

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

Principal Results:

Consolidated Volcan	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Sale Prices¹									
Zinc (USD/MT)	2,749	2,884	2,972	3,268	2,569	27.2	2,981	2,280	30.7
Lead (USD/MT)	2,056	2,112	2,328	2,299	1,896	21.3	2,207	1,855	19.0
Copper (USD/MT)	7,159	8,536	8,120	9,096	6,466	40.7	8,268	6,074	36.1
Silver (USD/Oz)	26.7	27.2	24.6	23.5	24.7	-4.8	25.5	21.4	19.3
Gold (USD/Oz)	1,804	1,849	1,790	1,799	1,868	-3.7	1,812	1,773	2.2
Operating Results									
Mineral treatment ² (thousands MT)	1,997	2,075	2,088	2,255	2,164	4.2	8,416	6,578	27.9
Zinc Production (thousands FMT)	51.2	53.1	56.1	60.3	49.1	22.7	220.7	166.6	32.5
Lead Production (thousands FMT)	12.8	12.7	14.5	15.4	11.9	28.9	55.5	41.0	35.2
Copper Production (thousands FMT)	1.1	1.0	1.3	1.3	1.2	10.4	4.7	3.5	34.8
Silver Production (millions Oz)	3.8	4.0	3.6	3.6	3.7	-2.5	15.0	12.1	24.7
Gold Production (thousands Oz)	5.4	6.6	5.1	7.3	3.7	95.2	24.3	10.6	129.5
Unit Cost (USD/MT)	50.8	51.9	52.3	53.6	48.8	9.9	52.2	48.3	8.1
Total Investments (MM USD)	28.0	36.9	46.6	70.0	52.8	32.5	181.6	118.4	53.3
Financial Results (MM USD)									
Sales before adjustments	211.2	228.5	230.6	264.5	173.8	52.1	934.8	531.8	75.8
Sales Adjustments	-1.8	3.1	-8.5	9.9	6.1	62.4	2.6	3.7	-29.8
Settlement of prior period adjustments	3.1	3.1	1.4	2.4	4.7	-49.3	10.0	-11.8	
Adjustments for open positions ³	-3.4	3.3	-6.5	12.8	3.8	237.7	6.2	11.1	-44.0
Hedging results	-1.6	-3.4	-3.4	-5.3	-2.4	118.4	-13.6	4.4	
Sales after adjustments	209.4	231.5	222.1	274.4	179.9	52.5	937.4	535.5	75.1
Utility before IR	12.6	29.4	21.5	49.9	-15.7		113.5	-42.9	
Income tax	-11.3	16.6	5.5	-12.2	-4.7	157.8	-52.3	-15.9	
Net profit before exceptionals	1.3	16.6	5.5	37.7	-20.4		61.1	-58.8	
Exceptional adjustments ⁴	0.0	0.0	-4.8	-16.4	-60.3	0.0	-21.3	-91.6	-76.8
Net profit after exceptionals	1.3	16.6	0.7	21.3	-80.8		39.9	-150.4	
EBITDA⁵	89.0	97.7	88.4	113.9	61.5	85.3	389.1	164.1	137.1

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

² Includes treated tons at Oxides Plant

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

⁴ The 2021 exceptional adjustments are mainly made up of: i) impairment of long term assets in Cerro de Pasco and non operational units ii) capitalized interest of prior periods.

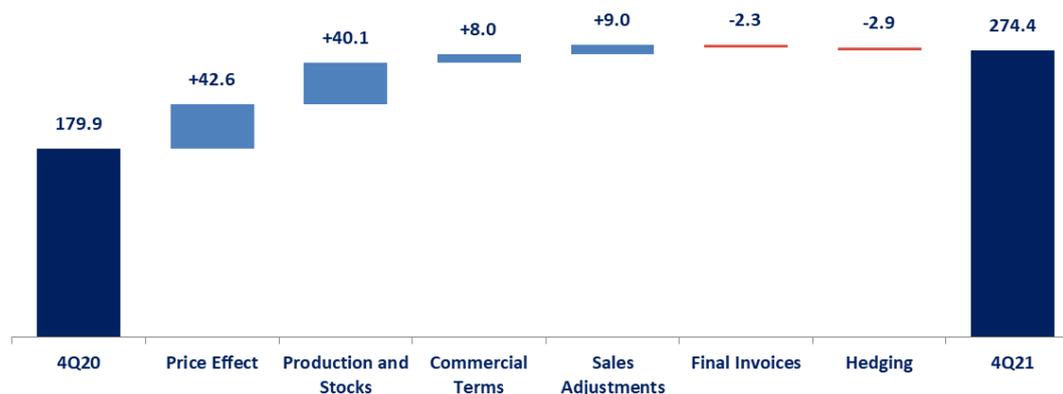
⁵ Doesn't consider exceptional adjustments.

Source: Volcan Cia. Minera

1. Executive Summary

- As a result of increased production and better base metals prices, the Company's sales before adjustments increased by 52.1%, from USD 173.8 MM in 4Q20 to USD 264.5 MM in 4Q21. Sales adjustments totaled USD 9.9 MM in 4Q21 as compared to USD 6.1 MM in 4Q20, and as a result sales after adjustments increased by 52.5%, from USD 179.9 MM in 4Q20 to USD 274.4 MM in 4Q21.

Figure 1: 4Q21 vs 4Q20 variations impact on net sales (USD MM)

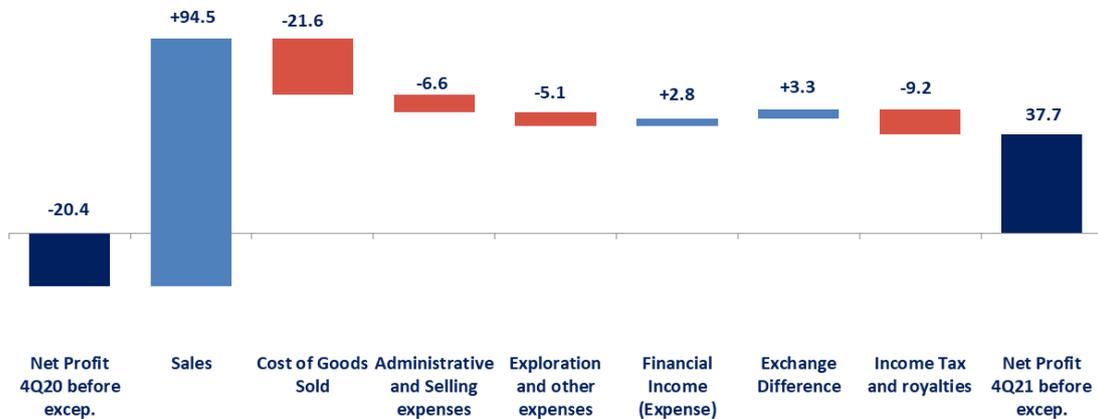


Source: Volcan Cía. Minera

- The price of zinc increased by 27.2% (+699 USD/MT), from 2,569 USD/MT in 4Q20 to 3,268 USD/MT in 4Q21; lead increased by 21.3% (+403 USD/MT), from 1,896 USD/MT to 2,299 USD/MT; copper increased by 40.7% (+2,630 USD/MT), from 6,466 USD/MT to 9,096 USD/MT. On the contrary, silver price decreased by 4.8% (-1.2 USD/Oz), from 24.7 USD/Oz to 23.5 USD/Oz, and gold by 3.7% (-69 USD/Oz), from 1,868 USD/Oz to 1,799 USD/Oz.
- Total treated volumes increased by 4.2% and zinc fines production by 22.7%, from 49.1 thousand FMT in 4Q20 to 60.3 thousand FMT in 4Q21, lead production by 28.9%, from 11.9 thousand FMT to 15.4 thousand FMT, copper production by 10.4%, from 1.2 thousand FMT to 1.3 thousand FMT, and gold production by 95.2%, from 3.7 thousand Oz in 4Q20 to 7.3 thousand Oz in 4Q21. However, silver production in 4Q21 was 3.6 MM Oz, a 2.5% reduction compared to 4Q20, mainly due to lower volumes treated at the Oxides Plant resulting from the works executed at the Ocroyoc tailings dam.
- Consolidated unit cost increased by 9.9%, from 48.8 USD/MT in 4Q20 to 53.6 USD/MT in 4Q21, mainly explained by the increased costs resulting from preparations, and from the improved shotcrete standards in underground mines, which entail strengthening areas where shotcrete was previously applied, particularly at Yauli and Chungar, as well as the increase of prices of oil and oil byproducts, and other supplies that are crucial for the operations.
- Net profit before exceptional items grew from USD -20.4 MM in 4Q20 to USD 37.7 MM in 4Q21. In 4Q21, adjustments for exceptional items totaled USD -16.4 MM, as compared to the USD -60.3 MM recorded in 4Q20. Net profit after exceptional items grew from USD -80.8 MM in 4Q20 to USD 21.3 MM in 4Q21.

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

Figure 2: 4Q21 vs 4Q20 variations impact on net profit before exceptional items (USD MM)



Source: Volcan Cía. Minera

- EBITDA increased by 85.3%, from USD 61.5 MM in 4Q20 to USD 113.9 MM in 4Q21.
- Total investments increased from USD 52.8 MM in 4Q20 to USD 70.0 MM in 4Q21, due to the progressive withdrawal of limitations to project execution now that the effects of the pandemic are kept under control.
- Year-to-date (Jan-Dec), sales after adjustments increased from USD 535.5 MM in 2020 to USD 937.4 MM in 2021, net profit before exceptional items increased from USD -58.8 MM in 2020 to USD 61.1 MM in 2021, while EBITDA increased from USD 164.1 MM in 2020 to USD 389.1 MM in 2021.

2. Consolidated Results

2.1 Production

Table 1: Consolidated Production

Consolidated Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Mineral extraction (thousands MT)	1,974	2,153	2,097	2,226	2,152	3.4	8,450	6,450	31.0
Polymetallic ore	1,756	1,924	1,955	2,068	1,917	7.9	7,703	5,774	33.4
Oxides ore	218	229	141	159	235	-32.5	747	676	10.5
Mineral treatment (thousands MT)	1,997	2,075	2,088	2,255	2,164	4.2	8,416	6,578	27.9
Concentrator Plants	1,779	1,846	1,947	2,097	1,929	8.7	7,669	5,902	29.9
Silver Oxides Plant	218	229	141	159	235	-32.5	747	676	10.5
Fine Content									
Zinc (thousands FMT)	51.2	53.1	56.1	60.3	49.1	22.7	220.7	166.6	32.5
Lead (thousands FMT)	12.8	12.7	14.5	15.4	11.9	28.9	55.5	41.0	35.2
Copper (thousands FMT)	1.1	1.0	1.3	1.3	1.2	10.4	4.7	3.5	34.8
Silver (millions Oz)	3.8	4.0	3.6	3.6	3.7	-2.5	15.0	12.1	24.7
Gold (thousands Oz)	5.4	6.6	5.1	7.3	3.7	95.2	24.3	10.6	129.5

Source: Volcan Cia. Minera

In 4Q21, extracted ore volumes increased by 3.4%, from 2.152 MM MT in 4Q20 to 2.226 MM MT in 4Q21. Similarly, treated volumes increased by 4.2%, from 2.164 MM MT in 4Q20 to 2.255 MM MT in 4Q21, mainly due to higher production volumes at Yauli and Cerro de Pasco, and despite reduced ore volumes treated at the Oxides Plant as a result of the works performed at the Ocroyoc tailings dam.

Accordingly, zinc production increased by 22.7%, from 49.1 thousand FMT in 4Q20 to 60.3 thousand FMT in 4Q21, lead production by 28.9%, from 11.9 thousand FMT to 15.4 thousand FMT, and copper production by 10.4%, from 1.2 thousand FMT to 1.3 thousand FMT. Silver production decreased by 2.5%, from 3.7 MM Oz in 4Q20 to 3.6 MM Oz in 4Q21, due to lower treated volumes at the Oxides Plant; however, gold production increased by 95.2%, from 3.7 thousand Oz in 4Q20 to 7.3 thousand Oz in 4Q21, mainly explained by higher grades of the processed ore.

Year-to-date (Jan-Dec), the extraction volume increased by 31% as compared to the same period in the previous year, from 6.450 MM MT in 2020 to 8.450 MM MT in 2021, mainly explained by the regularization of operations now that the effects of the pandemic are kept under control. The treated volume increased by 27.9%, from 6.578 MM MT in 2020 to 8.416 MM MT in 2021. With regard to fines, zinc production grew by 32.5%, from 166.6 thousand FMT in 2020 to 220.7 thousand FMT in 2021, lead production by 35.2%, from 41.0 thousand FMT to 55.5 thousand FMT, copper production by 34.8%, from 3.5 thousand FMT to 4.7 thousand FMT, silver by 24.7% from 12.1 MM Oz to 15.0 MM Oz, and gold production by 129.5%, from 10.6 thousand Oz in 2020 to 24.3 thousand Oz in 2021.

2.2 Cost of Production

Table 2: Consolidated Cost of Production

Consolidated Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Production Cost (MM USD)	100.9	109.6	109.4	120.2	105.2	14.2	440.1	314.4	40.0
Mine Cost	48.1	51.8	52.9	56.8	52.6	8.1	209.7	157.1	33.5
Plant and Other Cost	52.8	57.8	56.5	63.4	52.7	20.3	230.4	157.4	46.4
Unit Cost (USD/MT)	50.8	51.9	52.3	53.6	48.8	9.9	52.2	48.3	8.1
Mine Cost	24.4	24.1	25.2	25.5	24.4	4.5	24.8	24.4	1.9
Plant and Other Cost	26.4	27.9	27.0	28.1	24.3	15.4	27.4	23.9	14.4

Source: Volcan Cia. Minera

The absolute cost of production increased by 14.2%, from USD 105.2 MM in 4Q20 to USD 120.2 MM in 4Q21, while consolidated unit cost grew by 9.9%, from 48.8 USD/MT in 4Q20 to 53.6 USD/MT in 4Q21. The higher cost is explained by the price increase in the main services and supplies, such as oil, steel, reagents, etc., as well as increased mine preparations, and sustaining liabilities from previous works. The inflation of services and supplies costs might continue in the following months and the Company will address it by doubling its efforts to control and lower costs through different initiatives organized systematically through the "Volcan Avanza" project.

Year-to-date (Jan-Dec), the absolute cost of production increased by 40.0%, from USD 314.4 MM in 2020 to USD 440.1 MM in the same period in 2021, mainly due to the higher production volume, increased mine preparation and rehabilitation, and higher services and supplies costs. The unit cost increased by 8.1%, from 48.3 USD/MT in 2020 to 52.2 USD/MT in 2021.

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

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



Source: Volcan Cia. Minera

2.3 Total Investments

Table 3: Consolidated Investment

Consolidated Investment (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Mining	28.0	36.8	46.6	69.4	52.6	32.0	180.7	117.9	49.7
Mining Units	27.6	34.5	44.8	70.4	50.9	38.4	177.2	114.3	55.1
Local Exploration	2.9	4.8	5.7	6.4	3.2	100.8	19.9	8.6	131.9
Development	11.5	13.2	16.2	18.8	13.2	42.5	59.7	38.7	54.2
Plants and Tailings Facilities	6.4	6.8	9.1	19.8	19.5	1.9	42.2	30.1	40.3
Mine and Infrastructure ¹	6.0	6.9	7.8	11.8	8.6	37.4	32.5	24.7	31.8
Electrical Infrastructure in Units	0.2	0.8	1.9	4.6	1.6	186.5	7.5	2.9	157.5
Support and Others	0.6	2.0	3.9	8.9	4.8	85.2	15.4	9.3	65.8
Growth and Others	0.4	2.3	1.8	-1.0	1.7		3.5	3.7	-5.4
Energy	0.1	0.2	0.0	0.5	0.2	165.5	0.8	0.5	66.1
Total	28.0	36.9	46.6	70.0	52.8	32.5	181.6	118.4	53.3

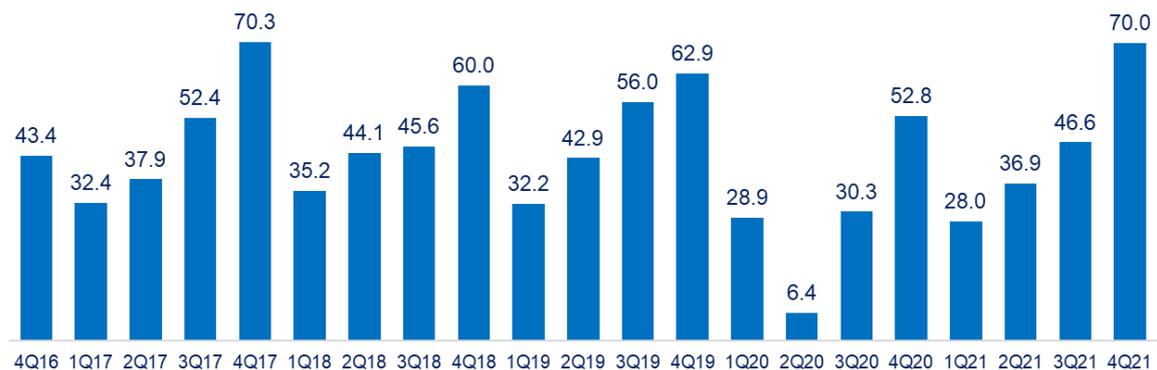
¹ The investments include the operating leases fee according to NIFF 16: USD 2.4 MM in 4Q21 and USD 12.3 MM in cumulative amount.

Source: Volcan Cia. Minera

In 4Q21, total mining investments increased by 38.4%, from USD 52.6 MM in 2020 to USD 69.4 MM in 2021, due to the increased execution of explorations, developments and infrastructure projects as a result of keeping the effects of the pandemic under control. Investments in the energy business increased from USD 0.2 MM to USD 0.5 MM.

Accordingly, total investments increased by 32.5%, from USD 52.8 MM in 4Q20 to USD 70.0 MM in 4Q21. Year-to-date (Jan-Dec), total investments increased by 53.3%, from USD 118.4 MM in 2020 to USD 181.6 MM in 2021.

Figure 4: Evolution of Investments



Source: Volcan Cia Minera

2.4 Income Statement

Table 4: Income Statement

Income Statement (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Sales before adjust.	211.2	228.5	230.6	264.5	173.8	52.2	934.8	531.8	75.8
<i>Sett. of prior periods adjust.</i>	3.1	3.1	1.4	2.4	4.7	-49.3	10.0	-11.8	
<i>Adj. open positions</i>	-3.4	3.3	-6.5	12.8	3.8	238.7	6.2	11.1	-44.0
<i>Hedging</i>	-1.6	-3.4	-3.4	-5.3	-2.4	118.4	-13.6	4.4	
Sales after adjust.	209.4	231.5	222.1	274.4	179.9	52.5	937.4	535.5	75.1
Cost of Goods Sold	-155.8	-161.2	-160.4	-178.6	-157.1	13.7	-656.0	-467.0	40.5
Gross Profit	53.6	70.3	61.7	95.8	22.8	319.2	281.4	68.5	311.0
<i>Gross Margin</i>	26%	30%	28%	35%	13%	22 pp	30%	13%	17 pp
Administrative Expenses	-8.9	-10.9	-8.9	-15.5	-11.2	37.9	-44.3	-34.3	29.1
Exploration Expenses	-2.0	-3.2	-3.0	-5.2	-2.7	89.9	-13.4	-6.4	108.3
Sales Expenses	-4.6	-4.3	-5.3	-6.9	-4.6	50.2	-21.1	-15.4	36.9
Other Income (Expenses) ¹	1.6	-2.9	-2.2	-4.3	-1.7	156.9	-7.7	6.2	
Operating Profit	39.7	49.0	42.2	63.9	2.6	2,364.7	194.8	18.4	956.8
<i>Operating Margin</i>	19%	21%	19%	23%	1%	22 pp	21%	3%	17 pp
Financial Income (Expense)	-21.2	-13.5	-12.8	-12.9	-15.7	-17.8	-60.5	-49.9	21.1
Exchange Difference (net)	-2.7	-2.6	-4.1	2.8	-0.4		-6.5	-5.6	15.5
Royalties	-3.1	-3.5	-3.9	-3.9	-2.1	82.2	-14.4	-5.8	148.0
Income Tax	-11.3	-12.9	-15.9	-12.2	-4.7	157.8	-52.3	-15.9	228.8
Net Profit before Exceptionals	1.3	16.6	5.5	37.7	-20.4		61.1	-58.8	
<i>Net Margin</i>	1%	7%	2%	14%	-11%	25 pp	7%	-11%	18 pp
Exceptional adjustments ²	0.0	0.0	-4.8	-16.4	-60.3	-72.8	-21.3	-91.6	-76.8
Net Profit after Exceptionals	1.3	16.6	0.7	21.3	-80.8		39.9	-150.4	
<i>Net Margin</i>	1%	7%	0%	8%	-45%	53 pp	4%	-28%	32 pp
EBITDA³	89.0	97.7	88.4	113.9	61.5	85.3	389.1	164.1	137.1
<i>EBITDA Margin</i>	43%	42%	40%	42%	34%	7 pp	42%	31%	11 pp

¹ Includes the sales and cost of sales of the energy division.

² The 2021 exceptional adjustments are mainly made up of: i) impairment of long term assets in Cerro de Pasco and non operational units ii) capitalized interest of prior periods.

³ Does not consider exceptional adjustments.

Source: Volcan Cia. Minera

• Sales Analysis

Table 5: Average Sales Prices

Sale Prices	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Zinc (USD/MT)	2,749	2,884	2,972	3,268	2,569	27.2	2,981	2,280	30.7
Lead (USD/MT)	2,056	2,112	2,328	2,299	1,896	21.3	2,207	1,855	19.0
Copper (USD/MT)	7,159	8,536	8,120	9,096	6,466	40.7	8,268	6,074	36.1
Silver (USD/Oz)	26.7	27.2	24.6	23.5	24.7	-4.8	25.5	21.4	19.3
Gold (USD/Oz)	1,804	1,849	1,790	1,799	1,868	-3.7	1,812	1,773	2.2

Source: Volcan Cia. Minera

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

Table 6: Fine Contents Sales Volumes

Fine Sales	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Zinc (thousands FMT)	52.1	52.5	55.6	61.7	46.2	33.6	221.9	166.5	33.3
Lead (thousands FMT)	13.5	12.4	15.0	15.4	10.7	44.2	56.2	41.8	34.7
Copper (thousands FMT)	1.0	0.9	1.3	1.3	1.1	18.7	4.5	3.2	42.2
Silver (millions Oz)	3.8	4.0	3.5	3.7	3.6	2.7	15.0	12.1	23.6
Gold (thousands Oz)	4.8	6.6	5.2	6.9	3.0	134.4	23.6	10.4	127.5

Source: Volcan Cia. Minera

Table 7: Sales in USD

Sales (millions USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Zinc	92.2	100.3	115.7	146.6	75.7	93.5	454.8	234.7	93.7
Lead	22.7	22.1	29.8	29.8	15.7	89.7	104.4	59.1	76.7
Copper	5.0	5.9	7.2	8.4	4.8	74.6	26.6	12.1	119.8
Silver	83.9	89.2	70.2	69.1	73.2	-5.5	312.4	212.1	47.3
Gold	7.2	10.8	7.6	10.8	4.3	152.8	36.4	13.6	168.2
Sales before adjust.	211.2	228.5	230.6	264.5	173.8	52.1	934.8	531.8	75.8
Sett. of prior period adjust.	3.1	3.1	1.4	2.4	4.7	-49.3	10.0	-11.8	
Adjust. for open positions	-3.4	3.3	-6.5	12.8	3.8	237.7	6.2	11.1	-44.0
Hedging results	-1.6	-3.4	-3.4	-5.3	-2.4	118.4	-13.6	4.4	
Sales after adjust.	209.4	231.5	222.1	274.4	179.9	52.5	937.4	535.5	75.1

Source: Volcan Cia. Minera

In 4Q21, total sales before adjustments amounted to USD 264.5 MM, 52.1% higher as compared to the USD 173.8 MM recorded in 4Q20. This was mainly due to improved base metals prices, an increased sales volume resulting from increased production and reduction of inventories, and better average commercial terms.

Sales adjustments increased from USD 6.1 MM in 4Q20 to USD 9.9 MM in 4Q21. In 4Q21, the adjustments included positive final settlements of USD 2.4 MM, positive provisions related to open shipments of USD 12.8 MM, and negative hedge results of USD -5.3 MM. As a result, total sales after adjustments increased by 52.5%, from USD 179.9 MM in 4Q20 to USD 274.4 MM in 4Q21.

Year-to-date (Jan-Dec), sales before adjustments rose by 75.8%, from USD 531.8 MM in 2020 to USD 934.8 MM in 2021, while sales after adjustments increased by 75.1%, from USD 535.5 MM in 2020 to USD 937.4 MM in 2021, also explained by improved prices of all metals and greater production at the operating units as a result of keeping the effects of the pandemic under control.

- **Cost of Goods Sold**

Table 8: Cost of Goods Sold

Cost of Goods Sold (millions USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Volcan Production¹	154.8	160.1	160.3	177.0	156.6	13.0	652.2	466.4	39.8
Volcan Production Cost	100.9	109.6	109.4	120.2	105.2	14.2	440.1	314.4	40.0
D&A from Production Cost	47.5	46.9	44.5	48.6	54.6	-11.0	187.5	136.0	37.9
Other expenses	4.8	7.1	9.1	5.5	4.0	36.2	26.6	16.8	57.6
Variation of Inventories	1.6	-3.5	-2.7	2.7	-7.3		-1.9	-0.9	107.5
Workers Participation	1.0	1.1	0.2	1.6	0.5	242.1	3.8	0.6	504.3
Total	155.8	161.2	160.4	178.6	157.1	13.7	656.0	467.0	40.5

¹ Stoppage expenses and depreciation related to other expenses have been reclassified to cost of sales, being USD 4.9 MM in 4Q20 (USD 4.0 MM for stoppage expenses and USD 0.9 MM for depreciation) and USD 20.7 MM in total (USD 16.9 MM in other expenses and USD 3.8 MM in depreciation)

Source: Volcan Cia. Minera

The total cost of goods sold increased by 13.7%, from USD 157.1 MM in 4Q20 to USD 178.6 MM in 4Q21, mainly due to greater costs of production and reduction of concentrate inventories. These were partially offset by lower D&A in 4Q21 due to the regularization of Óxidos de Pasco annual D&A in 4Q20 as a result of not reaching an agreement during its sale process.

Year-to-date (Jan-Dec), the total cost of goods sold increased from USD 467.0 MM in 2020 to USD 656.0 MM in 2021, mainly due to the increase in the cost of production and higher depreciation associated to higher production volumes.

- **Gross Margin and Gross Profit**

The Company's gross margin increased from 13% in 4Q20 to 35% in 4Q21, mainly due to higher prices of all base metals, better average commercial terms, and higher positive sales adjustments. Gross profit increased from USD 22.8 MM in 4Q20 to USD 95.8 MM in 4Q21 due to the improved margin and increased physical sales resulting from greater production and reduction of inventories.

Year-to-date (Jan-Dec), gross margin increased from 13% in 2020 to 30% in 2021. Gross profit increased from USD 68.5 MM in 2020 to USD 281.4 MM in 2021, mainly due to higher prices of all metals and greater production.

- **Administrative Expenses**

Administrative expenses increased by 37.9%, from USD 11.2 MM in 4Q20 to USD 15.5 MM in 4Q21, mainly explained by the regularization of personnel expenses provisions carried over from previous quarters. Year-to-date (Jan-Dec), administrative expenses increased from USD 34.3 MM in 2020 to USD 44.3 MM in 2021, mainly explained by higher personnel expenses provisions and donations related to the pandemic.

- **Exploration Expenses**

Regional or greenfield exploration expenses increased from USD 2.7 MM in 4Q20 to USD 5.2 MM in 4Q21, due to the increased execution of projects as the situation caused by COVID-19 was kept under control. Year-to-date (Jan-Dec), the regional exploration expenses increased from USD 6.4 MM in 2020 to USD 13.4 MM in 2021.

- **Sale expenses**

Sale expenses increased by 50.2%, from USD 4.6 MM in 2020 to USD 6.9 MM in 2021, mainly due to an increased sales volume. Year-to-date (Jan-Dec), the sale expenses increased from USD 15.4 MM in 2020 to USD 21.1 MM in 2021 for the same reason.

- **Other Income and Expenses**

In 4Q21, the net amount of other income and expenses was USD -4.3 MM versus USD -1.7 MM in 4Q20. Year-to-date (Jan-Dec), the net amount of other income and expenses was USD -7.7 MM in 2021 versus USD 6.2 MM in 2020. In both cases, the variations are mainly explained by non-recurring expenses from previous years.

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

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

Net financial expenses decreased by 17.8%, from USD 15.7 MM in 4Q20 to 12.9 MM in 4Q21, mainly due to lower expenses resulting from provisions related to IFRIC 23 and IFRS 16, and lower financial services accruals. Year-to-date (Jan-Dec), net financial expenses totaled USD 60.5 MM in 2021 as compared to 49.9 MM in 2020, mainly explained by expenses related to the partial buyback of bonds maturing in 2022 and the payment of the syndicated loan worth USD 300 MM in February 2021.

Exchange-rate gains totaling USD 2.8 MM were registered in 4Q21, as compared to the exchange-rate loss worth USD -0.4 MM reported in 4Q20. Year-to-date (Jan-Dec), an exchange-rate loss totaling USD -6.5 MM was registered in 2021, as compared to the USD -5.6 MM exchange-rate loss reported in 2020.

- **Royalties and Income Tax**

Royalties grew from USD 2.1 MM in 4Q20 to USD 3.9 MM in 4Q21 due to better operating results. Income tax, not taking into account exceptional items, increased from USD 4.7 MM in 4Q20 to USD 12.2 MM in 4Q21, mainly due to improved financial results and the translation effect worth USD 4.7 MM resulting from the devaluation of the national currency.

Year-to-date (Jan-Dec), royalties increased from USD 5.8 MM in 2020 to USD 14.4 MM in 2021, while income tax increased from USD 15.9 MM in 2020 to USD 52.3 MM in 2021, due to improved financial results and the translation effect resulting from the devaluation of the national currency (USD 8.4 MM in 2021). This is a purely accounting effect with no impact over the Company's cash, which can be reverted if national currency appreciation occurs.

- **Net Profit and EBITDA**

Net profit before exceptional items went from USD -20.4 MM in 4Q20 to USD 37.7 MM in 4Q21, while EBITDA increased from USD 61.5 MM in 4Q20 to USD 113.9 MM in 4Q21, mainly due to the higher gross margin and increased sales volume.

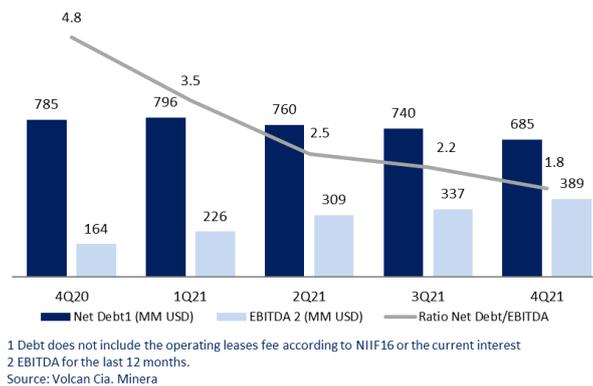
Year-to-date (Jan-Dec), net profit before exceptional items went from USD -58.8 MM in 2020 to USD 61.1 MM in 2021, while EBITDA increased from USD 164.1 MM in 2020 to USD 389.1 MM in 2021.

2.5 Liquidity and Creditworthiness

In 4Q21, cash generated by mining operations after investments totaled USD 62.5 MM. Growth investments and generation of other businesses totaled USD +0.6 MM and the payment of financial obligations and interests amounted to USD -8.6 MM. Therefore, during 4Q21, the cash flow was positive and amounted to USD 54.5 MM, and the cash balance at the end of 4Q21 totaled USD 231.2 MM.

As of December 31, 2021, the net debt/EBITDA ratio was 1.8, a significant improvement from the 4.8 ratio recorded at the end of 2020, mainly due to the increased EBITDA and a lower net debt.

Figure 5: Net Debt / EBITDA Ratio Evolution



3. Results per Operating Unit

3.1 Yauli Unit Operating Results

Table 10: Yauli Production

Yauli Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Mineral extraction (thousands MT)	652	728	727	788	634	24.2	2,895	2,088	38.6
Mineral treatment (thousands MT)	647	714	721	787	646	21.8	2,869	2,093	37.1
Fines Content									
Zinc (thousand FMT)	30.9	34.1	35.7	38.8	28.2	37.4	139.4	97.2	43.4
Lead (thousand FMT)	5.2	5.6	6.1	6.0	4.3	41.3	22.8	16.1	42.0
Copper (thousand FMT)	0.6	0.6	0.8	0.9	0.8	12.7	2.9	2.1	35.4
Silver (million Oz)	1.8	1.9	1.9	1.9	1.5	24.2	7.4	5.3	39.1
Gold (thousand Oz)	1.3	1.4	1.1	1.3	1.4	-3.6	5.0	4.3	17.6

Source: Volcan Cia. Minera

Ore volumes extracted at the Yauli Unit during 4Q21 grew by 24.2%, as compared to the same quarter of the previous year, due to increased activity across all mines as a result of keeping the situation caused by the pandemic under control. The ore treated at the Yauli Unit concentrator plants increased by 21.8% in 4Q21, as compared to the same period of the previous year, in line with the increased extraction.

With regard to fines, in 4Q21, zinc, lead, copper and silver production increased accordingly by 37.4%, 41.3%, 12.7%, and 24.2%, respectively, as compared to 4Q20. Gold production is minimal and varies per mined zone.

Year-to-date (Jan-Dec), ore extraction grew by 38.6%, as compared to the same period in the previous year, while the volume of treated ore grew by 37.1%. With regard to zinc, lead, copper, silver and gold fines, production increased by 43.4%, 42.0%, 35.4%, 39.1% and 17.6%, respectively.

Table 11: Yauli Cost of Production

Yauli Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Production Cost (MM USD)	53.0	57.6	58.1	65.5	55.0	19.0	234.2	163.6	43.1
Extraction Cost	28.4	30.8	31.4	34.8	30.7	13.4	125.4	92.8	35.1
Treatment Cost	24.6	26.7	26.7	30.7	24.4	26.1	108.8	70.8	53.6
Unit Cost (USD/MT)	81.6	79.8	80.2	83.2	86.1	-3.3	81.2	78.3	3.8
Extraction Cost	43.5	42.4	43.1	44.1	48.3	-8.7	43.3	44.4	-2.6
Treatment Cost	38.0	37.5	37.1	39.0	37.7	3.5	37.9	33.9	12.0

Source: Volcan Cia. Minera

In 4Q21, the absolute cost of production increased by 19.0%, from USD 55.0 MM in 2020 to USD 65.5 MM in 2021. This is mainly explained by greater production volumes and inflation of services and supplies costs. The unit cost decreased by 3.3%, from 86.1 USD/MT in 4Q20 to 83.2 USD/MT in 4Q21, mainly due to greater processed volumes.

Year-to-date (Jan-Dec), the absolute cost of production increased by 43.1%, from USD 163.6 MM in 2020 to USD 234.2 MM in 2021, while the unit cost of production increased by 3.8%, from 78.3 USD/MT in 2020 to 81.2 USD/MT in 2021.

Table 12: Yauli Operating Investments

Yauli Operating Investment (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Local Exploration	2.0	3.4	3.2	3.8	2.1	76.1	12.4	5.5	123.5
Mine Development	8.8	10.0	12.9	15.3	8.7	76.7	46.9	26.0	80.5
Plants and Tailings Dams	3.2	4.0	5.6	6.5	7.4	-11.6	19.3	12.0	61.7
Mine and Infrastructure	4.2	4.4	5.0	8.4	4.7	78.9	22.0	14.2	55.4
Electrical Infrastructure	0.2	0.8	1.8	4.0	1.4	179.8	6.8	2.2	200.9
Support and Others	0.5	1.7	2.6	6.2	3.9	58.7	11.1	6.1	80.9
Total*	18.9	24.3	31.2	44.2	28.2	56.6	118.5	66.0	79.5

* The investments include the operating leases fee according to NIFF 16: USD 1.7 MM in 4Q21 and USD 8.3 MM in cumulative amount.

Source: Volcan Cia. Minera

In 4Q21, operating investments at Yauli totaled USD 44.2 MM, 56.6% higher than the USD 28.2 MM recorded in 4Q20, mainly due to the increased execution of explorations, developments and infrastructure projects.

Year-to-date (Jan-Dec), operating investments increased by 79.5%, from USD 66.0 MM in 2020 to USD 118.5 MM in 2021. This increased execution was possible as a result of the operations keeping the effects of the pandemic under control.

3.2 Chungar Unit Operating Results

Table 13: Chungar Production

Chungar Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Mineral extraction (thousands MT)	299	257	310	329	369	-10.9	1,196	1,208	-1.0
Mineral treatment (thousands MT)	311	268	323	339	373	-9.1	1,241	1,202	3.3
Fines Content									
Zinc (thousand FMT)	13.6	10.7	12.3	12.3	13.7	-10.4	48.9	48.9	-0.1
Lead (thousand FMT)	4.6	3.7	4.9	5.2	4.3	20.4	18.3	14.9	22.8
Copper (thousand FMT)	0.3	0.3	0.3	0.3	0.3	23.7	1.3	0.9	38.1
Silver (million Oz)	0.6	0.6	0.6	0.6	0.7	-24.0	2.3	2.4	-2.9
Gold (thousand Oz)	0.4	0.3	0.5	0.4	0.3	5.9	1.6	1.2	34.8

Source: Volcan Cia. Minera

In 4Q21, the ore volumes extracted at Chungar decreased by 10.9% and the volume of treated ore declined by 9.1% as compared to 4Q20, mainly explained by delays in advancements and preparations, and changes to the geological model of the Animón Mine.

In line with the lower treated volume, zinc and silver production in 4Q21 decreased by 10.4% and 24.0%, respectively, as compared to 4Q20. With regard to lead, copper, and gold, production increased by 20.4%, 23.7%, and 5.9%, respectively, as compared to 4Q20, due to higher grades of these metals in the treated ore.

Year-to-date (Jan-Dec), ore extraction decreased by 1.0%, as compared to the previous year, while the volume of treated ore grew by 3.3%. The production of zinc and silver fines decreased by 0.1% and 2.9%, respectively, while lead, copper and gold increased by 22.8%, 38.1% and 34.8%, respectively.

Table 14: Chungar Cost of Production

Chungar Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Production Cost (MM USD)	25.4	26.8	29.3	32.1	27.3	17.7	113.5	81.9	38.5
Extraction Cost	14.6	14.8	16.0	16.6	16.3	2.4	62.0	46.8	32.3
Treatment Cost	10.8	12.0	13.3	15.4	11.0	40.3	51.5	35.1	46.9
Unit Cost (USD/MT)	83.4	102.2	92.8	96.1	73.5	30.7	93.3	68.0	37.3
Extraction Cost	48.7	57.5	51.5	50.6	44.1	14.9	51.8	38.8	33.7
Treatment Cost	34.7	44.7	41.3	45.5	29.5	54.3	41.5	29.2	42.2

Source: Volcan Cia. Minera

In 4Q21, the absolute cost of production increased by 17.7%, from USD 27.3 MM in 4Q20 to USD 32.1 MM in 4Q21. This is mainly explained by higher shotcrete costs, rehabilitation of previous works, and inflation of services and supplies costs. The unit cost increased by 30.7%, from 73.5 USD/MT in 4Q20 to 96.1 USD/MT in 4Q21, and was additionally affected by lower extracted and treated volumes.

Year-to-date (Jan-Dec), the absolute cost of production increased by 38.5%, from USD 81.9 MM in 2020 to USD 113.5 MM in 2021. The unit cost of production increased by 37.3%, from 68.0 USD/MT in 2020 to 93.3 USD/MT in 2021.

Table 15: Chungar Operating Investments

Chungar Operating Investment (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Local Exploration	0.8	0.9	1.2	1.7	0.8	102.4	4.6	2.5	82.3
Mine Development	2.7	3.2	3.4	3.5	4.5	-22.8	12.8	12.7	0.5
Plants and Tailings Dams	2.5	2.6	1.9	4.3	8.1	-46.4	11.3	12.5	-9.5
Mine and Infrastructure	1.5	2.2	2.1	2.9	3.3	-11.1	8.7	8.4	3.9
Electrical Infrastructure	0.0	0.0	0.1	0.7	0.2	285.0	0.7	0.6	30.4
Support and Others	0.0	0.1	1.0	1.3	0.5	183.8	2.3	2.5	-6.9
Total*	7.6	8.9	9.6	14.4	17.3	-17.0	40.5	39.2	3.2

* The investments include the operating leases fee according to NIIF 16: USD 0.5 MM in 4Q21 and USD 3.1 MM in cumulative amount.

Source: Volcan Cia. Minera

Operating investments decreased by 17.0%, from USD 17.3 MM in 4Q20 to USD 14.4 MM in 4Q21, mainly due to lower investments in developments and tailings dams in line with the reduction of extracted volumes at Animón.

Year-to-date (Jan-Dec), operating investments increased by 3.2%, from USD 39.2 MM in 2020 to USD 40.5 MM in 2021, mainly due to increased explorations aimed at increasing the alternatives to bring production in the unit back to normal levels.

3.3 Alparmarca Unit Operating Results

Table 16: Alparmarca Production

Alparmarca Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Mineral extraction (thousands MT)	213	304	260	226	246	-8.1	1,003	654	53.4
Mineral treatment (thousands MT)	230	229	245	245	242	1.4	949	784	21.0
Fines Content									
Zinc (thousaned FMT)	2.1	2.3	2.1	2.5	1.9	27.6	9.1	6.3	43.2
Lead (thousaned FMT)	1.7	1.9	1.6	1.9	1.6	22.3	7.1	4.8	48.2
Copper (thousaned FMT)	0.1	0.1	0.1	0.1	0.1	-30.4	0.5	0.4	23.7
Silver (million Oz)	0.4	0.4	0.3	0.3	0.4	-12.6	1.5	1.2	32.7

Source: Volcan Cia. Minera

In 4Q21, the extraction volume at Alparmarca decreased by 8.1%, as compared to the same period in the previous year, due to stripping delays in the open pit. Treated volumes increased by 1.4%, due to the use of ore from stockpiles to complement the ore from the open pit.

During 4Q21, the production of zinc and lead fines increased by 27.6% and 22.3%, respectively, as compared to 4Q20, due to better grades of these metals. Conversely, in 4Q21, the production of copper and silver fines decreased by 30.4% and 12.6%, respectively, as compared to 4Q20, due to lower grades of these metals in the processed ore mix.

Year-to-date (Jan-Dec), ore extraction grew by 53.4%, as compared to the same period in the previous year, while the volume of treated ore grew by 21.0%. With regard to zinc, lead, copper and silver fines, production increased by 43.2%, 48.2%, 23.7% and 32.7%, respectively.

Table 17: Alparmarca Cost of Production

Alparmarca Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Production Cost (MM USD)	5.4	6.7	6.1	6.2	5.8	6.5	24.3	18.7	29.9
Extraction Cost	2.1	2.7	2.6	2.6	2.7	-3.2	9.9	8.8	12.3
Treatment Cost	3.3	4.0	3.5	3.6	3.2	14.7	14.5	9.9	45.4
Unit Cost (USD/MT)	24.0	26.2	24.2	26.3	24.0	9.6	25.1	26.1	-4.0
Extraction Cost	9.7	8.7	9.8	11.5	10.9	5.4	9.8	13.4	-26.8
Treatment Cost	14.4	17.5	14.4	14.8	13.1	13.1	15.2	12.7	20.2

Source: Volcan Cia. Minera

In 4Q21, the absolute cost of production totaled USD 6.2 MM, 6.5% higher than the USD 5.8 MM figure for the same quarter of the previous year, mainly explained by the increased rates, and repairs performed at the unit's camps. The unit cost increased by 9.6%, from 24.0 USD/MT in 2020 to 26.3 USD/MT in 2021.

Year-to-date (Jan-Dec), the absolute cost of production increased by 29.9%, from USD 18.7 MM in 2020 to USD 24.3 MM in 2021, while the unit cost of production decreased by 4.0%, from 26.1 USD/MT in 2020 to 25.1 USD/MT in 2021, mainly due to higher production volumes resulting from keeping the effects of the pandemic under control.

Table 18: Alpamarca Operating Investments

Alpamarca Operating Inv. (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Local Exploration	0.2	0.4	0.1	0.5	0.0	4856.1	1.1	0.3	270.8
Plants and Tailings Dams	0.4	0.2	1.0	3.0	2.4	23.9	4.6	3.7	24.2
Mine and Infrastructure	0.2	0.2	0.3	0.4	0.3	52.6	1.1	0.7	54.8
Support and Others	0.0	0.1	0.1	0.6	0.3	129.1	0.8	0.4	105.3
Total*	0.8	0.8	1.4	4.5	3.0	50.6	7.5	5.1	46.5

* The investments include the operating leases fee according to NIIF 16: USD 0.1 MM in 4Q21 and USD 0.4 MM in cumulative amount.

Source: Volcan Cia. Minera

Operating investments increased by 50.6%, from USD 3.0 MM in 4Q20 to USD 4.5 MM in 4Q21, mainly due to the advancement made in the tailings dam and other support infrastructures.

Year-to-date (Jan-Dec), operating investments increased by 46.5%, from USD 5.1 MM in 2020 to USD 7.5 MM in 2021, mainly explained by increased execution of explorations, tailings dam expansion, and infrastructure projects.

3.4 Cerro de Pasco Unit Operating Results

Table 19: Cerro de Pasco Production

Cerro de Pasco Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Mineral extraction (thousands MT)	592	636	658	725	668	8.6	2,610	1,824	43.1
Mineral treatment (thousands MT)	592	636	658	725	668	8.6	2,610	1,824	43.1
Fines Content									
Zinc (thousand FMT)	4.6	6.0	6.0	6.8	5.3	28.6	23.4	14.2	65.2
Lead (thousand FMT)	1.4	1.6	1.9	2.3	1.8	25.5	7.2	5.2	37.8
Silver (million Oz)	0.2	0.2	0.3	0.3	0.2	38.4	1.0	0.6	61.9

Source: Volcan Cia. Minera

In 4Q21, ore volumes from stockpiles processed at Cerro de Pasco increased by 8.6% compared to the same quarter of the previous year, from 668 thousand MT in 4Q20 to 725 thousand MT in 4Q21.

Zinc, lead and silver fines production grew by 28.6%, 25.5% and 38.4%, respectively, as compared to 4Q20, explained by greater volumes and better head grades of the processed ore.

Year-to-date (Jan-Dec), as compared to the previous year, treated ore volumes increased by 43.1%, and the production of zinc, lead and silver fines increased by 65.2%, 37.8%, and 61.9%, respectively, due to increased volumes and higher grades in the ore from stockpiles.

Table 20: Cerro de Pasco Cost of Production

Cerro de Pasco Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Production Cost (MM USD)	7.7	8.3	8.7	8.5	7.4	14.3	33.2	21.5	54.6
Extraction Cost	1.4	1.4	1.4	1.2	1.4	-13.2	5.5	3.8	43.4
Treatment Cost	6.2	6.9	7.3	7.3	6.1	20.4	27.7	17.6	57.0
Unit Cost (USD/MT)	12.9	13.1	13.3	11.7	11.2	5.2	12.7	11.8	8.0
Extraction Cost	2.4	2.3	2.2	1.6	2.0	-20.1	2.1	2.1	0.2
Treatment Cost	10.5	10.8	11.1	10.1	9.1	10.9	10.6	9.7	9.7

Source: Volcan Cia. Minera

Absolute cost increased by 14.3%, from USD 7.4 MM in 4Q20 to USD 8.5 MM in 4Q21, mainly due to higher production volumes, increased reagent prices, and repairs performed in the Paragsha Plant. Unit cost increased by 5.2%, from 11.2 USD/MT in 4Q20 to 11.7 USD/MT in 4Q21.

Year-to-date (Jan-Dec), the absolute cost of production increased by 54.6%, from USD 21.5 MM in 2020 to USD 33.2 MM in 2021. The unit cost of production increased by 8.0%, from 11.8 USD/MT in 2020 to 12.7 USD/MT in 2021.

Table 21: Cerro de Pasco Operating Investments

Cerro de Pasco Operating Inv. (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Local Exploration	0.0	0.2	1.2	0.5	0.1	307.7	1.8	0.1	1255.7
Plants and Tailings Dams	0.1	0.1	0.7	4.7	0.2	2113.6	5.6	0.2	2162.0
Mine and Infrastructure	0.0	0.1	0.1	0.1	0.1	-61.1	0.2	0.4	-43.9
Support and Others	0.0	0.1	0.1	0.4	0.2	152.2	0.6	0.2	202.3
Total*	0.2	0.4	2.0	5.7	0.6	794.3	8.2	1.0	756.1

* The investments include the operating leases fee according to NIIF 16: USD 0.05 MM in 4Q21 and USD 0.2 MM in cumulative amount.

Source: Volcan Cia. Minera

Operating investments increased from USD 0.6 MM in 4Q20 to USD 5.7 MM in 4Q21, mainly due to greater execution of explorations to define and increase stockpile resources, and investments in the plant and tailings dam.

Year-to-date (Jan-Dec), operating investments increased from USD 1.0 MM in 2020 to USD 8.2 MM in 2021.

3.5 Oxides Plant Operating Results

Table 22: Oxides Plant Production

Oxides Plant Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Mineral extraction (thousands MT)	218	229	141	159	235	-32.5	747	676	10.5
Mineral treatment (thousands MT)	218	229	141	159	235	-32.5	747	676	10.5
Fines Content									
Silver (million Oz)	0.9	0.9	0.5	0.6	0.9	-35.3	2.8	2.6	8.4
Gold (Oz)	3,791	4,859	3,498	5,589	2,008	178.3	17,738	5,159	243.8

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant decreased by 32.5%, from 235 thousand MT in 4Q20 to 159 thousand MT in 4Q21 due to works performed at the Ocroyoc tailings dam. Accordingly,

silver production decreased by 35.3%; however, gold production increased by 178.3% due to a higher grade of this metal in the processed ore.

Year-to-date (Jan-Dec), the volume of treated ore grew by 10.5% as compared to the same period in the previous year. Silver and gold ounces production increased by 8.4% and 243.8%, respectively.

Table 23: Oxides Plant Cost of Production

Oxides Plant Production Cost	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Production Cost (MM USD)	9.5	10.3	7.2	7.9	9.6	-18.5	34.9	28.7	21.6
Extraction Cost	1.7	2.1	1.6	1.6	1.6	1.6	7.0	4.8	44.6
Treatment Cost	7.8	8.2	5.6	6.2	8.0	-22.5	27.9	23.9	16.9
Unit Cost (USD/MT)	43.7	45.1	50.6	49.5	41.0	20.8	46.7	42.4	10.1
Extraction Cost	7.7	9.1	11.1	10.3	6.8	50.6	9.3	7.1	30.9
Treatment Cost	36.0	36.0	39.5	39.2	34.2	14.8	37.4	35.3	5.9

Source: Volcan Cia. Minera

In 4Q21, the absolute cost of production totaled USD 7.9 MM, 18.5% lower than the USD 9.6 MM figure in 4Q20, due to reduced treated volumes. Unit cost increased by 20.8%, from 41.0 USD/MT in 4Q20 to 49.5 USD/MT in 4Q21 as a result of lower volumes and increased prices of main supplies.

Year-to-date (Jan-Dec), the absolute cost of production increased by 21.6%, from USD 28.7 MM in 2020 to USD 34.9 MM in 2021. The unit cost of the operation increased by 10.1%, from 42.4 USD/MT in 2020 to 46.7 USD/MT in 2021.

Table 24: Oxides Plant Operating Investments

Oxides Plant Operating Inv. (MM USD)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Local Exploration	0.0	0.0	0.0	0.0	0.1	-100.0	0.0	0.0	
Plants and Tailings Dams	0.1	0.0	0.1	1.2	1.4	-10.4	1.4	1.7	-17.2
Mine and Infrastructure	0.0	0.0	0.3	0.1	0.2	-69.4	0.5	1.0	-53.7
Support and Others	0.0	0.1	0.1	0.4	0.0	5141.1	0.6	0.1	760.6
Total*	0.2	0.1	0.5	1.7	1.7	-0.4	2.5	2.9	-14.2

* The investments include the operating leases fee according to NIIF 16: USD 0.03 MM in 4Q21 and USD 0.11 MM in cumulative amount.

Source: Volcan Cia. Minera

Operating investments during 4Q21 amounted to USD 1.7 MM, similar to the investments recorded in 4Q20. Year-to-date (Jan-Dec), operating investments decreased by 14.2%, from USD 2.9 MM in 2020 to USD 2.5 MM in 2021.

3. Energy

Table 25: Volcan's Electric Power Balance

Electric Balance (GWh)	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Energy generation	122.4	112.2	99.7	100.2	105.2	100.2	5.0	439.4	332.7	32.1
Chungar	41.9	38.8	33.4	38.2	36.8	38.2	-3.8	150.8	115.1	31.0
Tingo	1.7	1.6	1.7	1.7	1.7	1.7	0.9	6.6	1.7	283.1
Huanchor	36.4	35.7	37.6	31.2	35.5	31.2	13.9	145.3	107.5	35.1
Rucuy	42.4	36.0	27.0	29.2	31.3	29.2	7.0	136.7	108.3	26.2
Energy consumption	183.9	190.1	193.8	185.2	196.7	185.2	6.2	764.5	484.6	57.8
Energy purchase	140.4	149.7	158.8	145.4	158.3	145.4	8.8	607.1	367.8	65.1

Source: Volcan Cia. Minera

The power generated by the Company's hydroelectric plants totaled 105.2 GWh, 5% higher than the power generated in 4Q20.

During 4Q21, Volcan's total consumption of electric power reached 196.7 GWh, with a maximum demand of 100 MW. The 10 hydroelectric plants that belong to the Chungar Unit generated 36.8 GWh. This accounted for approximately 19% of the Company's total consolidated consumption, at an average cost of 24.5 USD/MWh, including operating, maintenance and transmission costs.

Volcan purchased 158.3 GWh from the national central grid system (the SEIN) in order to meet its total consumption demand, at an average cost of 59 USD/MWh.

In 4Q21, the Huanchor Hydroelectric Plant produced 35.5 GWh, a 14% increase as compared to the same period of the previous year, due to the plant's continuous operation. The power of Huanchor Hydroelectric Plant was entirely sold to third parties.

The Rucuy Hydroelectric Plant produced 31.3 GWh in 4Q21, an increase of 7% as compared to 4Q20, and the power was used to meet the commitments set forth in its renewable energy agreement (RER).

The Tingo Hydroelectric Plant produced 1.7 GWh in 4Q21, similar to the amount recorded in 4Q20. All of this power was sold to the Chungar mining operation.

Year-to-date (Jan-Dec), the total power generated by the Company totaled 439.4 GWh, 32.1% higher than the power generated in 2020.

4. Final Comments

- The Company's sales after adjustments increased by 52.5%, from USD 179.9 MM in 4Q20 to USD 274.4 MM in 4Q21, mainly due to better base metals prices, a higher sales volume resulting from increased production, and better commercial terms. Accordingly, EBITDA increased by 85.3%, from USD 61.5 MM in 4Q20 to USD 113.9 MM in 4Q21, and net profit before exceptional items grew from USD -20.4 MM in 4Q20 to USD 37.7 MM in 4Q21.
- The price outlook for metals produced by the Company remains favorable, mainly due to the energy restrictions in place in China and Europe, which affect the refineries' production capacity, and to the licensing and permit difficulties faced when requesting an increase of mining production.
- It is important to note that the production costs have been affected by the significant cost increase of mining equipment and main supplies and inputs used by the Company across its operations, such as oil, steel, explosives, chemical reagents, among others. Accordingly, the Company is doubling its efforts to control and lower costs through different initiatives developed systematically through all its operations.
- For 2022, the Company has designed a large-scale exploration plan including over 300 thousand meters of drilling and generative activities, with the objective of ensuring long-term sustainability and growth.
- Cosco Shipping Ports Chancay Perú S.A. (CSPCP), the company where Volcan holds a participation of 40% of shares and Cosco Shipping Ports Ltd. holds the remaining 60%, continues the construction of the first stage of the Chancay Port Multi-Purpose Terminal, which will have a capacity of 4 docks (2 multi-purpose docks and 2 container docks).

Annexes

Annex 1: Sales Breakdown

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

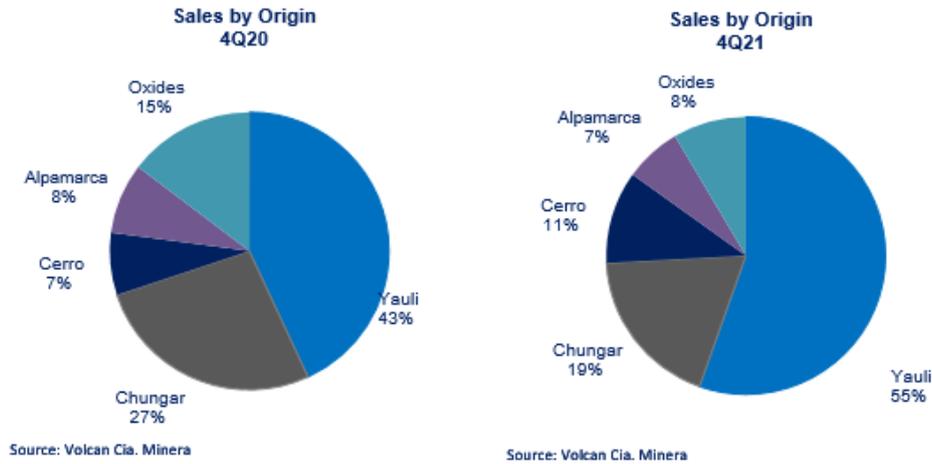
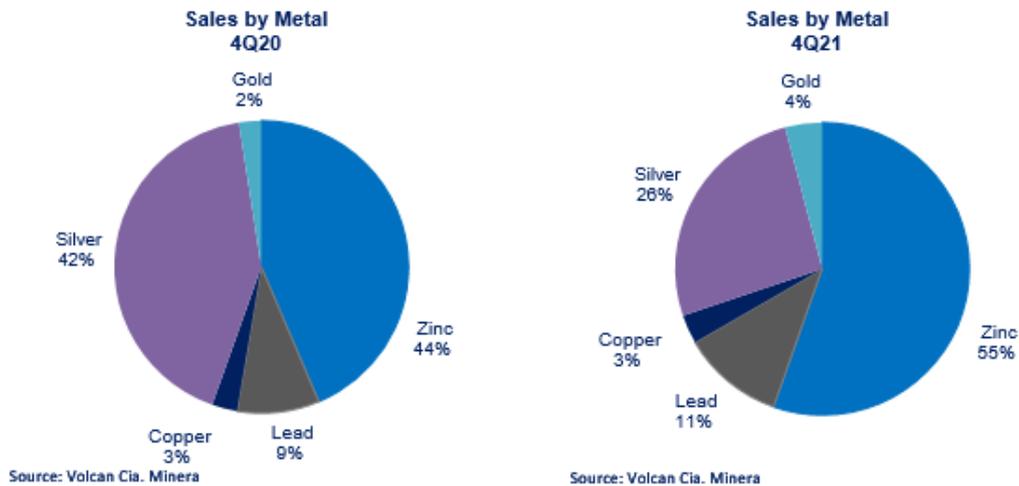


Figure 7: Sales by Metal (percentage of total sales)



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

Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Zinc (USD/MT)	2,748	2,916	2,991	3,005	3,365	2,631	27.9	3,005	2,265	32.7
Lead (USD/MT)	2,020	2,127	2,341	2,205	2,331	1,903	22.4	2,205	1,824	20.9
Copper (USD/MT)	8,478	9,711	9,372	9,315	9,698	7,171	35.2	9,315	6,167	51.0
Silver (USD/Oz)	26.3	26.7	24.4	25.2	23.3	24.4	-4.4	25.2	20.5	22.7
Gold (USD/Oz)	1,802	1,814	1,790	1,800	1,794	1,875	-4.3	1,800	1,770	1.7

Source: London Metal Exchange

Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Exchange Rate (S/ x USD)	3.66	3.80	4.05	4.03	4.03	3.60	12.0	3.88	3.49	11.1
Inflation ¹	2.60	3.25	5.23	6.43	6.43	1.97	225.9	6.43	1.97	225.9

¹ Inflation of the last 12 months

Source: Central Reserve Bank of Peru

Annex 4: Domestic Peruvian Metal Production

National Production	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Oct-Dec 2021	Oct-Dec 2020	var %	Jan-Dec 2021	Jan-Dec 2020	var %
Zinc (FMT)	390,752	402,596	378,497	360,198	434,911	-17.2	1,532,043	1,326,909	15.5
Lead (FMT)	64,177	66,245	67,122	66,580	70,838	-6.0	264,124	239,949	10.1
Copper (FMT)	531,371	552,140	595,918	619,849	635,401	-2.4	2,299,277	2,148,961	7.0
Silver (Thousands Oz)	25,442	26,536	27,517	26,913	28,975	-7.1	106,408	96,066	10.8
Gold (Thousands Oz)	733	762	801	809	782	3.4	3,105	2,786	11.5

Source: Ministry of Energy and Mines