cerro	Quiulacocha	2°	
		Yurajhuanca	1°	
		Chungar	2°	
	Total Mining			<b>11</b>
		CH Baños	Ravira	1°
			Viscas	1°
Energy	Total Energy		<b>2</b>	
		<b>Total</b>	<b>13</b>	

were provided so they could receive the appropriate treatment in public medical institutions. Regarding the restrictions caused by the COVID-19 pandemic and by mutual agreement with the communities, it was decided organize donation campaigns to support the fight against the pandemic.

**Anti-Anemia Campaign**

At the same time since 2018, via the same partnership, Prisma has been battling the impact of anemia in children under the age of 5 in the communities of Cerro (Paragsha and Quiulacocha) and Chungar (Huaychao) This plan includes the identification of children's nutritional state, ensuring that they eat iron-enriched nutrients. If children are found to be suffering from anemia, they are given help in fighting this health condition. In 2020, the initiative was suspended due to the health emergency caused by COVID-19. However, it is rescheduled for 2021.

**ECONOMIC DEVELOPMENT**

**Farming Development**

As far as Economic Development is concerned, Volcan and NGO Prisma designed a joint strategy for the conservation and protection of traditional businesses and the development of their industry through innovative ideas.

The farming campaigns held were targeted at improving the production chain through technical assistance and the monitoring of progress made in the areas of influence. In 2020, over 120,000 heads of livestock were vaccinated. All farming campaigns complied with the COVID-19 sanitary protocol.

**Promotion of Local Employment**

The Company promotes local employment to help reducing unemployment rates and increase income in the communities in the area of influence, fostering upskilling and contributing to human and professional development.

Volcan continues to pursue its policy of engaging local companies. In 2020, community companies reported an

annual sales turnover of approximately USD 50 million as a whole.

**Cerro Mining Unit**

In 2020, Volcan worked with the following local companies:

- Empresa Comunal Ecoserm-Rancas
- Empresa Comunal Tingo Palca
- Empresa Comunidad Campesina Racacancha
- Empresa Comunal de Servicios Múltiples Quiulacocha

**CAMPAÑAS POR UBICACIÓN. DESARROLLO AGROPECUARIO**

DIVISION	MINING UNIT	LOCATION	CAMPAIGN	
Mining	Cerro	Coop. Yanamate	1°	
		Quiulacocha	2°	
		Yurajhuanca	1°	
	Chungar	Huayllay	1°	
		Huaychao	1°	
	Alpamarca	Santa Catalina	1°	
		Pomacocha	1°	
		Yauli	1°	
	Total Mining			<b>10</b>
		Energy	CH Baños	San Jose de Baños
			Santa Cruz de Andamarca	1°
	San Miguel de Vichaycocha		1°	
	San Juan de Chauca		1°	
	Viscas		1°	
	Ravira		1°	
	Huascoy - Chuquirpay		1°	
	Pacaraos		1°	
Total Energy			<b>8</b>	
	<b>Total</b>		<b>18</b>	



- Empresa Comunal de Servicios Múltiples Yurajhuanca

**Chungar Mining Unit**

In 2020, Volcan worked with the following local companies:

- Empresa Minera Constructora Asuntos Ambientales (Emiconsath)
- Empresa Comunal de Servicios Múltiples Huaychao
- Empresa Comunal Multiservicios San Juan de Huayllay
- Administradora de Proyectos Mineros y Civiles SRLtda.
- Empresa Comunal Quimacocha SRL

**Yauli Mining Unit**

In 2020, Volcan worked with the following local companies:

- Empresa Comunal de Servicios Múltiples Huayhuay
- Comunidad Campesina de Huayhuay
- Comunidad Campesina Suitucancho
- Empresa Comunal de Servicios Múltiples Yauli
- Empresa Comunal de Servicios Múltiples Pomatarea
- Empresa Comunal de Servicios Múltiples Pachachaca
- Comunidad Campesina San Juan Bautista de Pachachaca

- Empresa Comunal de Servicios Múltiples Pucará-Morococha

**Infrastructure**

**Chungar Mining**

In 2020, as part of the agreement with Huaychao and to support the community to continue strengthening its agricultural activities, the construction of the second livestock shed in Jatumpampa, with a capacity for 2,000 head of livestock, was completed. This investment is to provide the animals with a space with food, water and appropriate space to rest and shear their wool, which will provide productivity, profitability and economy for the community. The first livestock shed was built in 2019 in Carpacancon, pursuant to Clause 8.5.4 of the Agreement 16 executed with the Huaychao community of Huaychao.

Similarly, a contribution of PEN 100 thousand was given to Huaychao pursuant to clause 8.7.5 of the agreement to improve cultivated

pastures with technified irrigation and livestock genetics.

Finally, in Huayllay, three villages implemented their productive projects to continue with the economic development of the population. San Carlos built the first and second stages of a fuel farm. Andacancha continued with the construction of the fourth floor of its Vivienda Comercio project. Finally, a recreational park was built in Canchacucho.

**Alpamarca Mining Unit**

In 2020, as part of the agreement with the Santa Catalina community to obtain the agreements related to the Romina II project, the community building was built for PEN 300 thousand. In addition, USD 18 thousand was provided for the development of Moreover, USD 18 thousand was provided for the development of the annual project to improve the irrigation system, thus contributing to improve the pastures as part of the social responsibility

program. In the community of San José de Baños, around 300 metal posts and 1000 meters of mesh were provided to build farm fences and boundary fences with the community of Chuquirpay. In the community of Carhuacayán, around 300 metal posts and 1.000 meters of mesh were provided to build farm fences and boundary fences with the community of San Jose de Baños.

**Works for Taxes Program**

Since 2010, Volcan and its subsidiary Chungar have financed PEN 108.5 million in 14 infrastructure projects and public services with great social impact, which have contributed to reduce the country's infrastructure gap in sectors related to education, water and sanitation, solid waste management, transportation, among others infrastructure projects and public services with major social impact. These projects contributed to reduce the infrastructure gap in the country in sectors related to education, water and sanitation, solid waste management, transport, among others. Approximately 500,000 people have been benefited by these projects.

Volcan continues participating and actively promoting the Works for Taxes Program through the execution of new projects and by engaging new local, regional and national authorities. The projects completed by the Company mainly benefit the surrounding communities and also align with an internal strategy to invest in important sectors that generate greater social impact. Moreover, Volcan holds the third position among mining companies in the Works for Taxes ranking in terms of total investment amount committed. In addition, Volcan is a founding member of the

Works for Taxes Alliance (ALOXI), which groups those companies responsible for more than 80% of the projects executed under this program.

Volcan seeks to continue developing the communities by investing in new projects under the Works for Taxes program. New projects are currently evaluated for execution in conjunction with the authorities.

**RANKING OF COMPANIES BY INVESTMENT AMOUNT AND NUMBER OF PROJECTS (MM S/ DURING 2009-2020)**

N°	COMPANY	TOTAL
1	Banco de Crédito del Perú S.A.A. – BCP	1,210.29
2	Compañía Minera Antamina S.A.	1,036.26
3	Southern Peru Copper Corporation	852.83
4	Optical Technologies S.A.C.	301.39
5	Telefónica del Perú S.A.A.	233.25
6	Banco Internacional del Perú S.A.A. – Interbank	191.17
7	Unión de Cervecerías Peruanas Backus y Johnston S.A.A. – BACKUS	113.94
<b>8</b>	<b>Volcan</b>	<b>108.5*</b>
9	Ferreyros S.A.	90.15
10	Yura S.A.	88.35

(\*)Volcan Compañía Minera S.A.A. and Compañía Minera Chungar S.A.C Source: Bureau of Decentralized Investments - ProInversión

**VOLCAN SEEKS TO CONTINUE DEVELOPING THE COMMUNITIES BY INVESTING IN NEW PROJECTS UNDER THE WORKS FOR TAXES PROGRAM. NEW PROJECTS ARE CURRENTLY EVALUATED FOR EXECUTION IN CONJUNCTION WITH THE AUTHORITIES.**



Glencore established a social fund for its global operations as a response to the global pandemic caused by the increase of COVID-19 cases. The objective was to provide operations with resources to meaningfully assist the society in which they operate.

At the end of 2020, an investment of USD 366 thousand was provided, equivalent to hundreds of tons of basic humanitarian aid, such as food, warm clothing against the cold, delivery of PPEs and equipment for rural medical posts to benefit more than fifty communities, villages, and institutions, such as firefighters and the National Police.

# SUPPORT CAMPAIGN AGAINST COVID-19

**AN INVESTMENT  
OF USD 366  
THOUSAND WAS  
PROVIDED,  
EQUIVALENT TO  
HUNDREDS OF  
TONS OF BASIC  
HUMANITARIAN  
AID**

VOLCAN USED THIS FUND FOR THE FOLLOWING PURPOSES:

**1.** PROTECT THE SAFETY AND HEALTH OF EMPLOYEES AND THE COMMUNITIES NEAR THE MINING UNITS.

**2.** ALLEVIATE THE ECONOMIC BURDEN ON COMMUNITIES THROUGH COORDINATION AND DELIVERY OF BASIC NECESSITIES AT THE CURRENT STAGE OF THE EMERGENCY SITUATION.



## ENVIRONMENTAL

Volcan is committed to establishing environmental management to achieve sustainable development of its operations. This sustainability commitment continues strengthening the environmental performance in all its operations, emphasizing the reduction and mitigation of environmental impacts. For this reason, a management system based on Environmental Critical Risks has been developed and implemented since 2016.

The development of the management system is applied through eight environmental management standards for environmental critical risks. These standards constitute the Volcan's Green Book.

In 2020, the process of including the main requirements of the International Council on Mining & Metals (ICMM) within Volcan's environmental management framework for the Water and Effluent Environmental Management and Comprehensive Closure standards began.

### ENVIRONMENTAL MANAGEMENT STANDARDS

- Environmental management for Projects
- Water and effluent Management.
- Critical Environmental Risk Management System
- Comprehensive Mine Closure Management
- Solid Waste Management
- Management of hazardous cargo transportation
- Management of Atmospheric emissions
- Natural Resources Management

### CRITICAL ENVIRONMENTAL RISKS

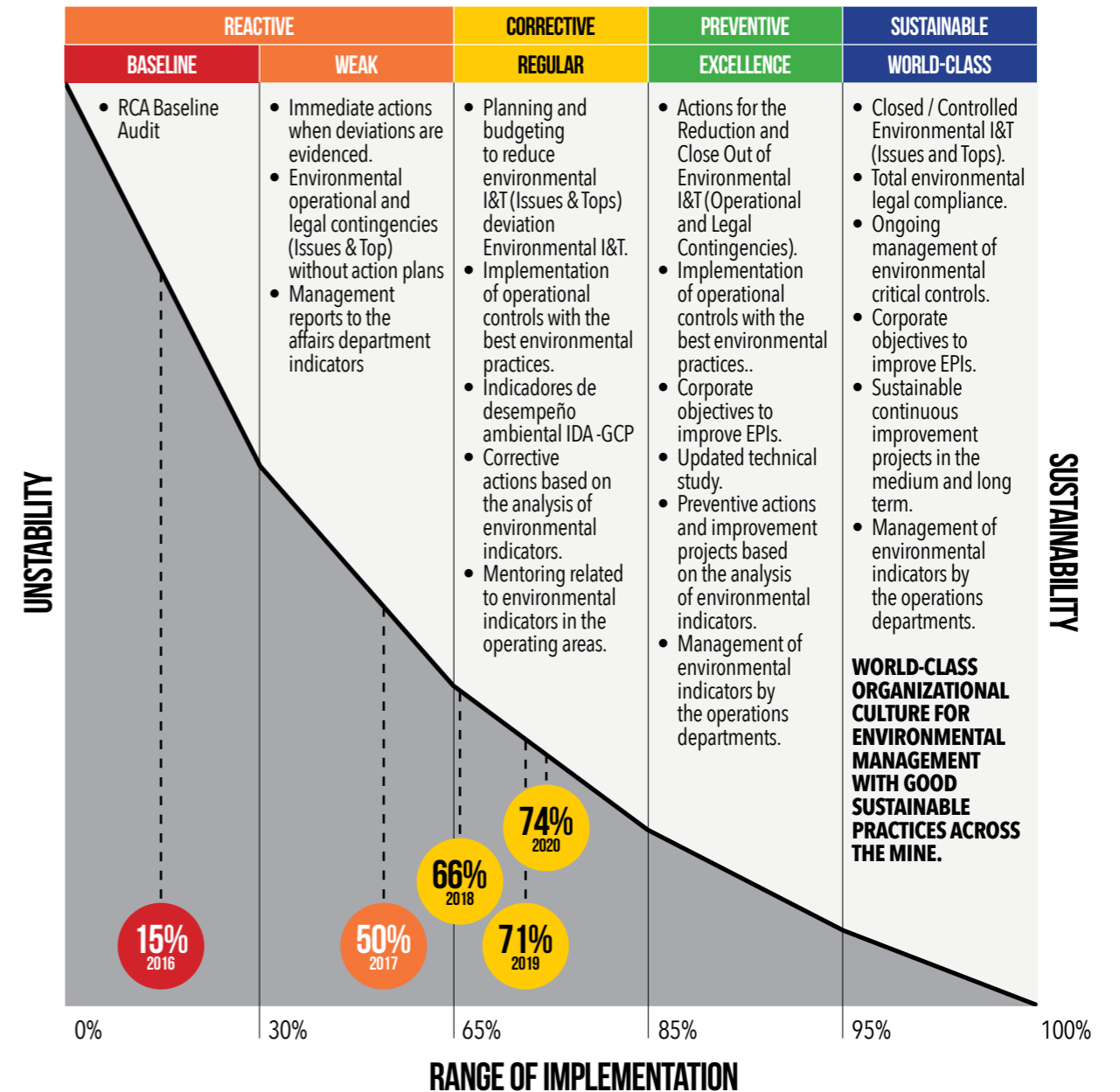
		
<b>LIQUID EFFLUENTS OUT OF LIMITS</b>	<b>INADEQUATE WASTE DISPOSAL</b>	<b>DAM BREAK</b>
		
<b>NEW PRODUCTS</b>	<b>WASTE OF NATURAL RESOURCES</b>	<b>ACCIDENTS DURING TRANSPORTATION OF HAZARDOUS CARGO</b>
		
<b>DEGRADATION OF AREAS</b>	<b>ATMOSPHERIC EMISSIONS</b>	

## KEY 2020 ENVIRONMENTAL RESULTS

### Environmental Management System

Volcan's environmental management system is measurable and assessed through annual external corporate audits based on the established qualification criteria, which allow to measure the evolution and confirm the environmental approach and the commitment to continuous improvement. It was aimed to focalize efforts in prevention and control of major environmental risks. In 2020, the assessment was implemented at 74%, representing a 3% increase in 2019.

### EVOLUTION OF ENVIRONMENTAL MANAGEMENT SYSTEM



**Energy**

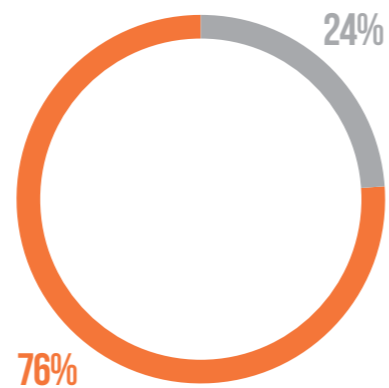
The energy consumption from renewable sources is supplied with own hydroelectric energy from the Chungar and Tingo hydroelectric power plants, representing 24% of

Volcan's total energy consumption. Additional energy required (76%) was purchased and supplied via the National Interconnected System (SEIN), considered as non-renewable energy.

**2020 ENERGY CONSUMPTION**

MINING UNITS	ENERGY CONSUMPTION (MWH)		
	NOT RENEWABLE	RENEWABLE	TOTAL
Alpamarca	23,164	-	23,164
Andaychagua	86,887	-	86,887
Chungar	64,021	155,057	219,078
Cerro	131,855	-	131,855
San Cristóbal -Carahuacra	143,558	-	143,558
Tidlo	46,373	-	46,373
<b>Total</b>	<b>495,860</b>	<b>155,057</b>	<b>650,917</b>

**ENERGY CONSUMPTION**

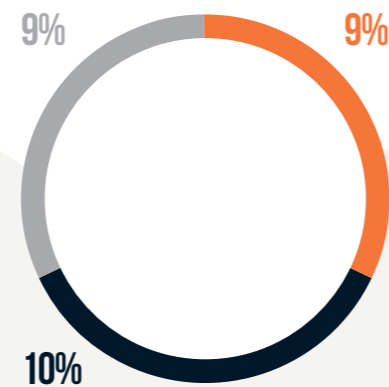


- Renewable
- Not Renewable

**Water and effluent Management.**

Volcan recirculated 28% of the total water used in its operating activities during 2020.

**WATER RE-CIRCULATION**



- Alpamarca
- Andaychagua
- Chungar

**Emissions management**

The carbon footprint calculation for Volcan has been verified through an external consultancy and using the GCP (Glencore Corporate Practices) platform. Regarding air quality, the air quality monitoring networks in the areas of influence recorded values below the Environmental Quality Standard (EQS) regulated by Supreme Decree 003-2017-MINAM.

**VOLCAN GHG EMISSIONS PER YEAR**

MINING UNITS	GHG (tCO2E)		
	2018	2019	2020
Alpamarca	13,387	17,383	14,221
Andaychagua	26,785	37,789	23,388
Chungar	31,766	31,019	25,152
Cerro	29,116	32,225	30,165
San Cristóbal -Carahuacra	55,865	56,978	43,470
Tidlo	12,719	14,848	12,728
Hydroelectric plant	160	135	172
<b>Total</b>	<b>169,798</b>	<b>190,378</b>	<b>149,296</b>

**VOLCAN 2020 WASTE MANAGEMENT**

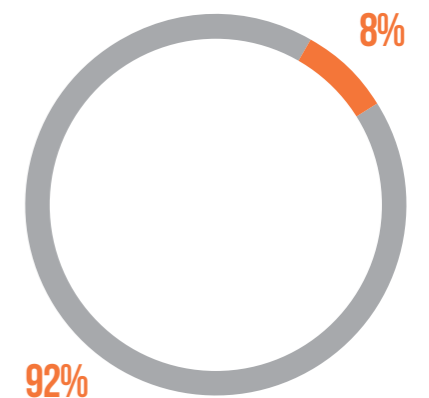
MINING UNITS	MINERAL WASTE (T)	NON-MINERAL WASTE (T)	TOTAL
Alpamarca	6,712,901	375	6,713,276
Andaychagua	722,595	818	723,413
Chungar	1,660,178	4,423	1,664,601
Cerro	5,225,177	785	5,225,962
San Cristóbal -Carahuacra	1,287,272	2,003	1,289,275
Tidlo	143,015	185	143,200
Hydroelectric plant	-	85	85
<b>Total</b>	<b>15,751,138</b>	<b>8,674</b>	<b>15,759,812</b>

**Waste Management**

At Volcan, waste was classified by groups as mineral waste and non-mineral waste.

Regarding mineral waste, 92% was moved to the mining unit and disposed at tailings storage facilities and waste dumps designed for this purpose. The remaining 8% was reused for underground workings in the operation.

**REUSED ORE WASTE**



- Mineral waste (tailings, waste, and slurries)
- Reused ore waste



### VOLCAN 2020 GENERATION OF NON-MINERAL WASTE

MINING UNITS	HAZARDOUS NON-MINERAL WASTE (T)	NON-HAZARDOUS NON-MINERAL WASTE (T)	TOTAL
Alpamarca	89.8	285.6	375.4
Andaychagua	153.5	664.2	817.7
Chungar	1,102.6	3,320.5	4,423.1
Cerro	81.5	703.7	785.2
San Cristóbal -Carahuacra	334.5	1,655.4	1,989.9
Tidío	41.6	143.5	185.1
Hydroelectric plant	0.7	62.9	63.6
<b>Total</b>	<b>1,804</b>	<b>6,836</b>	<b>8,640</b>

#### Mine closure management.

The 2020 rehabilitated areas were as follows:

### VOLCAN 2020 REHABILITATED AREAS

MINING	REHABILITATED LAND
Alpamarca	0.11
Andaychagua	0.16
Chungar	-
Cerro	1.99
San Cristóbal -Carahuacra	-
Tidío	0.25
Explorations	2.55
<b>Total</b>	<b>5.06</b>

#### Tailings Storage Facility Management

The evolution of the 2020 Volcan's TSF impoundment standards obtained the following results:

- TSF are managed in a responsible manner, regarding environmentally and physically safe under social agreements.
- A new governance system to manage TSF at the corporate level was implemented.
- TSF were adapted according to the guidelines of the Canadian Dam Association (CDA).
- Long-term TSF management plans were developed for all operations.
- Critical controls were improved, emergency response plans were updated and early warning systems were designed to prepare communities for catastrophic events.
- The technology evolution of tailings disposal is mainly aimed at:

## TAILINGS STORAGE FACILITIES ARE MANAGED IN A RESPONSIBLE MANNER, REGARDING ENVIRONMENTALLY AND PHYSICALLY SAFE UNDER SOCIAL AGREEMENTS

- Eliminate as much as possible the influence of water
- Minimize the required area by reducing the distribution of new areas.
- Design life greater than ten years.
- Designs prepared for extreme seismic and rainfall events

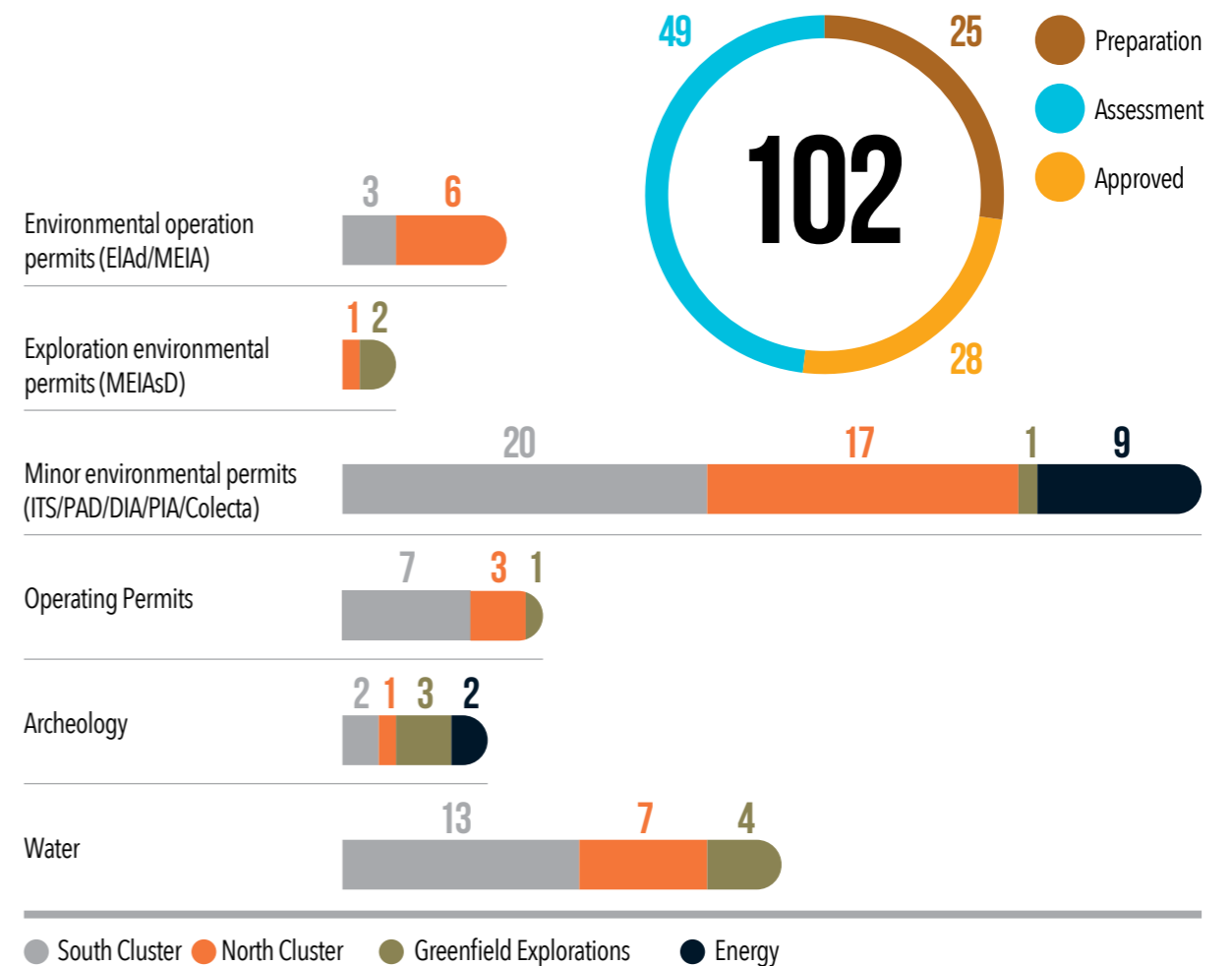
- Projected investment of USD 170 million for tailings storage facilities for the next four years.

#### Permitting Management

At the end of 2020, Volcan has managed 102 technical files: 25 in preparation, 49 in evaluation and 28 were approved.

For better management, Volcan and Subsidiaries have grouped the mining units by South Cluster, North Cluster, Greenfield Explorations and energy, and have optimized permit management.

### PERMITTING MANAGEMENT



EIA: Environmental Impact Assessment / MEIA 1: Modified Environmental Impact Assessment / ITS: Technical Support Report / DIA: Declaration of Impact Assessment / MEIAsd: Modification of Semi-detailed Environmental Impact Assessment / PAD: Detailed Environmental Plan.

## GROWTH AND OPERATIONAL CONTINUITY PROJECT

MINING	PROJECT	STATUS
Animón	MEIA for the implementation of PTARI and new wastewater treatment plant	Approved
	ITS for co-disposal of waste dump + filtered tailing from Esperanza	Approved
	MEIA to build the Quimacocha filtered tailing deposit	Evaluation
Alpamarca	MEIA for in-pit tailings and pit expansion	Evaluation
Cerro de Pasco	ITS pit expansion and reuse of low grade mineralized material	Approved
	Pit expansion	Start of preparation stage
Carahuacra	MEIA to build a filtered tailings deposit	Preparation
Andaychagua	MEIA to disposed filtered tailings	Preparation
Islay	MEIA to implement PTARI and discharge point	Preparation
Ticlio	MEIA to implement PTARI and waste dump	Preparation
<b>Growth project</b>		
Romina	EIAd for Romina mining	Preparation

The following table shows the main 2020 environmental certifications and operating licenses approved.

## 2020 ENVIRONMENTAL CERTIFICATIONS AND LICENSES

COMPANY	MINING UNIT	TYPE OF PERMIT	PROJECT	SCOPE	APPROVAL RESOLUTION
Volcan Compañía Minera S.A.A	Carahuacra	ITS	5th ITS Carahuacra	02 Mineral Scope	N°00113-2020 SENACE-PE-DEAR
	Ticlio	ITS	2nd ITS Ticlio	Explorations	N°00116-2020 SENACE-PE-DEAR
		PCM	2nd Updated PCM	Explorations	N°163-2020 MINEM -DGAMM
		Hydrobiological Collection	Collection of Hydrobiological resources – UM 2nd MEIA	MEIA Collection	N°00594-2020 PRODUCE -DGPCHDI
Compañía Minera Chungar SAC	Alpamarca	Heritage studies	Heritage Studies – UM 2nd MEIA	Heritage Study - 2nd MEIA	N°D000403- 2020 MI NAGRI -SERFOR- DGGSPFFS
	Animón	ITS	3rd ITS UM Animon	Amendment to Concentrate Plant	N°00279-2020 SENACE-PE-DEAR
		ITS	4th. ITS UM	Co-disposal of filtered Build the filtered trailings facility	N°00061-2020 SENACE-PE-DEAR
Empresa Administradora Cerro de Pasco SAC	Cerro de Pasco	ITM	ITM UM		N°209-2020 MEN -DGM /V
		CB	Area expansion 12.16 H a	Area expansion without incrementing expansion	N°0757-2020 MI MEN –DGM
		MEIA	1st MEIA	1200 l/s PTARI New waste dump	N°00159-2020 SENACE-PE-DEAR
		ITS	3rd ITS UM UM Cerro de Pasco	Raul Rojas Pit expansion and seize the Miraflores waste dump	N°000097-2020 SENACE-PE-DEAR

MEIA: Modificación del Estudio de Impacto Ambiental

CB: Concesión de Beneficio

ITM: Informe Técnico Minero

PCM: Plan de cierre de Minas

ITS: Informe Técnico Sustentatorio





# TWELVE

## AUDITED FINANCIAL STATEMENTS

No key accounting or auditing officer has resigned or has been made redundant over the past three years.

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

### **CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019**

#### **CONTENTS**

- Consolidated statement of financial position
- Consolidated statement of comprehensive income
- Consolidated statement of changes in shareholders' equity
- Consolidated cash flow statement
- Separate statement of financial position of Volcan Compañía Minera S.A.A.
- Separate statement of comprehensive income of Volcan Compañía Minera S.A.A.
- Separate statement of changes in shareholders' equity of Volcan Compañía Minera S.A.A.
- Separate cash flow statement for Volcan Compañía Minera S.A.A.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

# FINANCIAL CONSOLIDATED STATEMENTS

For the years ended December 31, 2020, and 2019 (In thousands of U.S. Dollars [USD000])

ASSET	2020	2019	LIABILITY AND EQUITY	2020	2019
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
Net and equivalent cash	114,646	33,828	Banking overdraft	10,070	8,448
Trade accounts receivable (net)	28,781	36,159	Financial obligations	37,179	224,476
Other current assets	89,530	65,344	Trade accounts receivable	222,640	178,175
Other financial assets	223	5,416	Other payable accounts	65,883	55,482
Inventories (net)	60,961	36,709	Other financial liabilities	15,107	53,407
	294,141	177,456		350,879	519,988
Assets classified as held for sale	-	301,986	Directly associated liabilities with assets classified as held for sale	-	171,484
<b>Total current assets</b>	<b>294,141</b>	<b>479,442</b>	<b>Total current liabilities</b>	<b>350,879</b>	<b>691,472</b>
<b>NON-CURRENT ASSETS:</b>			<b>NON-CURRENT LIABILITIES:</b>		
Other accounts receivable	9,477	7,990	Financial obligations	888,615	576,322
Financial Investments and in associated	195,346	193,794	Provisions	229,250	179,089
Inventories (net)	7,077	-	Income tax deferred	187,277	142,989
Property, plant, and equipment	772,063	676,790	Total non-current liabilities	1,305,142	898,400
Right-of-use assets (net)	4,285	22,463	Total liabilities	1,656,021	1,589,872
Mining concessions, exploration and development costs, and others intangible assets (net)	790,553	780,122	<b>EQUITY:</b>		
<b>Total non-current assets</b>	<b>1,778,801</b>	<b>1,681,159</b>	Capital stock issued	1,134,300	1,134,300
<b>TOTAL ASSETS</b>	<b>2,072,942</b>	<b>2,160,601</b>	Treasury stock	(60,930)	(60,926)
			Legal reserve	11,755	11,755
			Higher value acquisition of treasury stock	(173,231)	(173,217)
			Results not performed	(9,265)	(5,918)
			Retained earnings	(485,708)	(335,265)
			Total equity	416,921	570,729
			<b>TOTAL AND EQUITY</b>	<b>2,072,942</b>	<b>2,160,601</b>

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

# RESULTS CONSOLIDATED STATEMENTS

For the years ended December 31, 2020, and 2019 (In thousands of U.S. Dollars [USD000])

	2020	2019
Net sales	535,469	743,578
Cost of sales	(513,266)	(619,985)
<b>Gross profit</b>	<b>22,203</b>	<b>123,593</b>
Administration fees	(40,752)	(58,275)
Cost of sales	(15,435)	(23,199)
Other income	46,907	66,840
Other expenses	(97,347)	(96,341)
Income for reversal of impairment of long-lived assets	-	35,600
Loss for impairment of long-lived assets	(10,659)	(19,613)
<b>Loss for Operating profit</b>	<b>(95,083)</b>	<b>28,605</b>
Financial Income		
Financial expenditure		
<b>Loss before income tax</b>	<b>(149,736)</b>	<b>(17,939)</b>
Income tax expenses	(706)	(52,389)
<b>NET LOSS FOR THE YEAR</b>	<b>(150,442)</b>	<b>(70,328)</b>
Weighted average number of shares outstanding (thousands)	3,857,598	3,857,618
<b>Basic and diluted loss per share</b>	<b>(0.039)</b>	<b>(0.018)</b>

The accompanying notes are an integral part of these consolidated financial statements.



VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019 (In thousands of U.S. Dollars [USD000])

	2020	2019
<b>Net loss for the year</b>	<b>(150,442)</b>	<b>(70,328)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Unrealized income (loss) from investments in equity instruments	2,445	(9,247)
Unrealized loss on derivative financial instruments	(7,192)	(738)
Deferred income tax	1,400	2,946
<b>Total Other comprehensive income which can be reclassified</b>	<b>(3,347)</b>	<b>(7,039)</b>
<b>Total comprehensive result, net income tax</b>	<b>(153,789)</b>	<b>(77,367)</b>

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019 (In thousands of U.S. Dollars [USD000])

	CAPITAL STOCK ISSUED	TREASURY STOCK	LEGAL RESERVE	VALUE INCREASE OF TREASURY STOCK ACQUISITION	RE-ASSESSMENT SURPLUS	RESULTS NOT PERFORMED	RETAINED EARNINGS TOTAL EQUITY	TOTAL EQUITY
	USD000 Nota 20 (a)	USD000 Nota 20 (b)	USD000 Nota 20 (c)	USD000 Nota 20 (d)	USD000	USD000 Nota 20 (e)	USD000	USD000
<b>Balance as of January 1, 2019</b>	<b>1,134,300</b>	<b>(61,285)</b>	<b>1,055</b>	<b>(172,801)</b>	<b>30,307</b>	<b>1,121</b>	<b>(284,544)</b>	<b>648,153</b>
Total comprehensive result								
Net loss for the year	-	-	-	-	-	-	(70,328)	(70,328)
Other results comprehensive income for the year	-	-	-	-	-	(7,039)	-	(7,039)
Total comprehensive income	-	-	-	-	-	(7,039)	(70,328)	(77,367)
Rerecognition of Terminales Portuarios Chancay (it is now known as Shipping Ports Chancay Perú S.A.)	-	-	-	-	(30,307)	-	30,307	-
Legal reserve	-	-	10,700	-	-	-	(10,700)	-
Adjustments	-	359	-	(416)	-	-	-	(57)
<b>Balance as of december 31, 2019</b>	<b>1,134,300</b>	<b>(60,926)</b>	<b>11,755</b>	<b>(173,217)</b>	<b>-</b>	<b>(5,918)</b>	<b>(335,265)</b>	<b>570,729</b>
Total comprehensive result								
Net loss for the year	-	-	-	-	-	-	(150,442)	(150,442)
Other comprehensive income	-	-	-	-	-	(3,347)	-	(3,347)
Total comprehensive income	-	-	-	-	-	(3,347)	(150,442)	(153,789)
Adjustments	-	(4)	-	(14)	-	-	(1)	(19)
<b>Balance as of december 31, 2020</b>	<b>1,134,300</b>	<b>(60,930)</b>	<b>11,755</b>	<b>(173,231)</b>	<b>-</b>	<b>(9,265)</b>	<b>(485,708)</b>	<b>416,921</b>

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2020, and 2019 (In thousands of U.S. Dollars [USD000])

	2020	2019
<b>OPERATION ACTIVITIES:</b>		
Collections related to:	618,526	831,377
Sales collections	24,648	29,834
Return of credit balance for profit and taxes	–	–
Payments corresponding to:		
Payments to providers and third parties	(380,532)	(521,438)
Payment to workers	(91,795)	(106,150)
Payment of income tax	(6,065)	(10,538)
Payment of royalties	(5,853)	(8,506)
Hedges, net	11,871	2,060
<b>Cash flow and equivalents to net cash from operating activities</b>	<b>170,800</b>	<b>216,639</b>
<b>INVESTMENT ACTIVITIES:</b>		
Payments corresponding to:		
Purchase of property, plant, and equipment	(62,382)	(89,088)
Purchase of exploration and development costs, and other intangibles	(55,032)	(82,043)
<b>Cash flow and equivalents to net cash from investment activities</b>	<b>(117,414)</b>	<b>(171,131)</b>
<b>FINANCING ACTIVITIES:</b>		
Payments corresponding to:		
Obtaining Financial obligations	419,947	290,000
Obtaining other financial liabilities	–	37,840
Payments corresponding to:		
Amortization of financial obligations	(309,051)	(336,371)
Amortization of overdraft and other financial liabilities	(47,936)	(24,177)
Payment of interest	(37,922)	(39,479)
Payment of dividends	–	(48)
<b>Cash flow and equivalents to net cash from financing activities</b>	<b>25,038</b>	<b>(72,235)</b>
<b>INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>78,424</b>	<b>(26,728)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	33,828	62,950
	112,252	36,222
TRANSFER OF CASH AND CASH EQUIVALENTS TO CASH CLASSIFIED AS HELD FOR SALE	2,394	(2,394)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>114,646</b>	<b>33,828</b>

Transactions that do not generate cash flow are described in note 35. The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

# SEPARATE STATEMENT OF FINANCIAL POSITION

For the years ended December 31, 2020, and 2019 (In thousands of U.S. Dollars [USD000])

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	56,942	20,985
Trade accounts receivable (net)	3,683	8,130
Accounts receivable to related	338,487	386,464
Other current assets (net)	27,171	26,839
Other financial assets	94	3,279
Inventories (net)	23,891	20,770
	450,268	466,467
Assets classified as maintained for sale	–	131,115
Total current assets	450,268	597,582
<b>NON-CURRENT ASSETS</b>		
Other accounts receivable	558	677
Investments in subsidiaries and associated	1,070,501	913,457
Property, plant, and equipment (net)	256,336	255,277
Right-of-use assets (net)	2,438	15,878
Mining concessions, exploration and development costs, and others intangible (net)	479,613	473,914
Total non-current assets	1,809,446	1,659,203
<b>TOTAL ASSETS</b>	<b>2,259,714</b>	<b>2,256,785</b>
<b>LIABILITY AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Banking overdraft	8,462	8,205
Financial liabilities	25,706	214,330
Trade accounts receivable	118,286	101,644
Trade accounts receivable to entities related	14,463	46,497
Other accounts receivable	33,307	28,982
Other financial liabilities	10,670	53,407
	210,894	453,065
Associated Liabilities with assets classified as held for sale	–	1,905
Total current liabilities	210,894	454,970
<b>NON-CURRENT LIABILITIES:</b>		
Other financial liabilities	1,343	–
Financial obligations	872,790	563,583
Provisions	103,995	102,823
Income tax deferred	78,934	101,203
Total non-current liabilities	1,057,062	767,609
Total liabilities	1,267,956	1,222,579
<b>EQUITY:</b>		
Capital stock issued	1,134,301	1,134,301
Legal reserve	986	986
Results not performed	(3,621)	(68)
Retained earnings	(139,908)	(101,013)
Total equity	991,758	1,034,206
<b>TOTAL LIABILITY AND EQUITY</b>	<b>2,259,714</b>	<b>2,256,785</b>

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

## SEPARATE STATEMENT OF FINANCIAL POSITION

For the years ended December 31, 2020 and 2019 (In thousands of U.S. Dollars [USD000])

	2020	2019
Net sales	262,641	390,379
Cost of sales	(254,782)	(328,202)
<b>Gross profit</b>	<b>7,859</b>	<b>62,177</b>
Administration fees	(32,825)	(41,680)
Cost of sales	(7,907)	(12,586)
Other income	29,914	93,620
Other expenses	(15,705)	(33,992)
Recovery for impairment of long-lived assets	–	35,600
Recovery for impairment of subsidiaries	–	–
Recovery and loss for impairment of subsidiaries	14,251	(192,449)
<b>Operating Loss</b>	<b>(4,413)</b>	<b>(89,310)</b>
Financial Income	16,959	33,310
Financial Income	(69,002)	(43,445)
<b>Loss before income tax</b>	<b>(56,456)</b>	<b>(99,445)</b>
Income tax	17,561	(38,666)
<b>Net loss for the year</b>	<b>(38,895)</b>	<b>(138,111)</b>
Average of outstanding stocks (in thousands)	3,857,598	3,857,618
<b>Basic and diluted loss per share (in US Dollars)</b>	<b>(0.010)</b>	<b>(0.036)</b>

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

## SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019 (In thousands of U.S. Dollars [USD000])

	2020	2019
	USD000	USD000
<b>Net loss for the year</b>	<b>(38,895)</b>	<b>(138,111)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be subsequently reclassified as income:		
Unrealized income or loss on derivative financial instruments	(5,040)	(739)
Income tax	1,487	220
<b>Total comprehensive result, net income tax</b>	<b>(3,553)</b>	<b>(519)</b>
<b>Total comprehensive income</b>	<b>(42,448)</b>	<b>(138,630)</b>

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

## SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2020 and 2019 (In thousands of U.S. Dollars [USD000])

	CAPITAL STOCK ISSUED	LEGAL RESERVE	RESULTS NOT PERFORMED	RETAINED EARNINGS	TOTAL
	USD000	USD000	USD000		
<b>Balance as of January 1, 2019</b>					
Net loss for the year	-	-	-	(138,111)	(138,111)
Other comprehensive income	-	-	(519)	-	(519)
Total comprehensive income for the year	-	-	(519)	(138,111)	(138,630)
Legal reserve	-	986	-	(986)	-
<b>Balance as of December 31, 2019</b>	<b>1,134,301</b>	<b>986</b>	<b>(68)</b>	<b>(101,013)</b>	<b>1,034,206</b>
Total comprehensive result					
Net loss for the year	-	-	-	(38,895)	(38,895)
Other comprehensive income	-	-	(3,553)	-	(3,553)
Total comprehensive income for the year	-	-	(3,553)	(38,895)	(42,448)
<b>Balance as of December 31, 2020</b>	<b>1,134,301</b>	<b>986</b>	<b>(3,621)</b>	<b>(139,908)</b>	<b>991,758</b>

The accompanying notes are an integral part of these consolidated financial statements.

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

## SEPARATE CASH FLOW STATEMENT

For the years ended December 31, 2020 and 2019 (In thousands of U.S. Dollars [USD000])

	2020	2019
<b>OPERATION ACTIVITIES:</b>		
Payments corresponding to:		
Cost of sales	319,179	448,675
Refund of tax and benefit credit balances	284	899
Other Operating payments	6,910	23,562
Payments corresponding to:		
Payments to providers and third parties	(114,218)	(262,257)
Payment to workers	(59,066)	(63,478)
Payment of income tax	(3,401)	(9,016)
Payment of royalties	(2,518)	(4,374)
<b>Cash flow and equivalents to net cash from operating activities</b>	<b>147,170</b>	<b>134,011</b>
<b>INVESTMENT ACTIVITIES:</b>		
Payments corresponding to:		
Loans granted to related parties	(119,215)	(236,466)
Purchase of property, plant, and equipment	(32,996)	(33,291)
Purchase of exploration and development costs, and other intangibles	(31,765)	(62,604)
<b>Cash flow and equivalents to net cash from investment activities</b>	<b>(183,976)</b>	<b>(332,361)</b>
<b>FINANCING ACTIVITIES:</b>		
Payments corresponding to:		
Loans from related	48,443	243,299
Obtaining Financial obligations	382,240	290,000
Obtaining other financial liabilities	257	35,780
Payments corresponding to:		
Amortization of financial obligations	(272,329)	(325,309)
Amortization of overdraft and other financial liabilities	(47,930)	(23,988)
Payment of interest	(37,918)	(37,138)
<b>Cash flow and equivalents to net cash from financing activities</b>	<b>72,763</b>	<b>182,644</b>
<b>INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>72,763</b>	<b>182,644</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	20,985	36,691
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	56,942	20,985

Transactions that do not generate cash flow are described in note 34. The accompanying notes are an integral part of these consolidated financial statements.

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## LEGAL CONTINGENCIES



Company Management, based on the opinion of external and internal legal counsel, has conducted a review of all tax, labor, civil and administrative proceedings, among others. A provision has been made for all probable contingencies amounting to USD 27.6 million which, as of December 31, 2020, is presented in the Provisions line item (USD 20.3 million as of December 31, 2019). Management and the legal counsel believe that this provision covers all probable contingencies, and no additional provisions are necessary.

For possible contingencies, the Company and Subsidiaries' external and internal legal counsel have determined a total of USD 38.4 MM (USD 39.7 MM as of December 31, 2019) which corresponds to current legal proceedings engaged by the Company.

The following is the detailed contingencies identified for the Company and Subsidiaries:

### **VOLCAN COMPAÑÍA MINERA S.A.A.**

Company Management, based on the opinion of external and internal legal counsel, has conducted a review of all tax,

labor, civil and administrative proceedings, among others. A provision has been made for all probable contingencies amounting

to USD 16.4 million which, as of December 31, 2020, is presented in the Provisions line item (USD 15.7 million as of December 31, 2019). Management and the legal counsel believe that this provision covers all probable contingencies, and no additional provisions are necessary.

For possible contingencies, the Company's external and internal legal counsel have determined a total of USD 20.0 million as of December 31, 2019 which corresponds to current legal proceedings engaged by the Company.

#### **Civil and Labor Proceedings**

The Company records probable contingencies in the amount of USD 7.2 million as of December 31, 2020 (USD 7.4 million as of December 31, 2019), which is explained in the Provisions line item of the Consolidated Financial Statement. The possible contingency level totaled USD 11.5 million (USD 16.6 million as of December 31, 2019) in respect of compensation for occupational diseases, reimbursement of fringe benefits, payment of profits, reinstatement of workers and others.

#### **Tax Proceedings**

As of December 31, 2020, and 2019, the Company has several administrative proceedings pending resolution with the National Superintendence of Tax Administration (SUNAT) and the Tax

Court in connection with various rulings on determination of taxes, fines and interest.

The rulings on determination of taxes, fines and interest primarily relate to the differing criteria applied to determine the taxable bases for payment of the third-bracket income tax and the value added tax for the 1998-2014 period and, in SUNAT's opinion, to the failure to pay taxes.

The Company records probable contingencies in the amount of USD 3.8 million as of December 31, 2020 (USD 7.4 million as of December 31, 2019), which is explained in the Provisions line item of the Consolidated Financial Statement.

Furthermore, there are other tax proceedings rated as possible, which refer to expenses brought to question by SUNAT as they do not comply with the principle of causality or are not properly supported, among other related concepts. These possible contingencies amount to USD 13.6 MM (USD 14.6 MM as of December 31, 2019)

#### **Administrative Sanctioning Procedures and Contentious Administrative Actions**

The Company has several environmental, occupational health and safety, and labor safety proceedings pending resolution with the following regulatory entities:

The National Water Authority – Local Water Authorities, the Ministry of Labor and Employment Promotion (National Superintendence of Labor Enforcement), the Ministry of Energy and Mines, the Ministry of Production, the Supervisory Body for Investment in Energy and Mining (OSINERGMIN), and the Agency for Environmental Assessment and Enforcement (OEFA), due to the alleged violation of a number of environmental rules and the Occupational Health and Safety Regulations. Such proceedings have a probable contingency level of USD 5.5 MM (USD 3.9 MM as of December 31, 2019), as presented in the Provisions line item in the Separate Financial Statement, and a possible contingency level of USD 119,000 as of December 31, 2020 (USD 200,000 as of December 2019).

Company Management and the legal counsel, based on the findings of fact and law, believe that the final resolution of all these proceedings will not result in significant additional liabilities for the Company.

### **COMPAÑÍA MINERA CHUNGAR S.A.C.**

Company Management, based on the opinion of external and internal legal

counsel, has conducted a review of all tax, labor, civil and administrative proceedings, among others. A provision has been made for all probable contingencies amounting to USD 3.4 million which, as of December 31, 2020, is presented in the Provisions line item of the Consolidated Financial Statement (USD 3.8 million as of December 31, 2019). Management and the legal counsel believe that this provision covers all probable contingencies, and no additional provisions are necessary.

For possible contingencies, the Company's external legal counsel have determined a total of USD 11.5 million as of December 31, 2020 (USD 3.5 MM as of December 31, 2019) which corresponds to various proceedings engaged by the Company.

#### **Civil and Labor Proceedings**

The Company records probable contingencies in the amount of USD 596,000 as of December 31, 2020 (USD 759,000 as of December 31, 2019), which is explained in the Provisions line item of the Consolidated Financial Statement. The possible contingency level totaled USD 4.7 million (no possible contingencies were identified as of December 31, 2019) in respect of compensation for occupational diseases, reimbursement of fringe benefits, and others in process of appeal and/or sentence)

#### **Tax Proceedings**

As of December 31, 2020, and

2019, the Company has several administrative proceedings pending resolution with the National Superintendence of Tax Administration (SUNAT) and the Tax Court in connection with various rulings on determination of taxes, fines and interest.

The rulings on determination of taxes, fines and interest primarily relate to the differing criteria applied to determine the taxable bases for payment of the third-bracket income tax and the value added tax for the 2001-2005 and 2021-2015 period and, in SUNAT's opinion, to the failure to pay taxes. To this date, these proceedings are being challenged through administrative and claim remedies filed with SUNAT and appeals filed with the Tax Court, as well as in the Judiciary.

In addition, this Subsidiary is involved in tax administrative procedures rated as probable contingencies, which are included in the Provisions line item of the Consolidated Financial Statement, amounting to USD 349,000 as of December 31, 2020 (USD 509,000 as of December 31, 2019).

Finally, there are other contingencies arising from discrepancies with the Tax Administration, which have been rated as possible and total USD 6.5 million as of December 31, 2020 (USD 3.5 million as of December 31, 2019).

#### **Administrative Sanctioning Procedures and Contentious Administrative Actions**

The Subsidiary has several environmental, occupational health and safety, and labor safety proceedings pending resolution with these regulatory entities: The National Water Authority – Local

Water Authorities, the Ministry of Labor and Employment Promotion (National Superintendence of Labor Enforcement), the Ministry of Energy and Mines, the Ministry of Production, OSINERGMIN, and OEFA, due to the alleged violation of a number of environmental and occupational health and safety regulations. Such proceedings have a probable contingency level of USD 2.4 million as of December 31, 2020, which is presented in the Provisions line item of the Consolidated Financial Statement (USD 2.5 million as of December 31, 2019).

The possible contingency level totaled USD 321,000 (no possible contingencies were identified as of December 31, 2019).

### **EMPRESA ADMINISTRADORA CERRO S.A.C.**

Company Management, based on the opinion of external and internal legal counsel, has conducted a review of all tax, labor, company Management, based on the opinion of external and internal legal counsel, has conducted a review of all tax, labor, civil and administrative proceedings, among others. A provision has been made for all probable contingencies amounting to USD 5.5 million which, as of December 31, 2020, is presented in the Provisions line item of the Consolidated Financial Statement (USD 6.6 million as of December 31, 2019). Management and the legal counsel believe that this provision covers all probable contingencies, and no additional provisions are necessary.

For possible contingencies, the Company's external legal counsel have determined a total of USD 984,000 (USD 4.1 MM as of December 31, 2019) which corresponds to various proceedings engaged by the Company.

#### **Labor Proceedings**

The Company records probable contingencies in the amount of USD 2.9 million as of December 31, 2020 (USD 3.4 million as of December 31, 2019), which is explained in the Provisions line item of the Consolidated Financial Statement.

The possible contingency level totaled USD 907,000 (USD 3.6 MM as of December 31, 2019) in respect of compensation for occupational diseases, reimbursement of fringe benefits, profit sharing, production bonuses, and others in process of appeal and/or sentence).

#### **Tax Proceedings**

As of December 31, 2020, and 2019, the Company has several administrative proceedings pending resolution with the National Superintendence of Tax Administration (SUNAT) and the Tax Court in connection with various rulings on determination of taxes, fines and interest.

In SUNAT's opinion, the rulings on determination of taxes, fines and interest relate to the failure to pay taxes, as well as the differing criteria applied to determine the taxable base for payment of the third-bracket income tax. To this date, these proceedings are being challenged through administrative remedies. In addition, this Subsidiary is involved

in tax administrative procedures rated as probable contingencies, which are included in the Provisions line item of the Consolidated Financial Statement amounting to USD 1 million as of December 31, 2020 (USD 1.1 million as of December 31, 2019).

The possible contingency level totaled USD 27,000 (no possible contingencies were identified as of December 31, 2019).

#### **Administrative Sanctioning Procedures and Contentious Administrative Actions**

The Subsidiary has several environmental, occupational health and safety, and labor safety proceedings pending resolution with these regulatory entities: The National Water Authority - Local Water Authorities, the Ministry of Labor and Employment Promotion (National Superintendence of Labor Enforcement), the Ministry of Energy and Mines, the Ministry of Production, OSINERGMIN, and OEFA, due to the alleged violation of a number of environmental rules and the Occupational Health and Safety Regulations. Such proceedings have a probable contingency level of USD 1.6 million, which is presented in the Provisions line item of the Consolidated Financial Statement as of December 31, 2020 (USD 2.1 million as of December 31, 2020), and possible contingencies amounting to USD 50,000 (USD 452,000 as of December 31, 2019)

In 2019, by virtue of the commercial agreement executed with Cerro de Pasco Resources Inc. and in compliance with the provisions of IFRS 5 related to Non-Current Assets

Held for Sale and Discontinued Operations, the accumulated balances recorded for contingencies provided by the company have been reclassified as Liabilities directly associated with held for sale assets.

### **EMPRESA EXPLOTADORA DE VINCHOS LTDA S.A.C.**

Company Management, based on the opinion of external and internal legal counsel, has conducted a review of all tax, labor, company Management, based on the opinion of external and internal legal counsel, has conducted a review of all tax, labor, civil and administrative proceedings, among others. A provision has been made for all probable contingencies amounting to USD 914,000 which, as of December 31, 2020, is presented in the Provisions line item of the Consolidated Financial Statement (USD 626 million as of December 31, 2019), and possible contingencies amounting to USD 694,000 (USD 738,000 as of December 31, 2019). Management and the legal counsel believe that this provision covers all probable contingencies, and no additional provisions are necessary.

#### **Tax Proceedings**

As of December 31, 2020, the Company has possible tax proceedings pending resolution with the National Superintendence of Tax Administration (SUNAT) amounting to USD 694,000 (USD 738,000 as of December 31, 2019).

### **HIDROELÉCTRICA HUANCHOR S.A.C.**

Company Management, based on the opinion of external and internal legal counsel, has conducted a review of all tax, labor, company Management, based on the opinion of external and internal legal counsel, has conducted a review of all tax, labor, civil and administrative proceedings, among others. A provision has been made for all probable contingencies amounting to USD 114,000 which, is presented in the Provisions line item of the Consolidated Financial Statement (USD 122,000 as of December 31, 2019). Management and the legal counsel believe that this provision covers all probable contingencies, and no additional provisions are necessary.

### **ÓXIDOS DE PASCO S.A.C.**

#### **Administrative Sanctioning Procedures and Contentious Administrative Actions**

The Subsidiary has several environmental and safety proceedings pending resolution with these regulatory entities OSINERGMIN, and OEFA, due to the alleged violation of a number of environmental rules and the Occupational Health and Safety Regulations. Such proceedings have a probable contingency level of USD 1 million, which is presented in the Provisions line item of the Consolidated

Financial Statement as of December 31, 2020.

In 2019, by virtue of the commercial agreement executed with Cerro de Pasco Resources Inc. and in compliance with the provisions of IFRS 5 related to Non-Current Assets Held for Sale and Discontinued Operations, the accumulated balances recorded for contingencies provided by the company have been reclassified as Liabilities directly associated with held for sale assets.

### **COMPAÑÍA MINERA VICHAYCOCHA S.A.C.**

#### **Administrative Sanctioning Procedures and Contentious Administrative Actions**

The Subsidiary has several environmental proceedings pending resolution with OSINERGMIN due to the alleged violation of a number of environmental rules. Such proceedings have a probable contingency level of USD 227,000, which is presented in the Provisions line item of the Consolidated Financial Statement as of December 31, 2020.



# FOURTEEN

## STOCK INFORMATION





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

### VOLCAN COMPAÑÍA MINERA S.A.A. STOCK TICKERS

STOCK	LIMA STOCK EXCHANGE	SANTIAGO STOCK EXCHANGE	LATIBEX (MADRID)
Volcan class A Common	VOLCAAC1	VCMAC1	
Volcan class B Common	VOLCABC1	VCMBC1	XVOLB.MC

As of December 31, 2020, the subscribed, paid-in and registered capital totals PEN 3,546,617,792 and is represented by 1,633,414,553 class A common shares and 2,443,157,622 class B common shares, having a nominal value per share equal to PEN 0.87. The subsidiary Empresa Minera Paragsha S.A.C. holds 182,990,684 class A common shares and 12,234,901 class B common shares. The subsidiary Compañía Minera Chungar S.A.C. holds 23,442,345 class A common shares. The subsidiary Compañía Industrial Limitada De Huacho S.A. holds 306,283 class A Common Shares.

### SHAREHOLDING STRUCTURE

As of December 31, 2020, the shareholding structure is as follows:

#### CLASS A COMMON SHARES

SHAREHOLDING	NUMBER OF SHAREHOLDERS	INTEREST %
Less than 1%	459	1.40
Between 1% - 5%	4	9.05
Between 5% - 10%	3	26.10
More than 10%	3	63.45
<b>Total</b>	<b>469</b>	<b>100.00</b>

#### CLASS B COMMON SHARES

SHAREHOLDING	NUMBER OF SHAREHOLDERS	INTEREST %
Less than 1%	7,667	35.71
Between 1% - 5%	10	21.91
Between 5% - 10%	6	42.38
More than 10%	0	0.00
<b>Total</b>	<b>7,751</b>	<b>100.00</b>

Of the share capital, 66.29% pertains to domestic shareholders representing 2,702,484,428 shares, while 33.07% pertains to foreign shareholders representing 1,348,014,277 shares

The following shareholders have an interest greater than 4%:

#### CLASS A COMMON SHARES

MAIN SHAREHOLDERS	%	PERSONA	NATIONALITY	CORPORATE GROUP
Glencore International AG (*)	41.91	Legal Entity	Swiss	Glencore
Empresa Minera Paragsha S.A.C.	11.20	Legal Entity	Peruvian	Volcan
De Romaña Letts José Ignacio	10.34	Individual	Peruvian	Not applicable
Letts Colmenares de De Romaña Irene Florencia	9.90	Individual	Peruvian	Not applicable
Blue Streak International N.V.	8.38	Legal Entity	Netherlands Antilles	Not applicable
Sandown Resources S.A.	7.81	Legal Entity	Panamanian	Glencore

(\*) The Glencore group, including all subsidiaries, owns a 55.03% interest.

#### CLASS B COMMON SHARES

MAIN SHAREHOLDERS	%	PERSONA	NATIONALITY	CORPORATE GROUP
Profuturo AFP-PR Fondo 2	9.57	Legal Entity	Peruvian	Not applicable
Prima AFP-Fondo 2	8.20	Legal Entity	Peruvian	Not applicable
AFP Integra-Fondo 2	7.86	Legal Entity	Peruvian	Not applicable
AFP Habitat-Fondo 2	6.05	Legal Entity	Peruvian	Not applicable
Prima AFP-Fondo 3	5.60	Legal Entity	Peruvian	Not applicable
Profuturo AFP-PR Fondo 3	5.11	Legal Entity	Peruvian	Not applicable
López de Romaña Dalmau Hernando Diego Francisco	4.13	Individual	Peruvian	Not applicable



## SHAREHOLDING STRUCTURE BY INVESTOR TYPE

HOLDINGS BY TYPE OF SHAREHOLDER OF THE STOCK OR SECURITIES INCLUDED IN THE S&P PERÚ SELECTIVE INDEX (AT THE END OF THE FISCAL YEAR)	STOCK	VOLCAAC1
	NUMBER OF HOLDERS	INTEREST % (3)
1. Members of the Company's Board of Directors and Senior Management, including relatives (1)	2	20.24%
2. Company employees not included in No. 1	2	0.00%
3. Individuals not included in No. 1 and No. 2	428	0.49%
4. Pension funds managed by Private Pension Fund Administrators (AFP) under the supervision of the Superintendencia of Banking, Insurance, and AFPs	5	0.00%
5. Pension funds managed by the Pension Administration Office (ONP)		0.00%
6. Peruvian government entities, except for those included in No. 5		0.00%
7. Banks, financial institutions, municipal savings and lending institutions, EDPYMES, rural credit institutions, and savings and lending cooperatives under the supervision of the Superintendencia of Banking, Insurance, and AFPs		0.00%
8. Insurance companies under the supervision of the Superintendencia of Banking, and AFP	1	0.00%
9. Broker agents, under the supervision of the Superintendencia of Securities Market (SMV)	2	0.00%
10. Investment funds, mutual funds, and trust corpuses under the scope of the Securities Market Act and the Investment Fund Act, as well as bank trusts as well as bank trusts under the scope of the General Law of the Financial System		0.00%
11. Autonomous Assets and bank trusts from abroad, where identifiable		0.00%
12. Foreign depositaries listed as holders of shares within the framework of ADR or ADS programs		0.00%
13. Foreign depositaries listed as holders of shares not included in No. 12		0.00%
14. Foreign custodians listed as holders of shares		0.00%
15. Entities not included in the preceding numbers (2)	29	79.27%
16. Shares pertaining to the S&P/BVL Peru Select Index or securities representing these shares, in the Company's portfolio		0.00%
<b>TOTAL</b>	<b>469</b>	<b>100.00%</b>

HOLDINGS BY RESIDENCY STATUS OF THE HOLDERS OF STOCK OR SECURITIES INCLUDED IN THE S&P/BVL PERU SELECT INDEX (AT THE END OF THE FISCAL YEAR)	NUMBER OF HOLDERS	INTEREST %
Resident	433	33.57%
Non-resident	36	66.43%
<b>TOTAL</b>	<b>463</b>	<b>100.00%</b>

HOLDINGS BY TYPE OF SHAREHOLDER OF THE STOCK OR SECURITIES INCLUDED IN THE S&P PERÚ SELECTIVE INDEX (AT THE END OF THE FISCAL YEAR)	STOCK	VOLCABC1
	NUMBER OF HOLDERS	INTEREST % (3)
1. Members of the Company's Board of Directors and Senior Management, including relatives (1)	2	1.12%
2. Company employees not included in No. 1	29	0.12%
3. Individuals not included in No. 1 and No. 2	7,471	32.84%
4. Pension funds managed by Private Pension Fund Administrators (AFP) under the supervision of the Superintendencia of Banking, Insurance, and AFPs	12	51.46%
5. Pension funds managed by the Pension Administration Office (ONP)		0.00%
6. Peruvian government entities, except for those included in No. 5	2	0.18%
7. Banks, financial institutions, municipal savings and lending institutions, EDPYMES, rural credit institutions, and savings and lending cooperatives under the supervision of the Superintendencia of Banking, Insurance, and AFPs	2	0.07%
8. Insurance companies under the supervision of the Superintendencia of Banking, and AFP	3	0.92%
9. Broker agents, under the supervision of the Superintendencia of Securities Market (SMV)	4	0.03%
10. Investment funds, mutual funds, and trust corpuses under the scope of the Securities Market Act and the Investment Fund Act, as well as bank trusts as well as bank trusts under the scope of the General Law of the Financial System	13	0.36%
11. Autonomous Assets and bank trusts from abroad, where identifiable		0.00%
12. Foreign depositaries listed as holders of shares within the framework of ADR or ADS programs		0.00%
13. Foreign depositaries listed as holders of shares not included in No. 12	4	1.83%
14. Foreign custodians listed as holders of shares		0.00%
15. Entities not included in the preceding numbers (2)	141	11.08%
16. Shares pertaining to the S&P/BVL Peru Select Index or securities representing these shares, in the Company's portfolio		0.00%
<b>TOTAL</b>	<b>7,683</b>	<b>100.00%</b>

HOLDINGS BY RESIDENCY STATUS OF THE HOLDERS OF STOCK OR SECURITIES INCLUDED IN THE S&P/BVL PERU SELECT INDEX (AT THE END OF THE FISCAL YEAR)	NUMBER OF HOLDERS	INTEREST %
Resident	7,455	88.17%
Non-resident	228	11.83%
<b>TOTAL</b>	<b>7,683</b>	<b>100.00%</b>

(1) The term "Relatives" is used according to the regulations on indirect ownership, relationship and economic groups.  
(2) The term "Entities" is used according to the regulations on indirect ownership, relationship and economic groups.  
(3) Two decimals.

## DIVIDENDS

No cash dividends were paid in 2020.

## CORPORATE BONDS

On January 26, 2012, as part of an international bond issue under Rule 144A and Regulation S of the United

States Securities Act of 1933, the Company placed 10-year corporate bonds for a total amount of USD 600 million at an annual fixed interest rate of 5.375%.

## STOCK PRICES ON THE LIMA STOCK EXCHANGE

The stock price evolution during 2020 for class A and class B common shares, expressed in Nuevos Soles, is shown in the table below:

### CLASS A COMMON SHARES

MONTH	OPENING S/	CLOSURE S/	MAXIMUM S/	MINIMUM S/	AVERAGE PRICE S/
January	3.490	3.490	3.490	3.490	3.490
February	3.480	3.480	3.480	3.480	3.480
March	3.400	3.400	3.400	3.400	3.400
April	3.350	3.350	3.350	3.350	3.350
May	3.350	3.350	3.350	3.350	3.350
June	3.350	3.350	3.350	3.350	3.350
July	3.200	3.200	3.200	3.200	3.200
August	3.330	3.320	3.330	3.320	3.301
September	3.300	3.300	3.300	3.300	3.300
October	3.310	3.310	3.310	3.310	3.310
November	3.300	3.300	3.300	3.300	3.300
December	3.300	3.300	3.300	3.300	3.300

Source: Lima Stock Exchange

### CLASS B COMMON SHARES

MONTH	OPENING S/	CLOSURE S/	MAXIMUM S/	MINIMUM S/	AVERAGE PRICE S/
January	0.445	0.482	0.590	0.440	0.526
February	0.478	0.438	0.590	0.405	0.547
March	0.441	0.310	0.510	0.289	0.349
April	0.300	0.289	0.302	0.245	0.278
May	0.289	0.332	0.350	0.289	0.334
June	0.335	0.360	0.373	0.325	0.350
July	0.355	0.438	0.460	0.345	0.400
August	0.438	0.440	0.495	0.420	0.462
September	0.452	0.390	0.462	0.371	0.424
October	0.390	0.376	0.400	0.369	0.383
November	0.373	0.406	0.430	0.360	0.387
December	0.406	0.520	0.520	0.393	0.456

Source: Lima Stock Exchange

### STOCK PRICES ON LATIBEX DURING 2020

MONTH	EURO EXCHANGE RATE	OPENING S/	CLOSURE S/	MAXIMUM S/	MINIMUM S/	AVERAGE PRICE S/
January	3.762	0.43	0.50	0.50	0.36	0.37
February	3.818	0.50	0.50	0.50	0.50	0.50
March	3.841	0.51	0.34	0.50	0.18	0.38
April	3.965	0.35	0.34	0.40	0.29	0.34
May	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
June	4.139	0.35	0.37	0.41	0.37	0.39
July	4.437	0.40	0.42	0.47	0.25	0.28
August	4.359	0.41	0.34	0.50	0.34	0.38
September	4.522	0.35	0.32	0.45	0.32	0.35
October	4.351	0.31	0.36	0.42	0.29	0.33
November	4.423	0.37	0.31	0.44	0.24	0.33
December	4.906	0.34	0.57	0.58	0.32	0.43

Source: Madrid Stock Exchange, Superintendencia of Banking, Insurance, and AFPs



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## CORPORATE INFORMATION



## PROFESSIONAL BACKGROUND OF SENIOR MANAGEMENT:

### JUAN IGNACIO ROSADO GÓMEZ DE LA TORRE

Chief executive officer desde april de 2014. Prior to that, he was Deputy Chief Executive Officer from June 2010. He has also served as Vice Chairman and Finance Director at Hochschild Mining Plc. From August 2000 to January 2005, he held the position of Senior Project Manager at McKinsey & Company. 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.

### CARLOS FRANCISCO FERNÁNDEZ NAVARRO

Executive Vice President since January 2018. He previously served as Business Development Manager for the Zinc Department of Glencore International AG, Asset Manager - South America for the Zinc Department of Glencore International AG and as Investor Relations Manager for Glencore International AG.

Mr. Fernández holds a degree in Applied Mathematics from Yale University.

### ALDO DE LA CRUZ PECEROS

Vice President of Operations since January 2018. Prior to that, he served as Vice President of Operations of Sinchi Wayra Mine (Glencore Zinc), from October 2015 to December 2017. He has been Senior Technical Advisor of Glencore Zinc South America from August 2012 to October

2015. From April 2010 to June 2012, he served as Vice President of Operations at Mopani Copper Mines Plc Zambia of Glencore Copper. He has also served as Senior Technical Advisor of Glencore Copper from November 2009 to March 2010.

He held various positions within Glencore between 2009 to 2003, including General Manager at Kamoto Underground Mine Congo DRC, General Manager at Mufulira Mine Zambia, and Project Manager at Nkana Mine, Mopani Copper Mines Plc Zambia. In addition, he held the position of Mine Operations Chief in Mina Yauliyacu (Peru) from 1999 to 2003.

Mr. de la Cruz has a degree in mining engineering from Universidad Nacional de Ingeniería and holds a master's degree in mining management from GERENS. He also holds a diploma in Mining Management from Universidad del Pacífico.

### JORGE LEONCIO MURILLO NÚÑEZ

Vice President of Administration and Finance since January 2018. He formerly served as Central Financial Manager from December 2013 and as Management Control and Financial Planning Manager from January 2011 to December 2013.

His professional background includes serving as Financial Consultant for KPMG Consulting, Financial Controller for Peru and Colombia at Bearing Point, Deputy Corporate Financial Planning Manager at Grupo Gloria and Budget Manager at Hochschild Mining Plc.

Mr. Murillo holds an industrial engineering degree from Pontificia Universidad Católica de Peru, a

diploma in finance from same university, and an MBA from Universidad ESAN.

### VANESSA AITA DE MARZI

Commercial Manager since April 2018. She joined Volcan in May 2012, where she served as Contract Manager from February 2014 to May 2016, and was subsequently appointed as Deputy Commercial Planning Manager.

Ms. Aita holds a degree in international business and administration from Universidad de Lima.

### RENZO MUENTE BARZOTTI

Corporate Human Development Manager since May 2019. Mr. Muenta joined the Company in April 2011 as Deputy Corporate Manager of Human Development and was subsequently appointed as Human Development Manager in 2014.

He previously served as Human Resources Manager of Unilever Peru, Training Manager for Unilever Andean Region, and Human Resources Manager for the food product division of Unilever Colombia.

Mr. Muenta holds a degree in industrial engineering from Universidad de Lima and a master's degree in human capital strategic management from Universidad Peruana de Ciencias - UPC.

### ROBERTO JUAN SERVAT PEREIRA DE SOUSA

Corporate Social Responsibility and Labor Relations Manager since December 2010. He joined Volcan in January 2007 as legal advisor to the Chairman of the Board of Directors. Prior to that, he held office as Vice

Minister of Labor, Vice Minister of Social Promotion, advisor to the Minister's office, General Director of the Legal Advisory Office, and member of the Advisory Commission of the Ministry of Labor and Employment Promotion. He also served as member of the Defense of Competition and Intellectual Property Court of INDECOPI, and member of the Board of the Superintendence 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 serves as professor at Universidad de Lima.

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

### JUAN ALBERTO BEGAZO VIZCARRA

Internal Audit Manager since July 2010. He first joined Volcan in December 2008 as Administration and Control Manager. Prior to that, he served as CFO with Gold Fields, General Controller with Doe Run, and Accounting Manager with Centromin.

Mr. Begazo is a certified public accountant and a member of the Committee of Experts in Mining Accounting. He also serves as Chair for the Mining Management Certification Program of Universidad de Lima.

**ALFONSO REBAZA GONZÁLEZ**  
Legal counsel since September 2010. He brings extensive experience in corporate and mining law, in addition to arbitration and contracts. He has been a partner of Osterling Abogados

law firm and professor of Civil Law at Pontificia Universidad Católica del Peru.

Mr. Rebaza holds a law degree from Pontificia Universidad Católica del Peru.

### RONALD MARTÍN CASTILLO ÁNGELES

Logistics Manager since November 2019. He previously served as contract manager and deputy manager, as well as head of contracts from February 2011, when he returned to the Company. Prior to that, he was the corporate contract manager of Compañía Minera Milpo. He also held the office of logistics-contract manager with Compañía Minera Atacocha.

He began his career in 1997 as mine administrator at the Chungar Mining Unit, which was later acquired by Volcan. Thereafter, he was transferred to the Cerro de Pasco Mining Unit and subsequently dealt with corporate contract matters until May 2008.

Mr. Castillo holds a public accounting degree from Universidad Nacional Daniel Alcides Carrión and an MBA from Universidad del Pacífico and Esade Business School.

### ÁLVARO LUIS CABRERA RAMÍREZ

Energy Manager. He joined Volcan in March 2012. His professional background includes serving as Energy Operations Manager and Division Lead at Sociedad Minera Corona from 2004.

Mr. Cabrera is an electronic engineer graduated from Universidad Peruana de Ciencias Aplicadas (UPC), and holds an MBA from EADA (Barcelona) and a postgraduate degree in energy, electricity and gas law (UPC).

### EDUARDO MALPARTIDA ESPINOZA

Occupational Health and Safety Manager since January 2018. Prior to that, he was the Operations Manager of the Alpamarca Mining Unit from September 2014. He has also served as Operations Manager with BRECA Grupo Empresarial - Administración de Empresas S.A.C., General Superintendent with 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.

### JUAN NEYRA VALVERDE

Concentrator Plant Manager since April 2019. He has served as metallurgical operations superintendent at the Chungar unit, the Alpamarca unit and the Cerro de Pasco unit. Previously, he worked as superintendent of Compañía Minera Colquisiri S.A. concentrate plant and as process manager of BBA Ingenieros S.A.

Mr. Neyra holds a degree in Metallurgical Engineering from Universidad Nacional de San Agustín de Arequipa.

### EDGARDO ZAMORA PÉREZ

Corporate Planning Manager since January 2018. He previously served as operations manager of the Yauli Mining Unit since September 2012. He joined Volcan in May 2000 and was appointed as General Superintendent of Empresa Administradora Chungar S.A.C. in

2007. Subsequently, he served as operations manager from 2010 to 2012.

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**

San Cristóbal - Carahuacra Operations General Manager since November 2018. He previously served as operations manager at Andaychagua since February 2014. He served in Volcan as production superintendent at the Yauli Mining 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 to the VP 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 mines.

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.

**CARLOS TRILLO MEDRANO**

Andaychagua Operations Manager since January 2019. Formerly, he served as operations manager at

Sociedad Minera Austria Duvaz S.A.C., as general manager at Grupo Minero Bolivar, a company belonging to Glencore, as manager of the Pallancata-Selene mining unit at Grupo Hochschild, and as operations manager of Contonga mine at Nyrstar Ancash S.A.

Mr. Trillo holds a degree in mining engineering from Universidad Nacional de Ingeniería and pursued studies at the Advanced Business Management Program (PADE) of Universidad ESAN and at International Safety Training And Technology (ISTEC), a Safety Management System implemented by Pan American Silver S.A.C.

**FRANCISCO GRIMALDO ZAPATA**

Alpamarca Mining Unit Operations Manager since January 2018. He formerly served as operations manager of the San Cristóbal Mine (Yauli) since October 2016. From January 2006 to January 2016, he served as General Manager of the Yauliyacu Unit and operations and project manager of the Iscaycruz Unit with Empresa Minera Los Quenuales - Glencore Group. 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 is a mining engineer graduated from Universidad Nacional de Ingeniería and holds an MBA from ESAN. He also served as Professor at Universidad Nacional de Ingeniería where he lectured mining specialization courses for 14 years.

**ADRIÁN FELIPE CORIHUAMÁN MAYTA**

San Cristóbal Operations Manager since December 2018. Prior to that

he served as Operations Manager of Carahuacra Mine (Yauli Unit) from July 2017. He served as project manager at SAME and operations manager at Quiruvilca mine since June 2016. Prior to that, he was operations manager at Cía Minera Caylloma, Cía Minera Arcata, and Cía Minera Ares, all part of Grupo Hochschild Mining Plc, from January 2003 to May 2016.

Mr. Corihuamán holds a mining engineering degree from Universidad Nacional de Tacna and pursued business administration studies at CEPADE.

**JOSE FRANCISCO ZEGARRA CARMONA**

Carahuacra Operations Manager since December 2018. Previously, he served as Operations Manager of El Povenir - Atacocha mining unit at Votorantim Metais and, subsequently, at Nexa Resources.

Mr. Zegarra holds a degree in mining engineering from Universidad Nacional de Ingeniería, and a diploma degree in mining management from Gerens. He is currently studying an MBA course at Universidad Esan.

**JOHN QUISPE LOAYZA**

Tidlio Operations Manager since March 2019. Previously, he served as Engineering and Planning Superintendent of San Rafael mining unit with Minsur S.A., as Engineering and Planning Superintendent of Carahuacra Mine with Volcan, as Mine Planning Superintendent of Yauliyacu mine with Glencore, and as Underground Mine Project and Planning Superintendent with Cía. Minera Antapacay S.A.A., owned by Glencore.

Mr. Quispe holds a degree in mining engineering from Universidad Nacional Santiago Abad del Cuzco, an MBA in Business Management and Organization from Universidad Politécnica de Catalunya, Barcelona, and a diploma degree in Mining Project Design, Assessment and Management under PMI approach from GERENS.

**JAMES ATALAYA CHACÓN**

Chungar Mining Unit Operations General Manager since January 2016. Mr. Atalaya joined the Company in February 2015 as planning superintendent at the Chungar unit.

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.

**JOHN AMES GAVINO**

Chungar Operations Manager since April 2019. Formerly, Mr. Ames served as Engineering and Planning Superintendent of Chungar unit at Volcan, as Chief of Planning and Engineering of San José mining unit at Fortuna Silver Mines (Oaxaca - Mexico), and as Chief of Mine Planning of San Rafael mining unit at Minsur S.A.

Mr. Ames holds a mining engineering degree from Pontificia Universidad

Católica del Perú, and has studied an MBA in EAE-OBS Business School - Universitat de Barcelona.

**MIGUEL HERRERA QUISPE**

Maintenance Manager since May 2019. Previously, he served as Deputy Maintenance and Productivity Manager at Minera Colquisiri S.A., as Deputy Maintenance Manager of Yauli unit at Volcan, as Manager of Negocios Mineros Norte at Confipetrol Andina S.A., and others.

Mr. Herrera holds a mechanical engineering degree from Universidad Nacional de Ingeniería, has participated in the Managerial Development Program of the Business Management School of Universidad de Piura, and holds a Quick MBA from GERENS.

**HUMAN BAREND DANIËL**

Corporate Technical Services Manager since January 2020. He previously served at Glencore Zinc as a Senior Mining Engineer and at Silverstream SEZC as a Technical Assessor.

Mr. Barend holds a Mining Engineering degree from the University of Pretoria, South Africa, and a Diploma in Business Administration and MBA from Heriot-Watt University in Edinburgh.

**CÉSAR EMILIO FARFÁN BERNALES**

Geology Manager since December 2019. He served as regional explorations manager, corporate chief of regional explorations and general superintendent of the Vinchos Mining Unit from 2002.

He holds a degree in geological engineering from Universidad Nacional Mayor de San Marcos, with postgraduate studies in geology-

metallurgy at Universidad Central de Quito, Ecuador.

**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 sanitation engineering from Universidad Nacional de Ingeniería.

**WILLY ANTONIO MONTALVO CALLIGOS**

Accounting and Tax Manager since September 2015. Prior to that he served as general accountant at Volcan from November 2010. During his career, he has worked as an accountant at the department store Ripley S.A., Cia. Minera Ares S.A.C. (Grupo Hochschild), Química Suiza S.A., Corporación Andina de Distribución S.A. (Carsa), and 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 holds certifications 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 Universidad de Lima.

**DAYAN GUSTAVO SEGURA VANDERVELDE**

Information technology manager since September 2017. Prior to that, he was deputy IT manager for infrastructure and communications at Volcan.

Mr. Segura has a degree in systems engineering from Universidad de Lima and a master's degree in strategic business management, with a specialization in innovation, from Monterrey Institute of Technology and Higher Education.

**MAURICIO SCERPELLA ITURBURU**

Budget and Control Manager since February 2014. He formerly served as mining projects controller and corporate head of cost and budget analysis at Volcan.

Mr. Scerpella earned an MBA with major in strategy from Monterrey Institute of Technology and Higher Education. He also holds an economics degree from Universidad San Ignacio de Loyola.

**JORGE DE OLAZÁBAL ANGULO**

Technical Manager of Environmental Permits since June 2019. Previously, he served as deputy manager of Environmental Affairs at Volcan, as corporate manager of Environment and Permits at Inversiones República S.A. - Glencore, as Environmental Operations Manager at Minsur S.A. - Mining Division of the Grupo Breca, and as corporate environmental superintendent at Compañía Minera Ares S.A.C. - Hochschild Mining PLC.

Mr. Olazabal holds an MBA from Centrum - Pontificia Universidad Católica del Perú, a master's degree in Environmental Engineering and Technology from FUNIBER, a Master's Degree in Safety, Health and Environment from Escuela de Negocios EOI (Spain), and an Industrial Engineering degree from Universidad Nacional de San Agustín.

**JORGE LUIS COTRINA LUNA**

Securities Manager since November 1999. He held various positions in the banking sector from 1984 to 1999. Mr. Cotrina holds a business administration degree from Universidad Nacional Mayor de San Marcos and pursued studies in banking and capital markets at Pontificia Universidad Católica del Perú.



## GENERAL INFORMATION

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### **Volcan Compañía Minera S.A.A.**

#### **Information related to incorporation**

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

The company is engaged in the exploration, mining, and processing of ore on its own account and of its subsidiaries, and is entitled to 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 duration of the Company is unlimited, although limited to the availability of ore reserves which, in turn, may vary based on the investments made in exploration and their results.

#### **Contact**

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lcotrina@volcan.com.pe

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### **The 2020 Annual Report has been prepared by:**

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**VOLCAN COMPAÑÍA MINERA S.A.A.**

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