

Volcan Compañía Minera S.A.A. and Subsidiaries Management Discussion and Analysis First Quarter 2022

Principal Results:

Consolidated Volcan	Jan-Mar 2022	Jan-Mar 2021	var %
Sales Prices¹			
Zinc (USD/MT)	3,684	2,749	34.0
Lead (USD/MT)	2,286	2,056	11.2
Copper (USD/MT)	10,572	7,159	47.7
Silver (USD/Oz)	23.8	26.7	-10.8
Gold (USD/Oz)	1,879	1,804	4.2
Operating Results			
Mineral treatment ² (thousands MT)	2,085	1,997	4.4
Zinc Production (thousands FMT)	52.7	51.2	2.9
Lead Production (thousands FMT)	13.6	12.8	6.0
Copper Production (thousands FMT)	1.1	1.1	0.2
Silver Production (millions Oz)	3.6	3.8	-5.1
Gold Production (thousands Oz)	8.0	5.4	46.6
Unitary Cost (USD/TM) ³	55.5	50.8	9.3
Total Investments (MM USD)	41.8	28.0	49.1
Financial Results (MM USD)			
Sales before adjustments	263.6	211.2	24.8
Sales Adjustments	15.8	-1.8	
Settlement of prior period adjustments	6.6	3.1	115.9
Adjustment for open positions ⁴	9.2	-3.4	
Hedging results	0.0	-1.6	-100.0
Sales after adjustments	279.4	209.4	33.4
Utility before IR	52.8	12.6	318.1
Income tax	-12.1	-11.3	
Net profit before exceptionals	40.7	1.3	
Exceptional adjustments ⁵	-2.6	0.0	
Net profit after exceptionals	38.2	1.3	
EBITDA⁶	125.6	89.0	41.1

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 For the unitary cost calculation the sub total production cost is being used because in the 1Q21 the infill drilling costs was not taken into account.

⁴ The open commercial positions refer to shipments that don't have final settlements yet, therefore they are exposed to adjustments due to metal prices variations in the future. The financial provisions, sales adjustments up to March 2022 reflects the sensitivity to a determined future price curve.

⁵ The 1Q22 exceptional adjustments are made up of impairment of long term assets in Cerro de Pasco.

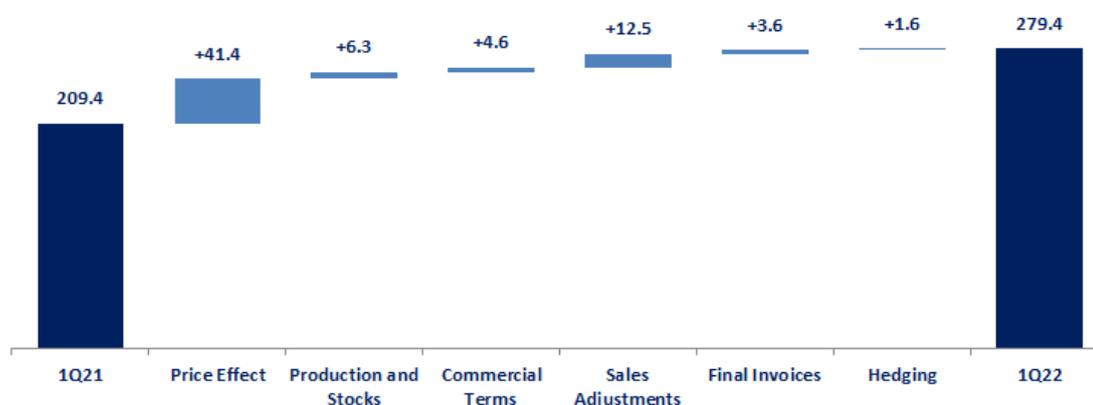
⁶ Does not consider exceptional adjustments.

Source: Volcan Cia. Minera

1. Executive Summary

- The Company's sales before adjustments increased by 24.8%, from USD 211.2 MM in 1Q21 to USD 263.6 MM in 1Q22, mainly explained by better base metals prices, higher zinc, lead and gold production, and the reduction of concentrate inventories, partly offset by lower silver prices and production. In line with the positive evolution of metals prices, sales adjustments totaled USD 15.8 MM in 1Q22 as compared to USD -1.8 MM in 1Q21, and as a result sales after adjustments increased by 33.4%, from USD 209.4 MM in 1Q21 to USD 279.4 MM in 1Q22.

Chart 1: 1Q22 vs 1Q21 variations impact on net sales (USD MM)

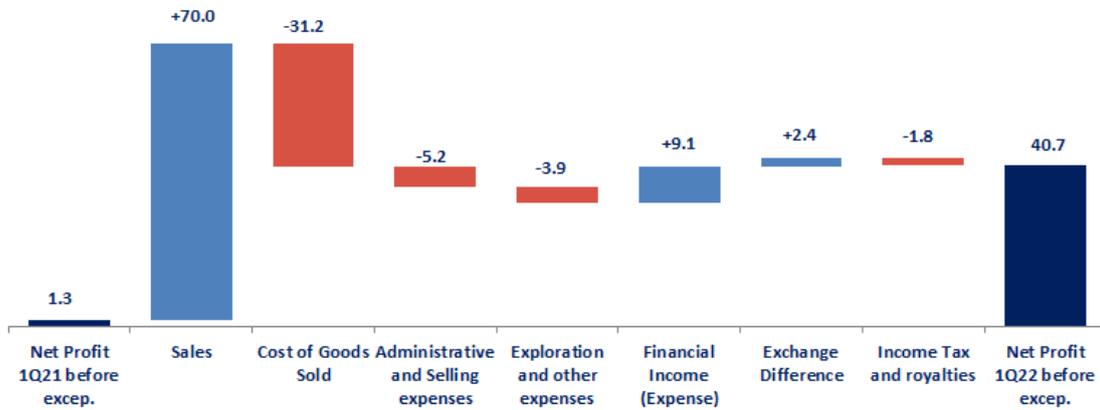


Source: Volcan Cía. Minera

- The price of zinc increased from 2,749 USD/MT in 1Q21 to 3,684 USD/MT in 1Q22 (34.0%), lead from 2,056 USD/MT to 2,286 USD/MT (11.2%), copper from 7,159 USD/MT to 10,572 USD/MT (47.7%), and gold from 1,804 USD/Oz to 1,879 USD/Oz (4.2%). On the contrary, silver price decreased by 10.8% from 26.7 USD/Oz to 23.8 USD/Oz.
- Total treated volumes increased by 4.4% and zinc fines production by 2.9%, from 51.2 thousand FMT in 1Q21 to 52.7 thousand FMT in 1Q22, lead production by 6.0%, from 12.8 thousand FMT to 13.6 thousand FMT, copper production by 0.2%, from 1.07 thousand FMT to 1.08 thousand FMT, and gold production by 46.6%, from 5.4 thousand Oz in 1Q21 to 8.0 thousand Oz in 1Q22. However, silver production in 1Q22 was 3.6 MM Oz, a 5.1% reduction compared to 1Q21, mainly due to lower grades of this metal at Alpamarca, Animón and the Oxides Plant.
- Consolidated unit cost increased by 9.3%, from 50.8 USD/MT in 1Q21 to 55.5 USD/MT in 1Q22, mainly explained by high local and global inflation that impact most of the main expense items, such as labor, goods, supply, reagents, energy, fuel, etc. Moreover, preparations and rehabilitations at the main mining units have increased.
- Net profit before exceptional items increased from USD 1.3 MM in 1Q21 to USD 40.7 MM in 1Q22, mainly due to higher gross profit as a result of better metals prices and lower financial expenses related to the issuance and buyback of bonds carried out in 1Q21.

The variations that had an impact on net profit are shown in detail in the chart below.

Chart 2: 1Q22 vs 1Q21 variations impact on net profit before exceptional items (USD MM)



Source: Volcan Cía. Minera

- EBITDA increased by 41.1%, from USD 89.0 MM in 1Q21 to USD 125.6 MM in 1Q22, mainly due to higher gross profit as a result of better base metals prices.
- Total investments increased from USD 28.0 MM in 1Q21 to USD 41.8 MM in 1Q22, due to the withdrawal of limitations to project execution now that the effects of the pandemic are kept under control.

2. Consolidated Results

2.1 Production

Table 1: Consolidated Production

Consolidated Production	Jan-Mar 2022	Jan-Mar 2021	var %
Mineral extraction (thousands MT)	1,981	1,974	0.3
Polymetallic ore	1,755	1,756	-0.1
Oxides ore	226	218	3.8
Mineral treatment (thousands MT)	2,085	1,997	4.4
Concentrator Plants	1,859	1,779	4.5
Silver Oxides Plant	226	218	3.8
Fine Content			
Zinc (thousands FMT)	52.7	51.2	2.9
Lead (thousands FMT)	13.6	12.8	6.0
Copper (thousands FMT)	1.1	1.1	0.2
Silver (millions Oz)	3.6	3.8	-5.1
Gold (thousands Oz)	8.0	5.4	46.6

Source: Volcan Cia. Minera

In 1Q22, extracted ore volumes increased by 0.3%, from 1.974 MM MT in 1Q21 to 1.981 MM MT in 1Q22. Similarly, treated volumes increased by 4.4%, from 1.997 MM MT in 1Q21 to 2.085 MM MT in 1Q22, mainly due to higher production volumes at Yauli, Cerro de Pasco and the Oxides Plant.

Total zinc fines production increased by 2.9%, from 51.2 thousand FMT in 1Q21 to 52.7 thousand FMT in 1Q22, lead production by 6.0%, from 12.8 thousand FMT to 13.6 thousand FMT, copper production by 0.2%, from 1.07 thousand FMT to 1.08 thousand FMT, and gold production by 46.6%, from 5.4 thousand Oz in 1Q21 to 8 thousand Oz in 1Q22, mainly due to higher grades of this metal in the treated ore at the Oxides Plant. However, silver production decreased by 5.1%, from 3.8 MM Oz in 1Q21 to 3.6 MM Oz in 1Q22, mainly explained by lower grades in the ore processed at Alpamarca, Animón and the Oxides Plant.

2.2 Cost of Production

Table 2: Consolidated Cost of Production

Consolidated Production Cost	Jan-Mar 2022	Jan-Mar 2021	var %
Production Cost (MM USD)			
Mine Cost	51.8	48.1	7.6
Plant and Other Cost	61.2	52.8	16.0
Sub total Production Cost (MM USD)	113.0	100.9	12.0
Infill drilling cost	2.9	0.0	
Total Production Cost (MM USD)	115.9	100.9	14.9
Unit Cost (USD/MT)			
Mine Cost	26.2	24.4	7.2
Plant and Other Cost	29.4	26.4	11.2
Sub total Unit Cost (USD/TM)	55.5	50.8	9.3
Infill drilling cost	1.5	0.0	
Total Unit Cost (USD/TM)	57.0	50.8	12.1

Source: Volcan Cia. Minera

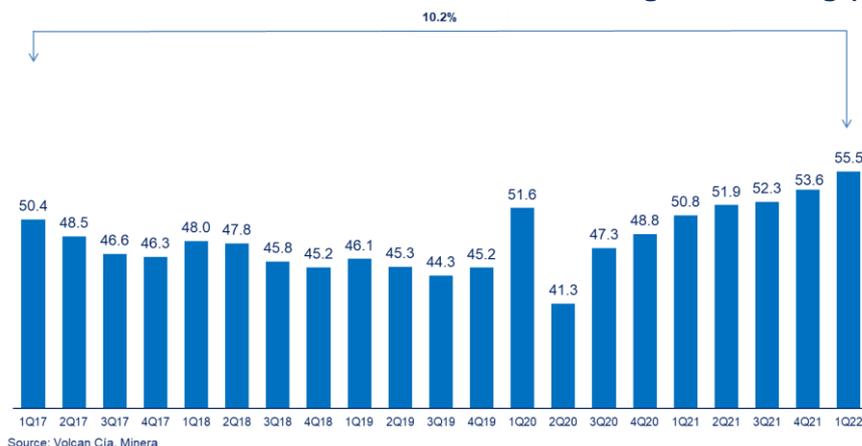
Since 2022, infill drilling costs are considered a production cost. Infill drilling is carried out to increase the certainty of the reserves and reduce risk in mining plans. In 1Q22, this cost amounted to USD 2.9 MM. It is important to note that infill drilling was previously reported under local exploration investments at the operating units.

The absolute cost of production, excluding infill drilling, increased by 12.0%, from USD 100.9 MM in 1Q21 to USD 113.0 MM in 1Q22, while consolidated unit cost grew by 9.3%, from 50.8 USD/MT in 1Q21 to 55.5 USD/MT in 1Q22. This increase is mainly explained by the local and international inflation that has impacted labor, goods, supplies, reagents, energy, and fuel costs, among others. Mine preparations and sustaining liabilities from previous works also increased.

The Company is doubling its efforts to control and lower costs through different initiatives organized systematically through the "Volcan Avanza" project.

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

Chart 3: Evolution of the Unit Cost of Production excluding Infill Drilling (USD/MT)



2.3 Total Investments

Table 3: Consolidated Investment

Consolidated Investment (MM USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Mining	41.8	28.0	49.3
Mining Units	40.0	27.6	44.9
Local Exploration ¹	1.7	2.9	-41.9
Development	15.3	11.5	33.3
Plants and Tailings Facilities	9.2	6.4	42.6
Mine and Infrastructure	7.9	6.0	31.5
Electrical Infrastructure in Units	3.4	0.2	1,962.8
Support and Others	2.5	0.6	328.2
Growth and Others	1.8	0.4	352.6
Energy	0.0	0.1	-57.9
Total	41.8	28.0	49.1

¹ As of 1Q22, local exploration does not include the cost of infill drilling, which becomes part of the production cost (USD 2.9 MM).

Source: Volcan Cia. Minera

In 1Q22, operating unit investments increased by 44.9%, from USD 27.6 MM in 2021 to USD 40.0 MM in 2022, due to the increased execution of developments, tailings dams, mine infrastructure, energy projects, technology and camps. Local exploration investments decreased from USD 2.9 MM in 1Q21 to USD 1.7 MM in 1Q22, mainly explained by infill drilling being reported as a cost since the 2022 period.

Growth investments in the Romina project increased from USD 0.4 MM in 1Q21 to USD 1.8 MM in 1Q22. Accordingly, total investments increased by 49.1%, from USD 28.0 MM in 1Q21 to USD 41.8 MM in 1Q22.

Chart 4: Evolution of Consolidated Investment



Source: Volcan Cia Minera

2.4 Income Statement

Table 4: Income Statement

Income Statement (MM USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Sales before adjust.	263.6	211.2	24.8
<i>Sett. of prior periods adjust.</i>	6.6	3.1	115.9
<i>Adj. open positions</i>	9.2	-3.4	
<i>Hedging</i>	0.0	-1.6	-100.0
Sales after adjust.	279.4	209.4	33.4
Cost of Goods Sold	-186.9	-155.8	20.2
Gross Profit	92.5	53.6	72.4
<i>Gross Margin</i>	33%	26%	7 pp
Administrative Expenses	-13.3	-8.9	48.7
Exploration Expenses	-3.7	-2.0	82.6
Sales Expenses	-5.4	-4.6	17.5
Other Income (Expenses) ¹	-0.6	1.6	
Operating Profit	69.4	39.7	75.1
<i>Operating Margin</i>	24%	19%	5 pp
Financial Income (Expense)	-12.2	-21.2	-42.7
Exchange Difference (net)	-0.3	-2.7	-88.1
Royalties	-4.2	-3.1	33.9
Income Tax	-12.1	-11.3	6.7
Net Profit before Exceptionals	40.7	1.3	2,397.6
<i>Net Margin</i>	15%	1%	13 pp
Exceptional adjustments ²	-2.6	0.0	
Net Profit after Exceptionals	38.2	1.3	2,397.6
<i>Net Margin</i>	14%	1%	13 pp
EBITDA³	125.6	89.0	38.2
<i>EBITDA Margin</i>	44%	43%	2 pp

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

² The 1Q22 exceptional adjustments are made up of impairment of long term assets in Cerro de Pasco.

³ Does not consider exceptional adjustments.

Source: Volcan Cia. Minera

- Sales Analysis

Table 5: Average Sales Prices

Sales Prices	Jan-Mar 2022	Jan-Mar 2021	var %
Zinc (USD/MT)	3,684	2,749	34.0
Lead (USD/MT)	2,286	2,056	11.2
Copper (USD/MT)	10,572	7,159	47.7
Silver (USD/Oz)	23.8	26.7	-10.8
Gold (USD/Oz)	1,879	1,804	4.2

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

Fines Sales	Jan-Mar 2022	Jan-Mar 2021	var %
Zinc (thousands FMT)	54.6	52.1	4.8
Lead (thousands FMT)	14.2	13.5	5.3
Copper (thousands FMT)	1.1	1.0	13.2
Silver (millions Oz)	3.6	3.8	-5.0
Gold (thousands Oz)	8.1	4.8	68.6

Source: Volcan Cia. Minera

Table 7: Sales in USD

Sales (millions USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Zinc	144.2	92.2	56.4
Lead	27.2	22.7	19.8
Copper	8.0	5.0	60.3
Silver	71.2	83.9	-15.2
Gold	13.6	7.2	87.9
Antimony	-0.6	0.2	
Sales before adjust.	263.6	211.2	24.8
Sett. of prior period adjust.	6.6	3.1	115.9
Adjust. for open positions	9.2	-3.4	
Hedging results	0.0	-1.6	-100.0
Sales after adjust.	279.4	209.4	33.4

¹ Adjustments: i) adjusted settlement of prior period sales , ii) sales adjustments for open positions (embedded derivative and sales adjustments)
iii) hedging results

Source: Volcan Cia. Minera

In 1Q22, total sales before adjustments amounted to USD 263.6 MM, 24.8% higher as compared to the USD 211.2 MM recorded in 1Q21. This was mainly due to improved base metals prices, better average commercial terms, and an increased sales volume of gold, zinc, lead and copper resulting from increased production and reduction of inventories.

Sales adjustments amounted to USD -1.8 MM in 1Q21 and USD 15.8 MM in 1Q22. In 1Q22, sales adjustments were positive as a result of the positive trend in metals prices and included final settlements of USD 6.6 MM, and provisions related to open shipments of USD 9.2 MM. Accordingly, total sales after adjustments increased by 33.4%, from USD 209.4 MM in 1Q21 to USD 279.4 MM in 1Q22.

- **Cost of Goods Sold**

Table 8: Cost of Goods Sold

Cost of Goods Sold (millions USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Volcan Production	182.9	154.8	18.1
Volcan Production Cost	115.9	100.9	14.9
D&A from Production Cost	54.8	47.5	15.2
Other expenses	6.7	4.4	54.4
Variation of Inventories	5.5	2.1	166.0
Workers Participation	4.1	1.0	318.0
Total	186.9	155.8	20.0

Source: Volcan Cia. Minera

The total cost of goods sold increased by 20.0%, from USD 155.8 MM in 1Q21 to USD 186.9 MM in 1Q22, mainly due to greater costs of production, higher depreciation and amortization as a result of the increased depreciable basis, reduction of concentrate inventories and higher workers' participation provision in line with the Company's higher financial results.

- **Gross Margin and Gross Profit**

The Company's gross margin increased from 26% in 1Q21 to 33% in 1Q22, mainly due to higher prices of all base metals, better average commercial terms, and positive sales adjustments. Gross profit increased from USD 53.6 MM in 1Q21 to USD 92.5 MM in 1Q22 due to the higher gross margin and increased physical sales resulting from greater production and reduction of inventories.

- **Administrative Expenses**

Administrative expenses increased by 48.7%, from USD 8.9 MM in 1Q21 to USD 13.3 MM in 1Q22, mainly explained by higher personnel expenses provisions and participations in line with better financial results.

- **Exploration Expenses**

Exploration expenses increased from USD 2.0 MM in 1Q21 to USD 3.7 MM in 1Q22, as a result of the Company's brownfield and greenfield explorations plans being increased.

- **Sale expenses**

Sale expenses increased by 17.5%, from USD 4.6 MM in 2021 to USD 5.4 MM in 2022, mainly due to an increased sales volume.

- **Other Income and Expenses**

In 1Q22, the net amount of other income and expenses was USD -0.6 MM versus USD +1.6 MM in 1Q21, mainly explained by increased contributions to regulatory entities as a result of higher sales and higher non-deductible expenses.

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 42.7%, from USD 21.2 MM in 1Q21 to 12.2 MM in 1Q22, mainly explained by expenses related to the partial buyback of bonds and the payment of the syndicated loan carried out in 1Q21 being recorded last year.

An exchange-rate loss totaling USD -0.3 MM was registered in 1Q22, as compared to the USD -2.7 MM reported in 1Q21.

- **Royalties and Income Tax**

Royalties grew from USD 3.1 MM in 1Q21 to USD 4.2 MM in 1Q22 due to better operating results. Similarly, income tax grew from USD 11.3 MM in 1Q21 to USD 12.1 MM in 1Q22. The increase in the income tax provision was lower than anticipated due to a positive impact in excess of USD 4 MM resulting from the translation effect caused by the revaluation of the national currency.

- **Net Profit and EBITDA**

Net profit before exceptional items increased from USD 1.3 MM in 1Q21 to USD 40.7 MM in 1Q22, mainly due to greater gross profit and lower financial expenses. EBITDA increased from USD 89.0 MM in 1Q21 to USD 125.6 MM in 1Q22.

2.5 Liquidity and Creditworthiness

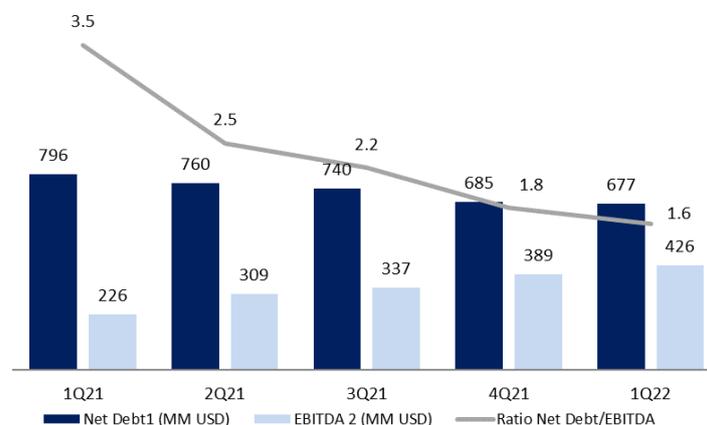
In 1Q22, cash generated by mining operations after investments totaled USD 40.2 MM. Growth investments and generation of other businesses totaled USD -1.2 MM and the payment of financial obligations and interests amounted to USD -44.4 MM. Financial obligations and interests paid in 1Q22 were particularly high as a result of the transactions carried out in relation to the Company's debt restructuring.

In January 2022, the Company obtained USD 400 MM under a syndicated loan maturing in 2026, which were used in February 2022 to pay USD 410 MM plus outstanding interests of the bonds issued in 2012 (the original amount under those bonds was USD 600 MM). This transaction and the issuance of bonds maturing in 2026 worth USD 475 MM was executed in February last year, under the financial restructuring plan whereby maturity was extended until 2026 for most part of the Company's debt and the debt's annual average cost was lowered.

Therefore, during 1Q21, the cash flow was negative and amounted to USD 5.4 MM, and the cash balance at the end of 1Q22 totaled USD 225.8 MM.

As of March 31, 2022, the net debt/EBITDA ratio was 1.6, a significant improvement over the 3.5 ratio recorded at the end of 1Q21, mainly due to the increased EBITDA and a lower net debt.

Chart 5: Net Debt / EBITDA Ratio Evolution



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

3. Results per Operating Unit

3.1 Yauli Unit Operating Results

Table 10: Yauli Production

Yauli Production	Jan-Mar 2022	Jan-Mar 2021	var %
Mineral extraction (thousands MT)	690	652	5.8
Mineral treatment (thousands MT)	686	647	6.1
Fines Content			
Zinc (thousaned FMT)	34.2	30.9	10.6
Lead (thousaned FMT)	5.8	5.2	12.8
Copper (thousaned FMT)	0.7	0.6	16.6
Silver (million Oz)	1.8	1.8	3.6
Gold (thousaned Oz)	1.3	1.3	1.6

Source: Volcan Cia. Minera

Ore volumes extracted at the Yauli Unit during 1Q22 grew by 5.8%, as compared to the same quarter of the previous year. The ore treated at the Yauli Unit concentrator plants increased by 6.1% in 1Q22, as compared to the same period of the previous year, in line with the increased extraction.

With regard to fines, in 1Q22, zinc, lead, copper and silver production increased accordingly by 10.6%, 12.8%, 16.6%, and 3.6%, respectively, as compared to 1Q21. Gold production is minimal and varies per mined zone.

Table 11: Yauli Cost of Production

Yauli Production Cost	Jan-Mar 2022	Jan-Mar 2021	var %
Production Cost (MM USD)			
Mine Cost	31.9	28.4	12.5
Plant and Other Cost	27.5	24.6	11.9
Sub total Production Cost (MM USD)	59.5	53.0	12.2
Infill drilling cost	1.8	0.0	
Total Production Cost (MM USD)	61.3	53.0	15.7
Unit Cost (USD/MT)			
Mine Cost	46.3	43.5	6.3
Plant and Other Cost	40.1	38.0	5.5
Sub total Unit Cost (USD/TM)	86.4	81.6	5.9
Infill drilling cost	2.7	0.0	
Total Unit Cost (USD/TM)	89.1	81.6	9.2

Source: Volcan Cia. Minera

In 1Q22, the absolute cost of production increased by 12.2%, from USD 53.0 MM in 2021 to USD 59.5 MM in 2022. This is mainly explained by greater production volumes, the rehabilitation of the Victoria tunnel, and inflation of services and supplies costs. The unit cost increased by 5.9%, from 81.6 USD/MT in 1Q21 to 86.4 USD/MT in 1Q22.

In 1Q22, USD 1.8 MM were added to the cost of production on account of infill drilling carried out to increase the certainty of the reserves and reduce risk in mining plans. This item was previously reported as local exploration investment.

Table 12: Yauli Operating Investments

Yauli Operating Investment (MM USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Local Exploration ¹	0.7	2.0	-62.1
Mine Development	12.1	8.8	38.2
Plants and Tailings Dams	4.4	3.2	36.9
Mine and Infrastructure	4.3	4.2	2.6
Electrical Infrastructure	3.2	0.2	1875.2
Support and Others	1.9	0.5	255.0
Total	26.7	18.9	41.8

¹ As of 1Q22, local exploration does not include the cost of infill drilling, which becomes part of the production cost (USD 1.8 MM).

Source: Volcan Cia. Minera

In 1Q22, operating investments at Yauli amounted to USD 26.7 MM, 41.8% higher than the USD 18.9 MM for 1Q21, mainly due to increased mine developments, tailings dams, and electric infrastructure.

3.2 Chungar Unit Operating Results

Table 13: Chungar Production

Chungar Production	Jan-Mar 2022	Jan-Mar 2021	var %
Mineral extraction (thousands MT)	274	299	-8.5
Mineral treatment (thousands MT)	285	311	-8.5
Fines Content			
Zinc (thousaned FMT)	10.6	13.6	-22.0
Lead (thousaned FMT)	4.5	4.6	-1.9
Copper (thousaned FMT)	0.3	0.3	-7.3
Silver (million Oz)	0.5	0.6	-22.1
Gold (thousaned Oz)	0.5	0.4	31.5

Source: Volcan Cia. Minera

In 1Q22, the ore volumes extracted and treated at Chungar decreased by 8.5% as compared to 1Q21, mainly explained by delays in advancements and preparations at the Animón Mine.

In line with the lower treated volume, zinc, lead, copper and silver production in 1Q22 decreased by 22.0%, 1.9%, 7.3% and 22.1%, respectively, as compared to 1Q21. However, gold production increased by 31.5% due to a higher grade of this metal.

Table 14: Chungar Cost of Production

Chungar Production Cost	Jan-Mar 2022	Jan-Mar 2021	var %
Production Cost (MM USD)			
Mine Cost	15.1	14.6	3.4
Plant and Other Cost	13.3	10.8	23.4
Sub total Production Cost (MM USD)	28.4	25.4	11.9
Infill drilling cost	1.0	0.0	
Total Production Cost (MM USD)	29.4	25.4	16.0
Unit Cost (USD/MT)			
Mine Cost	55.0	48.7	13.0
Plant and Other Cost	46.8	34.7	34.8
Sub total Unit Cost (USD/TM)	101.8	83.4	22.1
Infill drilling cost	3.8	0.0	
Total Unit Cost (USD/TM)	105.6	83.4	26.6

Source: Volcan Cia. Minera

The absolute cost of production increased by 11.9%, from USD 25.4 MM in 1Q21 to USD 28.4 MM in 1Q22. This is mainly explained by higher shotcrete costs, rehabilitation of previous works, and inflation of services and supplies costs. The unit cost increased by 26.6%, from 83.4 USD/MT in 1Q21 to 101.8 USD/MT in 1Q22, and was also affected by lower extracted and treated volumes.

In 1Q22, USD 1.0 MM were added to the cost of production on account of infill drilling carried out to increase the certainty of the reserves and reduce risk in mining plans. This item was previously reported as local exploration investment.

Table 15: Chungar Operating Investments

Chungar Operating Investment (MM USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Local Exploration ¹	0.5	0.8	-39.9
Mine Development	3.2	2.7	17.5
Plants and Tailings Dams	1.5	2.5	-41.2
Mine and Infrastructure	3.1	1.5	100.7
Electrical Infrastructure	0.1	0.0	0.0
Support and Others	0.4	0.0	4916.2
Total	8.7	7.6	14.6

¹ As of 1Q22, local exploration does not include the cost of infill drilling, which becomes part of the production cost (USD 1.0 MM).

Source: Volcan Cia. Minera

Operating investments increased by 14.6%, from USD 7.6 MM in 1Q21 to USD 8.7 MM in 1Q22, mainly due to higher investments in mine developments and infrastructure.

3.3 Alpamarca Unit Operating Results

Table 16: Alpamarca Production

Alpamarca Production	Jan-Mar 2022	Jan-Mar 2021	var %
Mineral extraction (thousands MT)	130	213	-38.8
Mineral treatment (thousands MT)	227	230	-1.0
Fines Content			
Zinc (thousand FMT)	1.9	2.1	-11.3
Lead (thousand FMT)	1.3	1.7	-23.6
Copper (thousand FMT)	0.1	0.1	-55.9
Silver (million Oz)	0.2	0.4	-50.7

Source: Volcan Cia. Minera

In 1Q22, the extraction volume at Alpamarca decreased by 38.8%, as compared to the same period in the previous year, due to stripping delays in the open pit. Treated volumes decreased just by 1.0%, due to the use of ore from stockpiles to complement the ore from the open pit.

In 1Q22, zinc, lead, copper and silver fines production decreased by 11.3%, 23.6%, 55.9%, and 50.7%, respectively, as compared to 1Q21, due to lower grades of the processed ore.

Table 17: Alpacamarca Cost of Production

Alpacamarca Production Cost	Jan-Mar 2022	Jan-Mar 2021	var %
Production Cost (MM USD)			
Mine Cost	2.2	2.1	4.6
Plant and Other Cost	3.5	3.3	7.2
Total Production Cost (MM USD)	5.7	5.4	6.2
Unit Cost (USD/MT)			
Mine Cost	16.5	9.7	71.0
Plant and Other Cost	15.6	14.4	8.3
Total Unit Cost (USD/TM)	32.1	24.0	33.5

Source: Volcan Cia. Minera

In 1Q22, the absolute cost of production totaled USD 5.7 MM, 6.2% higher than the USD 5.4 MM figure for the same quarter of the previous year, mainly explained by the increased rates of services and supplies. The unit cost increased by 33.5%, from 24.0 USD/MT in 1Q21 to 32.1 USD/MT in 1Q22, additionally affected by reduced volumes extracted from the open pit.

Table 18: Alpacamarca Operating Investments

Alpacamarca Operating Inv. (MM USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Local Exploration	0.4	0.2	147.0
Plants and Tailings Dams	0.3	0.4	-36.2
Mine and Infrastructure	0.4	0.2	94.1
Total¹	1.1	0.8	41.0

Source: Volcan Cia. Minera

Operating investments increased by 41.0%, from USD 0.8 MM in 1Q21 to USD 1.1 MM in 1Q22, mainly due to higher investments in local exploration and the unit's infrastructure.

3.4 Cerro de Pasco Unit Operating Results

Table 19: Cerro de Pasco Production

Cerro de Pasco Production	Jan-Mar 2022	Jan-Mar 2021	var %
Mineral extraction (thousands MT)	660	592	11.6
Mineral treatment (thousands MT)	660	592	11.6
Fines Content			
Zinc (thousand FMT)	6.1	4.6	31.2
Lead (thousand FMT)	2.0	1.4	41.1
Silver (million Oz)	0.3	0.2	57.2

Source: Volcan Cia. Minera

In 1Q22, ore volumes from stockpiles processed at Cerro de Pasco increased by 11.6% compared to the same quarter of the previous year, from 592 thousand MT in 1Q21 to 660 thousand MT in 1Q22.

Zinc, lead and silver fines production grew by 31.2%, 41.1% and 57.2%, respectively, as compared to 1Q21, explained by greater volumes and better head grades of the treated ore.

Table 20: Cerro de Pasco Cost of Production

Cerro de Pasco Production Cost	Jan-Mar 2022	Jan-Mar 2021	var %
Production Cost (MM USD)			
Mine Cost	1.1	1.4	-25.7
Plant and Other Cost	7.4	6.2	19.6
Total Production Cost (MM USD)	8.5	7.7	11.0
Unit Cost (USD/MT)			
Mine Cost	1.6	2.4	-33.5
Plant and Other Cost	11.2	10.5	7.2
Total Unit Cost (USD/TM)	12.9	12.9	-0.5

Source: Volcan Cia. Minera

Absolute cost increased by 11.0%, from USD 7.7 MM in 1Q21 to USD 8.5 MM in 1Q22, mainly due to higher production volumes, increased reagent prices, and repairs performed in the Paragsha plant. The unit cost decreased by 0.5%, from 12.93 USD/MT in 1Q21 to 12.86 USD/MT in 1Q22, mainly due to greater processed volumes.

Table 21: Cerro de Pasco Operating Investments

Cerro de Pasco Operating Inv. (MM USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Local Exploration	0.1	0.0	7.4
Plants and Tailings Dams	2.8	0.1	35.6
Mine and Infrastructure	0.0	0.0	-0.2
Support and Others	0.0	0.0	-1.0
Total	2.9	0.2	17.9

Source: Volcan Cia. Minera

Operating investments increased from USD 0.2 MM in 1Q21 to USD 2.9 MM in 1Q22, mainly due to higher investments in the Paragsha plant and the Ocroyoc tailings dam.

3.5 Oxides Plant Operating Results

Table 22: Oxides Plant Production

Oxides Plant Production	Jan-Mar 2022	Jan-Mar 2021	var %
Mineral extraction (thousands MT)	226	218	3.8
Mineral treatment (thousands MT)	226	218	3.8
Fines Content			
Silver (million Oz)	0.8	0.9	-2.9
Gold (Oz)	6,182	3,791	63.0

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant increased by 3.8%, from 218 thousand MT in 1Q21 to 226 thousand MT in 1Q22. Silver production decreased by 2.9%; however, gold production increased by 63.0% due to the grade variations of the run-of-mine ore from the open pit.

Table 23: Oxides Plant Cost of Production

Oxides Plant Production Cost	Jan-Mar 2022	Jan-Mar 2021	var %
Production Cost (MM USD)			
Mine Cost	1.6	1.7	-6.1
Plant and Other Cost	9.4	7.8	19.7
Total Production Cost (MM USD)	11.0	9.5	15.2
Unit Cost (USD/MT)			
Mine Cost	7.0	7.7	-9.5
Plant and Other Cost	41.5	36.0	15.4
Total Unit Cost (USD/TM)	48.5	43.7	11.0

Source: Volcan Cia. Minera

In 1Q22, the absolute cost of production totaled USD 11.0 MM, 15.2% higher than the USD 9.5 MM figure of 1Q21, due to higher treated volumes and the increased cost of main reagents. Unit cost increased by 11.0%, from 43.7 USD/MT in 1Q21 to 48.5 USD/MT in 1Q22.

Table 24: Oxides Plant Operating Investments

Oxides Plant Operating Inv. (MM USD)	Jan-Mar 2022	Jan-Mar 2021	var %
Plants and Tailings Dams	0.2	0.1	43.6
Mine and Infrastructure	0.1	0.0	218.9
Support and Others	0.2	0.0	1539.4
Total	0.5	0.2	206.9

Source: Volcan Cia. Minera

In 1Q22, operating investments amounted to USD 0.5 MM, 206.9% higher than the USD 0.2 MM for 1Q21, mainly due to investments in the tailings dam and infrastructure.

3. Energy

Table 25: Volcan's Electric Power Balance

Electric Balance (GWh)	Jan-Mar 2022	Jan-Mar 2021	var %
Energy generation	120.7	122.4	-1.4
Chungar	40.0	41.9	-4.5
Tingo	1.6	1.7	-1.4
Huanchor	40.3	36.4	10.7
Rucuy	38.7	42.4	-8.7
Energy consumption	195.3	183.9	183.9
Energy purchase	153.6	140.4	140.4

Source: Volcan Cia. Minera

During 1Q22, Volcan's total consumption of electric power reached 195.3 GWh, with a maximum demand of 102 MW. The 10 hydroelectric plants in Chungar generated 40 GWh, 4.5% less than in the same period of the previous year, resulting from the reduced availability of water. Self-generation accounted for 20% of the Company's total consolidated consumption, at an average cost of 17 USD/MWh, including operating, maintenance and transmission costs.

Volcan purchased 153.6 GWh from the national central grid system (the SEIN) in order to meet its total consumption demand, at an average cost of 66 USD/MWh.

In 1Q22, the Huanchor Hydroelectric Plant produced 40.3 GWh, an 11% increase as compared to the same period of the previous year, explained by a voltage generator being under maintenance in 1Q21. The power of Huanchor Hydroelectric Plant was entirely sold to third parties.

In 1Q22, the Rucuy Hydroelectric Plant produced 38.7 GWh, a 9% reduction as compared to the same period of the previous year, resulting from the reduced availability of water. The power was used to meet the commitments set forth in its renewable energy agreement (RER).

The Tingo Hydroelectric Plant produced 1.6 GWh. All of this power was sold to the Chungar mining unit.

4. Final Comments

- The Company's sales after adjustments increased by 33.4%, from USD 209.4 MM in 1Q21 to USD 279.4 MM in 1Q22, mainly due to better base metals prices, a higher sales volume resulting from increased production, reduction of concentrate inventories, and better commercial terms. EBITDA increased by 41.1%, from USD 89.0 MM in 1Q21 to USD 125.6 MM in 1Q22, and net profit before exceptional items grew from USD 1.3 MM in 1Q21 to USD 40.7 MM in 1Q22.
- The price outlook for metals produced by the Company remains favorable, mainly due to the energy restrictions in place in China and Europe, and the environment generated by the war between Russia and Ukraine, which affect the refineries' metals production capacity and keep the level of metal stocks low.
- It is important to note that the local and global inflation had a significant impact on the Company's costs of production. The general increases have affected the services, supplies, goods and inputs used by the Company across its operations, such as oil, energy, steel, explosives, chemical reagents, among others. Accordingly, the Company continues to double its efforts to control and lower costs through different initiatives developed systematically through all its operations.
- As of March 31, 2022, the net debt/EBITDA ratio was 1.6, a significant improvement over the 3.5 ratio recorded at the end of 1Q21, mainly due to the increased EBITDA and a lower net debt.
- In 1Q22, the Company obtained USD 400 MM under a syndicated, medium-term loan, which was used in its entirety to pay the USD 410 MM outstanding amount of the bonds issued in 2012. This transaction and the issuance of bonds maturing in 2026, executed in 1Q21, are part of the Company's financial restructuring plan whereby maturity was extended until 2026 for most part of its debt and the debt's annual average cost was lowered.
- 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). The three components of this project (underground viaduct tunnel, entrance complex, and port operating zone) are currently under construction by China Railway N° 10 Engineering Group Co. Ltd. Peruvian Branch (first component) and the consortium China Harbor Engineering Company SAC / China Communications Construction Company Fourth Harbor Engineering Co. Ltd. (CHEC) (second and third components). The construction of the Electric Power Transmission Line entrusted to Consorcio Transmantaro (CTM), subsidiary of ISA-REP, is also underway. The project is strictly observing all social and environmental obligations that have been approved in the detailed environmental impact assessment and its modification.

Annexes

Annex 1: Sales Breakdown

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

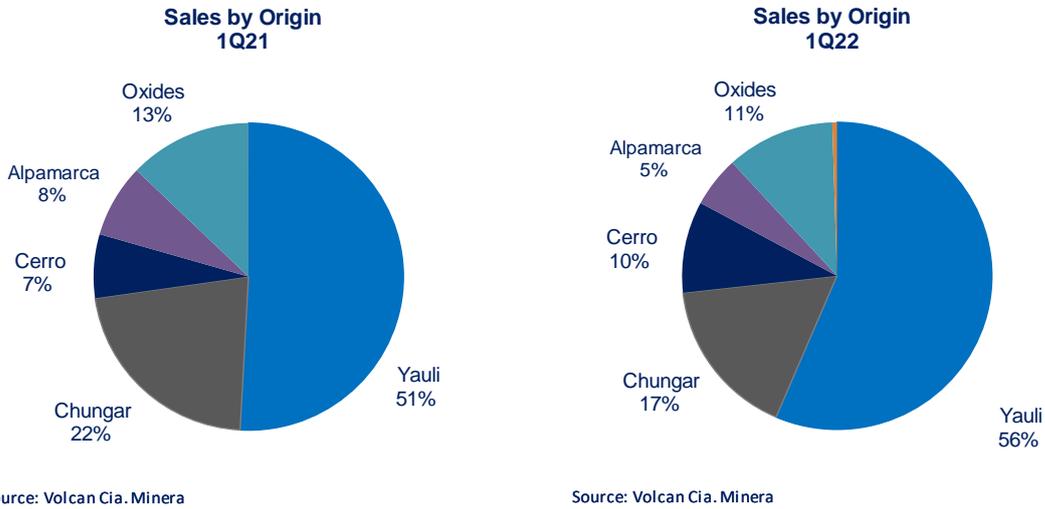
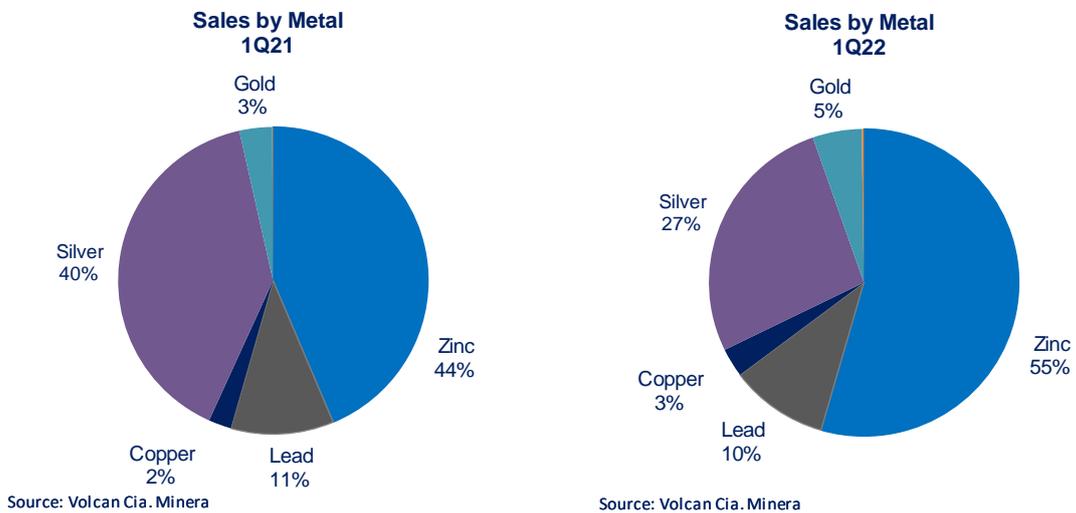


Figure 7: Sales by Metal (percentage of total sales)



The distribution of sales by metal in 2022 reflects the growth in the contribution of zinc to total sales, as a result of the significant increase in its price.

Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2022	Jan-Mar 2021	var %
Zinc (USD/MT)	3,743	2,748	36.2
Lead (USD/MT)	2,334	2,020	15.5
Copper (USD/MT)	9,985	8,478	17.8
Silver (USD/Oz)	23.9	26.3	-8.9
Gold (USD/Oz)	1,874	1,802	4.0

Source: London Metal Exchange

Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2022	Jan-Mar 2021	var %
Exchange Rate (S/ x USD)	3.81	3.66	4.1
Inflation ¹	6.22	2.56	143.0

¹ Inflation of the last 12 months

Source: Central Reserve Bank of Peru

Annex 4: Domestic Peruvian Metal Production

National Production	Jan-Feb 2022	Jan-Feb 2021	var %
Zinc (FMT)	223,364	256,752	-13.0
Lead (FMT)	41,118	42,636	-3.6
Copper (FMT)	371,590	348,327	6.7
Silver (Thousands Oz)	15,985	16,835	-5.0
Gold (Thousands Oz)	509	468	8.7

Source: Ministry of Energy and Mines