

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

Principal Results:

Consolidated Volcan	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Sales Prices¹							
Zinc (USD/MT)	3,684	3,920	2,884	35.9	3,796	2,817	34.8
Lead (USD/MT)	2,310	2,162	2,112	2.4	2,239	2,082	7.5
Copper (USD/MT)	9,815	9,325	8,536	9.2	9,605	7,824	22.8
Silver (USD/Oz)	23.8	23.0	27.2	-15.3	23.4	26.9	-13.1
Gold (USD/Oz)	1,879	1,885	1,849	1.9	1,881	1,830	2.8
Operating Results							
Mineral treatment ² (thousands MT)	2,085	2,195	2,075	6	4,280	4,072	5.1
Zinc Production (thousands FMT)	52.7	52.3	53.1	-1.4	105.0	104.3	0.7
Lead Production (thousands FMT)	13.6	13.3	12.7	4.7	27.0	25.6	5.4
Copper Production (thousands FMT)	1.1	0.8	1.0	-26.3	1.8	2.1	-12.9
Silver Production (millions Oz)	3.6	3.4	4.0	-14.7	7.1	7.9	-10.0
Gold Production (thousands Oz)	8.0	5.3	6.6	-18.7	13.3	12.0	10.9
Unitary Cost (USD/TM) ³	55.5	55.7	51.9	7.3	55.6	51.4	8.3
Total Investments (MM USD)	41.8	57.6	36.9	56.0	99.4	65.0	53.0
Financial Results (MM USD)							
Sales before adjustments	263.6	244.8	228.5	7.1	508.4	439.7	15.6
Sales Adjustments	15.8	-31.6	3.1		-15.8	1.2	
Settlement of prior period adjustments	6.6	13.8	3.1	340.2	20.5	6.2	229.2
Adjustment for open positions ⁴	9.2	-45.4	3.3		-36.2	-0.1	
Hedging results	0.0	0.0	-3.4	-100.0	0.0	-4.9	-100.0
Sales after adjustments	279.4	213.2	231.5	-7.9	492.6	440.9	11.7
Profit before IR	52.8	-5.8	29.4		47.0	42.0	11.8
Income tax	-12.1	-0.6	-12.9	-95.0	-12.7	-24.1	
Profit before exceptionals	40.7	-6.4	16.6		34.3	17.9	91.8
Exceptional adjustments	-2.6	-5.8	0.0	0.0	-8.4	0.0	
Net profit	38.2	-12.2	16.6		25.9	17.9	44.8
EBITDA⁵	125.6	61.3	97.7	-37.3	186.9	186.8	0.1

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 Unit cost does not include the infill drilling costs

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 Does not consider exceptional adjustments.

Source: Volcan Cia. Minera

1. Executive Summary

- The Company's sales before adjustments increased by 7.1%, from USD 228.5 MM in 2Q21 to USD 244.8 MM in 2Q22, mainly explained by better zinc, copper and gold prices, and higher lead production, partly offset by lower lead and silver prices and lower production of zinc, copper, silver and gold. However, the negative trend in metal prices at the end of the quarter required significant negative open commercial provisions by USD -45.4 MM. The London Metal Exchange (LME) price projections used to calculate these financial provisions are shown in the table below.

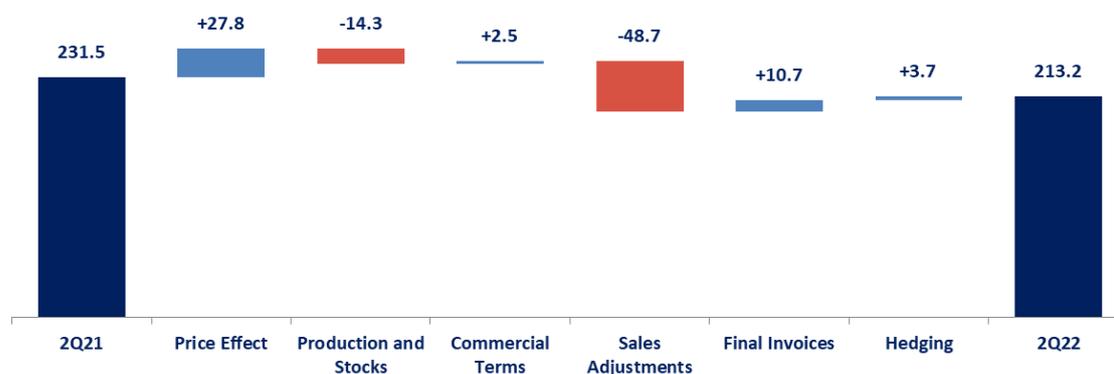
Table 1: LME price projections at the end of 2Q22

Sales prices	Actual 2Q22	Projection ¹		
		Jul-22	Aug-22	Sep-22
Zinc (USD/MT)	3,920	3,173	3,162	3,152
Lead (USD /MT)	2,162	1,912	1,911	1,908
Copper (USD /MT)	9,325	8,252	8,250	8,247
Silver (USD /Oz)	23.0	20.4	20.4	20.4
Gold (USD /Oz)	1,885	1,807	1,811	1,814

¹Source: London Metal Exchange

Negative provisions were partially compensated by settlement of prior period adjustments by USD 13.8 MM, in this way net sales adjustments amounted to USD -31.6 MM in 2Q22 and USD 3.1 MM in 2Q21. Total sales after adjustments decreased by 7.9%, from USD 231.5 MM in 2Q21 to USD 213.2 MM in 2Q22.

Chart 1: 2Q22 vs 2Q21 variations impact on net sales (USD MM)



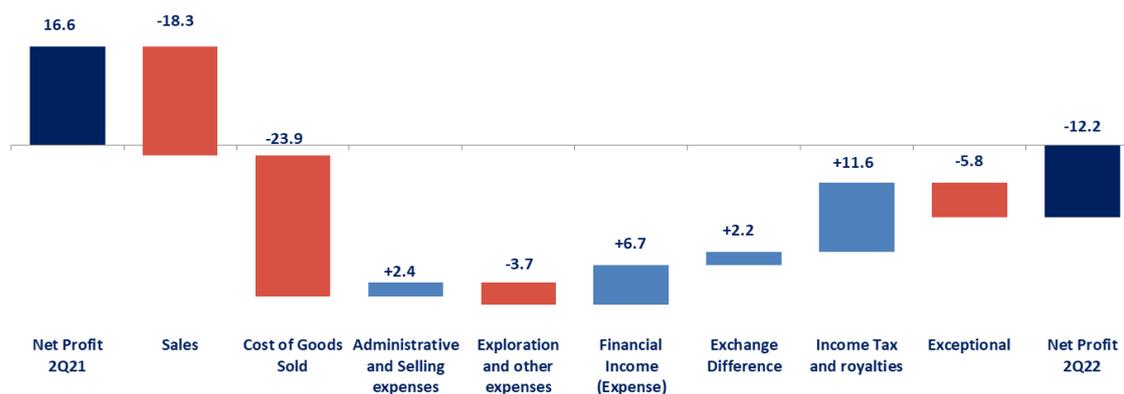
Source: Volcan Cía. Minera

- The price of zinc increased from 2,884 USD/MT in 2Q21 to 3,920 USD/MT in 2Q22 (35.9%), lead from 2,112 USD/MT to 2,162 USD/MT (2.4%), copper from 8,536 USD/MT to 9,325 USD/MT (9.2%), and gold from 1,849 USD/Oz to 1,885 USD/Oz (1.9%). On the contrary, silver price decreased by 15.3% from 27.2 USD/Oz in 2Q21 to 23.0 USD/Oz in 2Q22.
- Total treated volumes increased by 5.8%, mainly due to greater volumes processed at Cerro de Pasco and Chungar. However, zinc production decreased by 1.4%, from 53.1 thousand FMT in 2Q21 to 52.3 thousand FMT in 2Q22; copper decreased by 26.3%, from 1.0 thousand FMT in 2Q21 to 0.8 thousand FMT in 2Q22, and silver decreased by 14.7%,

from 4.0 MM Oz in 2Q21 to 3.4 MM Oz in 2Q22, mainly due to suspensions of operations to ensure safety standards at the Andaychagua Mine in Yauli and greater use of lower grade stockpiles in Alparmarca. Gold production decreased by 18.7%, from 6.6 thousand Oz in 2Q21 to 5.3 thousand Oz in 2Q22, mainly explained by lower grades of the ore processed at the Oxides Plant. Lead fines production increased by 4.7%, from 12.7 thousand FMT in 2Q21 to 13.3 thousand FMT in 2Q22, due to greater production at Cerro de Pasco and Chungar.

- Consolidated unit cost increased by 7.3%, from 51.9 USD/MT in 2Q21 to 55.7 USD/MT in 2Q22, mainly explained by high local and global inflation that impacts most of the main expense items, such as labor, goods, supplies, reagents, energy, fuel, etc. Moreover, rehabilitations of previous works at the main mining units have increased.
- Profit before exceptional items decreased from USD 16.6 MM in 2Q21 to USD -6.4 MM in 2Q22, mainly due to lower gross profit as a result of negative open commercial provisions and the higher cost of goods sold. Exceptional adjustments were USD -5.8 MM, consequently net profit was USD -12.2 MM in 2Q22 vs. USD 16.6 MM in 2Q21.

Chart 2: 2Q22 vs 2Q21 variations impact on net profit (USD MM)



Source: Volcan Cía. Minera

- EBITDA decreased by 37.3%, from USD 97.7 MM in 2Q21 to USD 61.3 MM in 2Q22, due to lower gross profit.
- Total investments increased from USD 36.9 MM in 2Q21 to USD 57.6 MM in 2Q22, mainly due to the increased execution of developments and infrastructure investments at Yauli, and the expansion of tailings dams at Yauli, Alparmarca and Cerro de Pasco.
- Year-to-date (Jan-Jun), sales after adjustments increased by 11.7%, from USD 440.9 MM in 2021 to USD 492.6 MM in 2022, EBITDA increased by 0.1%, from USD 186.8 MM in 2021 to USD 186.9 MM in 2022, profit before exceptional items increased by 91.8%, from USD 17.9 MM in 2021 to USD 34.3 MM in 2022, and net profit increased from USD 17.9 MM in 2021 to USD 25.9 MM in 2022.

2. Consolidated Results

2.1 Production

Table 2: Consolidated Production

Consolidated Production	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Mineral extraction (thousands MT)	1,981	2,054	2,153	-4.6	4,035	4,127	-2.2
Polymetallic ore	1,755	1,814	1,924	-5.8	3,568	3,680	-3.1
Oxides ore	226	241	229	5.2	467	447	4.5
Mineral treatment (thousands MT)	2,085	2,195	2,075	5.8	4,280	4,072	5.1
Concentrator Plants	1,859	1,954	1,846	5.9	3,813	3,626	5.2
Silver Oxides Plant	226	241	229	5.2	467	447	4.5
Fine Content							
Zinc (thousands FMT)	52.7	52.3	53.1	-1.4	105.0	104.3	0.7
Lead (thousands FMT)	13.6	13.3	12.7	4.7	27.0	25.6	5.4
Copper (thousands FMT)	1.1	0.8	1.0	-26.3	1.8	2.1	-12.9
Silver (millions Oz)	3.6	3.4	4.0	-14.7	7.1	7.9	-10.0
Gold (thousands Oz)	8.0	5.3	6.6	-18.7	13.3	12.0	10.9

Source: Volcan Cia. Minera

Extracted ore volumes decreased by 4.6%, from 2.153 MM MT in 2Q21 to 2.054 MM in 2Q22, mainly explained by the suspension of operations at the open pit in Alparmarca since mid-May to assess alternatives for its final operational stage, and the suspensions of operations to ensure safety standards at the Andaychagua Mine in Yauli, partially offset by greater extracted volumes at Chungar, Cerro de Pasco and Óxidos. However, treated volumes increased by 5.8%, from 2.075 MM MT in 2Q21 to 2.195 MM MT in 2Q22, due to the increased use of ore from stockpiles at Alparmarca, which offset the lower volumes extracted at the open pit.

Total treated volumes increased by 5.8%, mainly due to greater volumes processed at Cerro de Pasco and Chungar. However, zinc production decreased by 1.4%, from 53.1 thousand FMT in 2Q21 to 52.3 thousand FMT in 2Q22; copper decreased by 26.3%, from 1.0 thousand FMT in 2Q21 to 0.8 thousand FMT in 2Q22, and silver decreased by 14.7%, from 4.0 MM Oz in 2Q21 to 3.4 MM Oz in 2Q22, mainly due to suspensions of operations to ensure safety standards at the Andaychagua Mine in Yauli and greater use of lower grade stockpiles at Alparmarca. Gold production decreased by 18.7%, from 6.6 thousand Oz in 2Q21 to 5.3 thousand Oz in 2Q22, mainly explained by lower grades of the ore processed at the Oxides Plant. Lead fines production increased by 4.7%, from 12.7 thousand FMT in 2Q21 to 13.3 thousand FMT in 2Q22, due to greater production at Cerro de Pasco and Chungar.

Year-to-date (Jan-Jun), the extraction volume decreased by 2.2% as compared to the same period in the previous year, from 4.127 MM MT in 1H21 to 4.035 MM MT in 1H22. The treated volume increased by 5.1%, from 4,072 MM MT in 1H21 to 4,280 MM MT in 1H22. With regard to fines, zinc production grew by 0.7%, from 104.3 thousand FMT in 1H21 to 105.0 thousand FMT in 1H22, lead production by 5.4%, from 25.6 thousand FMT to 27.0 thousand FMT, copper production decreased by 12.9%, from 2.1 thousand FMT to 1.8

thousand FMT, silver by 10.0% from 7.9 MM Oz to 7.1 MM Oz, and gold production grew by 10.9%, from 12 thousand Oz in 1H21 to 13.3 thousand Oz in 1H22.

2.2 Cost of Production

Table 3: Consolidated Cost of Production

Consolidated Production Cost	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Production Cost (MM USD)							
Mine Cost	51.8	52.5	51.8	1.3	104.3	99.9	4.3
Plant and Other Cost	61.2	66.2	57.8	14.5	127.4	110.6	15.2
Sub total Production Cost (MM USD)	113.0	118.7	109.6	8.3	231.7	210.5	10.1
Infill drilling cost	2.9	4.2			7.0		
Total Production Cost (MM USD)	115.9	122.8	109.6	12.1	238.7	210.5	13.4
Unit Cost (USD/MT)							
Mine Cost	26.2	25.6	24.1	6.2	25.8	24.2	6.7
Plant and Other Cost	29.4	30.2	27.9	8.2	29.8	27.2	9.6
Sub total unitary cost (USD/TM)	55.5	55.7	51.9	7.3	55.6	51.4	8.3
Infill drilling cost	1.5	2.0			1.7		
Total Unitary Cost (USD/TM)	57.0	57.7	51.9	11.2	57.4	51.4	11.7

Source: Volcan Cia. Minera

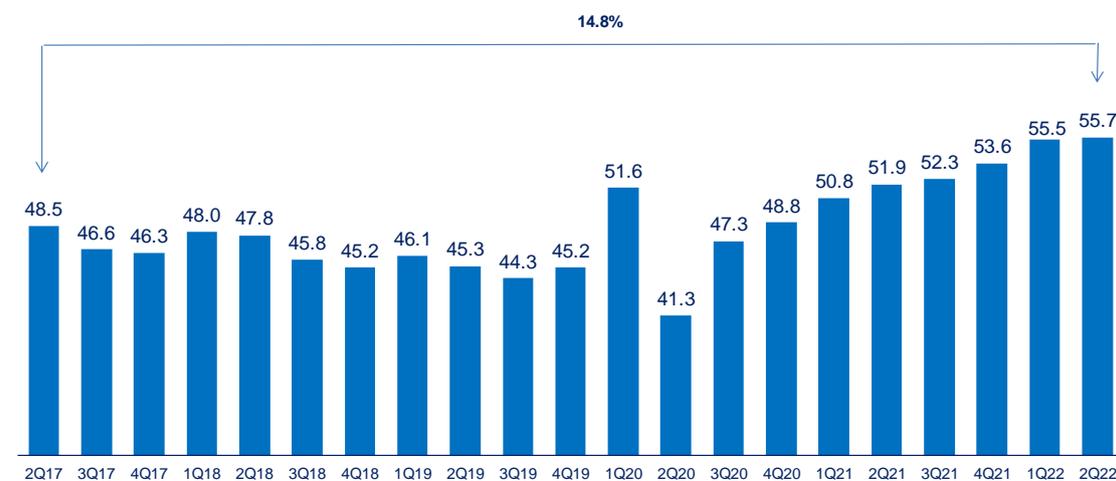
Since 2022, infill drilling costs are considered a production cost. Infill drilling is carried out to increase the certainty of the reserves and reduce risk in mining plans. In 2Q22, this cost amounted to USD 4.2 MM. It is important to note that infill drilling was previously reported under local exploration investments at the operating units.

The absolute cost of production, excluding infill drilling, increased by 8.3%, from USD 109.6 MM in 2Q21 to USD 118.7 MM in 2Q22, while unit cost grew by 7.3%, from 51.9 USD/MT in 2Q21 to 55.7 USD/MT in 2Q22. This is mainly explained by increased shotcrete activities in previous works, and by local and international inflation that has impacted labor, goods, supplies, reagents, energy, and fuel costs, among others. The Company is doubling its efforts to control and lower costs through different initiatives organized systematically through the "Volcan Avanza" project.

Year-to-date, the absolute cost of production, excluding infill drilling, increased by 10.1%, from USD 210.5 MM in 1H21 to USD 231.7 MM in 1H22, while unit cost grew by 8.3%, from 51.4 USD/MT in 1H21 to 55.6 USD/MT in 1H22.

The quarter-over-quarter evolution of the unit cost of production in the last five years is shown in the chart below:

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



Source: Volcan Cia. Minera

2.3 Total Investments

Table 4: Consolidated Investment

Consolidated Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Mining	41.8	57.6	36.8	56.6	99.4	64.7	53.5
Mining Units	40.0	53.3	34.5	54.6	93.3	62.1	50.3
Local Exploration ¹	1.7	2.5	4.8	-48.3	4.2	7.7	-45.9
Development	15.3	22.5	13.2	71.0	37.9	24.7	53.4
Plants and Tailings Facilities	9.2	13.2	6.8	93.9	22.4	13.2	69.0
Mine and Infrastructure ¹	7.9	9.7	6.9	40.6	17.6	12.9	36.4
Electrical Infrastructure in Units	3.4	2.4	0.8	194.0	5.7	1.0	492.4
Support and Others	2.5	3.0	2.0	51.6	5.6	2.6	115.5
Growth and Others	1.8	4.3	2.3	88.0	6.1	2.7	127.5
Energy	0.0	0.0	0.2	-76.7	0.1	0.2	-71.9
Total	41.8	57.6	36.9	56.0	99.4	65.0	53.0

¹ Since 2022, local exploration does not include the infill drilling cost, which becomes part of the production cost 1Q22 USD 2.9 MM, 2Q22 USD 4.2 MM and in the accumulated USD 7 MM.

Source: Volcan Cia. Minera

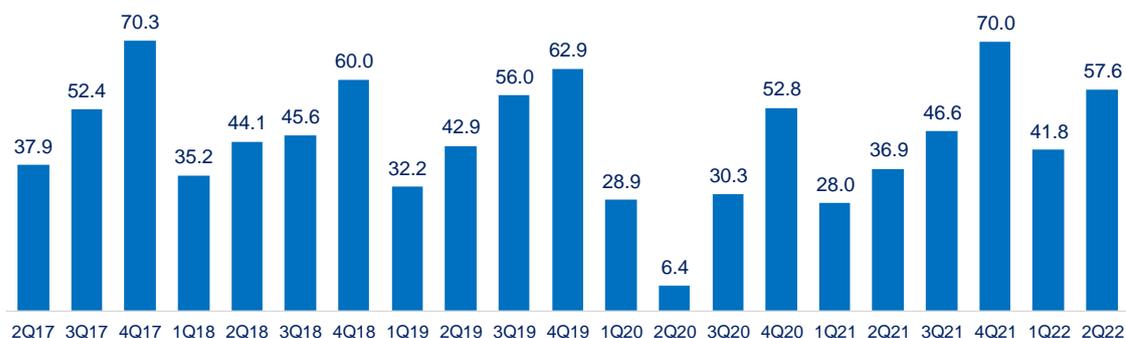
Total investments at operating units increased by 54.6% from USD 34.5 MM in 2Q21 to USD 53.3 MM in 2Q22, mainly due to the increased execution of investments in developments, expansion of tailings dams and infrastructure at Yauli, and the expansion of tailings dams at Cerro de Pasco and Alpamarca. Local exploration investments decreased from USD 4.8 MM in 2Q21 to USD 2.5 MM in 2Q22, mainly explained by infill drilling being reported as a production cost since 2022.

Growth investments in the Romina project increased from USD 2.3 MM in 2Q21 to USD 4.3 MM in 2Q22. Total investments increased by 56.0%, from USD 36.9 MM in 2Q21 to USD 57.6 MM in 2Q22.

Year-to-date (Jan-Jun), total investments increased by 53.0%, from USD 65.0 MM in 1H21 to USD 99.4 MM in 1H22.

The quarter-over-quarter evolution of consolidated investment in the last five years is shown in the chart below:

Chart 4: Evolution of Consolidated Investment



Source: Volcan Cia Minera

2.4 Income Statement

Table 5: Income Statement

Income Statement (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Sales before adjust.	263.6	244.8	228.5	7.1	508.4	439.7	15.6
<i>Sett. of prior periods adjust.</i>	6.6	13.8	3.1	340.2	20.5	6.2	229.2
<i>Adj. open positions</i>	9.2	-45.4	3.3		-36.2	-0.1	
<i>Hedging</i>	0.0	0.0	-3.4	-100.0	0.0	-4.9	-100.0
Sales after adjust.	279.4	213.2	231.5	-7.9	492.6	440.9	11.7
Cost of Goods Sold	-186.9	-185.1	-161.2	14.8	-372.0	-317.0	17.4
Gross Profit	92.5	28.2	70.3	-59.9	120.6	123.9	-2.7
<i>Gross Margin</i>	33%	13%	30%	-17 pp	24%	28%	-4 pp
Administrative Expenses	-13.3	-6.9	-10.9	-36.9	-20.2	-19.9	1.6
Exploration Expenses	-3.7	-4.4	-3.2	37.8	-8.1	-5.2	55.3
Sales Expenses	-5.4	-5.9	-4.3	38.3	-11.3	-8.9	27.5
Other Income (Expenses) ¹	-0.6	-5.4	-2.9	87.6	-6.0	-1.3	373.3
Operating Profit	69.4	5.6	49.0	-88.7	75.0	88.7	-15.5
<i>Operating Margin</i>	25%	3%	21%	-19 pp	15%	20%	-5 pp
Financial Income (Expense)	-12.2	-6.8	-13.5	-49.5	-19.0	-34.7	-45.3
Exchange Difference (net)	-0.3	-0.3	-2.6	-87.0	-0.7	-5.3	-87.6
Royalties	-4.2	-4.2	-3.5	18.2	-8.3	-6.6	25.6
Income Tax	-12.1	-0.6	-12.9	-95.0	-12.7	-24.1	-47.4
Profit before Exceptionals	40.7	-6.4	16.6	-88.7	34.3	17.9	91.8
<i>Margin before exceptionals</i>	15%	-3%	7%	-10 pp	7%	4%	3 pp
Exceptional adjustments ²	-2.6	-5.8	0.0		-8.4	0.0	
Net Profit	38.2	-12.2	16.6	-13 pp	25.9	17.9	44.8
<i>Net Margin</i>	14%	-6%	7%	-13 pp	0.1	0.0	1 pp
EBITDA³	125.6	61.3	97.7	-37.3	186.9	186.8	0.1
<i>EBITDA Margin</i>	45%	29%	42%	-13 pp	38%	42%	-4 pp

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

² Impairment of long term assets in Cerro de Pasco

³ Does not consider exceptional adjustments.

Source: Volcan Cia. Minera

• **Sales Analysis**

Table 6: Average Sales Prices

Sales Prices	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Zinc (USD/MT)	3,684	3,920	2,884	36	3,796	2,817	34.8
Lead (USD/MT)	2,310	2,162	2,112	2	2,239	2,082	7.5
Copper (USD/MT)	9,815	9,325	8,536	9	9,605	7,824	22.8
Silver (USD/Oz)	23.8	23.0	27.2	-15.3	23.4	26.9	-13.1
Gold (USD/Oz)	1,879	1,885	1,849	1.9	1,881	1,830	2.8

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 7: Fine Contents Sales Volumes

Fines Sales	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Zinc (thousands FMT)	54.6	49.1	52.5	-6.4	103.7	104.6	-0.8
Lead (thousands FMT)	14.0	13.0	12.4	4.9	27.0	25.9	4.4
Copper (thousands FMT)	1.3	0.9	0.9	-0.7	2.2	2.0	12.1
Silver (millions Oz)	3.6	3.4	4.0	-14.1	7.0	7.8	-9.6
Gold (thousands Oz)	8.1	6.2	6.6	-7.0	14.3	11.5	24.5

Source: Volcan Cia. Minera

Table 8: Sales in USD

Sales (millions USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Zinc	144.2	142.4	100.3	41.9	286.5	192.5	48.8
Lead	27.2	22.4	22.1	1.6	49.6	44.8	10.8
Copper	8.0	4.8	5.9	-19.7	12.8	11.0	16.8
Silver	71.2	65.1	89.2	-27.0	136.3	173.1	-21.2
Gold	13.6	10.1	10.8	-6.5	23.7	18.0	31.4
Sales before adjust.	263.6	244.8	228.5	7.1	508.4	439.7	15.6
Sett. of prior period adjust.	6.6	13.8	3.1	340.2	20.5	6.2	229.2
Adjust. for open positions	9.2	-45.4	3.3		-36.2	-0.1	
Hedging results	0.0	0.0	-3.4	-100.0	0.0	-4.9	-100.0
Sales after adjust.	279.4	213.2	231.5	-7.9	492.6	440.9	11.7

Source: Volcan Cia. Minera

The Company's sales before adjustments increased by 7.1%, from USD 228.5 MM in 2Q21 to USD 244.8 MM in 2Q22, mainly explained by better zinc, copper and gold prices, and higher lead production, partly offset by lower lead and silver prices and lower production of zinc, copper, silver and gold. However, the negative trend in all metals prices at the end of 2Q22 required significant negative open commercial provisions. Sales adjustments amounted to USD 3.1 MM in 2Q21 and USD -31.6 MM in 2Q22. In 2Q22, the adjustments included final settlements worth USD 13.8 MM, and provisions related to open shipments

worth USD -45.4 MM. Accordingly, total sales after adjustments decreased by 7.9%, from USD 231.5 MM in 2Q21 to USD 213.2 MM in 2Q22.

Year-to-date (Jan-Jun), sales after adjustments grew by 11.7%, from USD 440.9 MM in 2021 to USD 492.6 MM in 2022.

- **Cost of Goods Sold**

Table 9: Cost of Goods Sold

Cost of Goods Sold (millions USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Volcan Production	182.9	183.9	160.1	14.8	366.8	314.9	16.5
Volcan Production Cost	115.9	122.8	109.6	12.1	238.7	210.5	13.4
D&A from Production Cost	54.8	54.2	46.9	15.5	109.0	94.4	15.4
Other expenses	6.7	9.9	7.1	40.6	16.7	12.0	39.1
Variation of Inventories	5.5	-3.1	-3.5	-11.3	2.4	-1.9	166.0
Workers Participation	4.1	1.1	1.1	7.6	5.2	2.0	157.0
Total	186.9	185.1	161.2	14.8	372.0	317.0	17.4

Source: Volcan Cia. Minera

The total cost of goods sold increased by 14.8%, from USD 161.2 MM in 2Q21 to USD 185.1 MM in 2Q22, mainly due to greater costs of production, higher depreciation and amortization as a result of the increased depreciable basis, and higher expenses resulting from the suspension of operations.

Year-to-date (Jan-Jun), the total cost of goods sold increased by 17.4%, from USD 317.0 MM in 2021 to USD 372.0 MM in 2022.

- **Gross Margin and Gross Profit**

The Company's gross margin decreased from 30% in 2Q21 to 13% in 2Q22, mainly due to negative open commercial provisions resulting from the negative trend of metals prices at the end of 2Q22, and the higher cost of goods sold. The decline of gross profit, from USD 70.3 MM in 2Q21 to USD 28.2 MM in 2Q22, is explained by the reduced gross margin and lower physical sales of zinc and silver resulting from a lower production.

Year-to-date (Jan-Jun), gross margin decreased from 28% in 2021 to 24% in 2022. Gross profit decreased from USD 123.9 MM in 2021 to USD 120.6 MM in 2022.

- **Administrative Expenses**

Administrative expenses decreased by 36.9%, from USD -10.9 MM in 2Q21 to USD -6.9 MM in 2Q22, mainly explained by the lower personnel expense provisions and lower expenses related to compensation for personnel termination. Year-to-date (Jan-Jun), administrative expenses increased from USD 19.9 MM in 1H21 to USD 20.2 MM in 1H22.

- **Exploration Expenses**

Exploration expenses increased from USD 3.2 MM in 2Q21 to USD 4.4 MM in 2Q22, as a result of the Company's brownfield and greenfield explorations plans being increased. Year-

to-date (Jan-Jun), exploration expenses increased from USD 5.2 MM in 1H21 to USD 8.1 MM in 1H22.

- **Sale expenses**

Sale expenses increased by 38.3%, from USD 4.3 MM in 2Q21 to USD 5.9 MM in 2Q22, mainly due to increased land and maritime freight costs resulting from the increased fuel cost and global logistical restrictions. Year-to-date (Jan-Jun), sale expenses increased from USD 8.9 MM in 1H21 to USD 11.3 MM in 1H22.

- **Other Income and Expenses**

In 2Q22, the net amount of other income and expenses was USD -5.4 MM versus USD -2.9 MM in 2Q21. The increase in other expenses is mainly due to greater maintenance and standard improvement expenses at non-operational tailings dams. Year-to-date (Jan-Jun), the net amount of other income and expenses was USD -6.0 MM in 2022 versus USD -1.3 MM in 2021.

It is important to note that the main items reported under this category of the income statement were the energy business, expenses at non-operational units, 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 49.5%, from USD 13.5 MM in 2Q21 to 6.8 MM in 2Q22, mainly explained by the profit related to the partial buyback of bonds maturing in 2026 performed in June at a face value of USD 110 MM. Year-to-date (Jan-Jun), net financial expenses totaled USD 19.0 MM in 2022, as compared to the USD 34.7 MM reported in 2021.

An exchange-rate loss totaling USD -0.3 MM was registered in 2Q22, as compared to the USD -2.6 MM reported in 2Q21. Year-to-date (Jan-Jun), an exchange-rate loss totaling USD -0.7 MM was registered in 2022, as compared to the USD -5.3 MM exchange-rate loss reported in 2021.

- **Royalties and Income Tax**

Royalties grew from USD 3.5 MM in 2Q21 to USD 4.2 MM in 2Q22. However, income tax decreased from USD 12.9 MM in 2Q21 to USD 0.6 MM in 2Q22 due to the lower results during this period.

Year-to-date (Jan-Jun), royalties increased from USD 6.6 MM in 2021 to USD 8.3 MM in 2022, while income tax decreased from USD 24.1 MM in 2021 to USD 12.7 MM in 2022.

- **Net Profit and EBITDA**

Profit before exceptional items decreased from USD 16.6 MM in 2Q21 to USD -6.4 MM in 2Q22, mainly due to reduced gross profit, exceptional adjustments totaled USD -5.8 MM, resulting a net profit of USD -12.2 MM in 2Q22 vs. USD 16.6 MM in 2Q21. Accordingly, EBITDA decreased from USD 97.7 MM in 2Q21 to USD 61.3 MM in 2Q22.

Year-to-date (Jan-Jun), profit before exceptional items went from USD 17.9 MM in 2021 to USD 34.3 MM in 2022, net profit increased from USD 17.9 MM in 2021 to USD 25.9 MM in 2022, while EBITDA increased from USD 186.8 MM in 2021 to USD 186.9 MM in 2022.

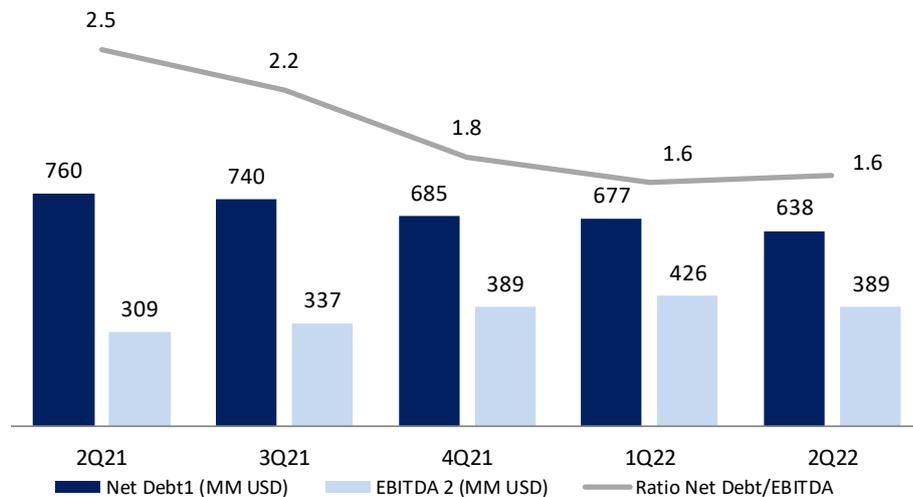
2.5 Liquidity and Creditworthiness

In 2Q22, cash generated by mining operations after investments totaled USD 48.9 MM. Growth investments and generation of other businesses totaled USD 1.8 MM and the payment of financial obligations and interests amounted to USD 116.8 MM, mainly explained by the partial buyback of bonds maturing in 2026 performed in June.

Therefore, during 2Q22, the cash flow was negative and amounted to USD 69.6 MM, and the cash balance at the end of 2Q22 totaled USD 156.2 MM.

As of June 30, 2022, the net debt/EBITDA ratio was 1.6, a significant improvement over the 2.5 ratio recorded at the end of 2Q21, 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	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Mineral extraction (thousands MT)	690	648	728	-10.9	1,338	1,380	-3.0
Mineral treatment (thousands MT)	686	662	714	-7.3	1,348	1,361	-1.0
Fines Content							
Zinc (thousaned FMT)	34.2	33.5	34.1	-1.6	67.7	64.9	4.2
Lead (thousaned FMT)	5.8	5.3	5.6	-5.3	11.1	10.7	3.4
Copper (thousaned FMT)	0.7	0.4	0.6	-30.0	1.1	1.2	-7.0
Silver (million Oz)	1.8	1.6	1.9	-17.5	3.4	3.7	-7.3
Gold (thousaned Oz)	1.3	1.2	1.4	-14.2	2.4	2.6	-6.6

Source: Volcan Cia. Minera

In 2Q22, extracted volumes at the Yauli Unit decreased by 10.9% as compared to the same quarter of the previous year, mainly explained by the suspension of operations to ensure safety and operational standards at the Andaychagua Mine. The operations at the mine have gradually returned to normal. Consequently, in 2Q22, ore treated at Yauli decreased by 7.3% as compared to 2Q21, and the production of zinc, lead, copper, silver and gold fines decreased by 1.6%, 5.3%, 30.0%, 17.5% and 14.2%, respectively.

Year-to-date (Jan-Jun), ore extraction decreased by 3%, as compared to the previous year, while the volume of treated ore decreased by 1%. The production of zinc and lead fines increased by 4.2% and 3.4%, respectively, while copper, silver and gold decreased by 7.0%, 7.3% and 6.6%, respectively.

Table 11: Yauli Cost of Production

Yauli Production Cost	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Production Cost (MM USD)							
Extraction Cost	31.9	31.3	30.8	1.5	63.2	59.2	6.8
Treatment Cost	27.5	27.9	26.7	4.2	55.4	51.4	7.9
Sub total Production Cost (MM USD)	59.5	59.2	57.6	2.7	118.6	110.6	7.3
Infill drilling cost	1.8	2.6			4.4		
Total Production Cost (MM USD)	61.3	61.7	57.6	7.2	123.1	110.6	11.3
Unit Cost (USD/MT)							
Extraction Cost	46.3	48.3	42.4	13.9	47.2	42.9	10.1
Treatment Cost	40.1	42.1	37.5	12.4	41.1	37.7	8.9
Sub total unitary cost (USD/TM)	86.4	90.4	79.8	13.2	88.3	80.7	9.5
Infill drilling cost	2.7	4.0			3.3		
Total Unitary Cost (USD/TM)	89.1	94.4	79.8	18.2	91.7	80.7	13.6

Source: Volcan Cia. Minera

In 2Q22, the absolute cost of production, excluding infill drilling, increased by 2.7%, from USD 57.6 MM in 2021 to USD 59.2 MM in 2022. This is mainly explained by the rehabilitation of the Victoria tunnel, and inflation of services and supplies costs. The unit cost increased by 13.2%, from 79.8 USD/MT in 2Q21 to 90.4 USD/MT in 2Q22.

In 2Q22, USD 2.6 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.

Year-to-date (Jan-Jun), the absolute cost of production, excluding infill drilling, increased by 7.3%, from USD 110.6 MM in 1H21 to USD 118.6 MM in 1H22. The unit cost of production increased by 9.5%, from 80.7 USD/MT in 1H21 to 88.3 USD/MT in 1H22.

Table 12: Yauli Operating Investments

Yauli Operating Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Local Exploration ¹	0.7	1.1	3.4	-66.4	1.9	5.3	-64.8
Mine Development	12.1	18.3	10.0	83.8	30.5	18.7	62.4
Plants and Tailings Dams	4.4	7.0	4.0	75.2	11.5	7.2	58.1
Mine and Infrastructure	4.3	6.1	4.4	37.1	10.4	8.6	20.4
Electrical Infrastructure	3.2	2.3	0.8	186.6	5.5	1.0	473.4
Support and Others	1.9	2.5	1.7	47.6	4.4	2.2	96.5
Total	26.7	37.4	24.3	53.8	64.1	43.2	48.5

¹ Since 2022 local exploration does not include the infill drilling cost, which becomes part of the production cost 1Q22 USD 1.8 MM, 2Q22 USD 2.6 MM and in the accumulated USD 4.4 MM.

Source: Volcan Cia. Minera

In 2Q22, operating investments at Yauli amounted to USD 37.4 MM, 53.8% higher than the USD 24.3 MM for 2Q21, mainly due to increased mine developments, the expansion of tailings dams, and greater investments in electric and mine infrastructure.

Year-to-date (Jan-Jun), total operating investments increased by 48.5%, from USD 43.2 MM in 1H21 to USD 64.1 MM in 1H22.

3.2 Chungar Unit Operating Results

Table 13: Chungar Production

Chungar Production	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Mineral extraction (thousands MT)	274	300	257	16.5	573	556	3.1
Mineral treatment (thousands MT)	285	301	268	12.5	586	579	1.2
Fines Content							
Zinc (thousand FMT)	10.6	11.0	10.7	2.7	21.6	24.3	-11.1
Lead (thousand FMT)	4.5	4.3	3.7	17.4	8.8	8.2	6.7
Copper (thousand FMT)	0.3	0.3	0.3	-4.0	0.6	0.6	-5.8
Silver (million Oz)	0.5	0.4	0.6	-28.5	0.9	1.2	-25.3
Gold (thousand Oz)	0.5	0.5	0.3	43.9	1.0	0.7	37.3

Source: Volcan Cia. Minera

In 2Q22, the ore extracted and treated at Chungar increased by 16.5% and 12.5%, respectively, as compared to 2Q21, mainly due to the unit's improved operating performance. Zinc, lead and gold production increased by 2.7%, 17.4%, and 43.9%, respectively. While the production of copper and silver decreased by 4.0% and 28.5%, respectively, due to lower grades of these metals in the processed ore mix.

Year-to-date (Jan-Jun), ore extraction grew by 3.1%, as compared to the previous year, while the volume of treated ore grew by 1.2%. The production of zinc, copper and silver fines

decreased by 11.1%, 5.8% and 25.3%, respectively, while lead and gold increased by 6.7% and 37.3%, respectively.

Table 14: Chungar Cost of Production

Chungar Production Cost	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Production Cost (MM USD)							
Extraction Cost	15.1	16.0	14.8	8.3	31.1	29.3	5.9
Treatment Cost	13.3	14.6	12.0	21.9	27.9	22.8	22.6
Sub total Production Cost (MM USD)	28.4	30.6	26.8	14.4	59.0	52.1	13.2
Infill drilling cost	1.0	1.6			2.6		
Total Production Cost (MM USD)	29.4	32.2	26.8	20.2	61.6	52.1	18.2
Unit Cost (USD/MT)							
Extraction Cost	55.0	53.5	57.5	-7.0	54.2	52.7	2.7
Treatment Cost	46.8	48.4	44.7	8.3	47.6	39.3	21.1
Sub total unitary cost (USD/TM)	101.8	101.8	102.2	-0.3	101.8	92.1	10.6
Infill drilling cost	3.8	5.2			4.5		
Total Unitary Cost (USD/TM)	105.6	107.0	102.2	4.8	106.3	92.1	15.5

Source: Volcan Cia. Minera

The absolute cost of production, excluding infill drilling, increased by 14.4%, from USD 26.8 MM in 2Q21 to USD 30.6 MM in 2Q22. This is mainly explained by greater production volumes, higher shotcrete costs, and inflation of services and supplies costs. The unit cost decreased by 0.3%, from 102.2 USD/MT in 2Q21 to 101.8 USD/MT in 2Q22, explained by the dilution of fixed costs as a result of greater extracted and treated volumes.

In 2Q22, USD 1.6 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.

Year-to-date (Jan-Jun), the absolute cost of production, excluding infill drilling, increased by 13.2%, from USD 52.1 MM in 1H21 to USD 59.0 MM in 1H22. The unit cost of production increased by 10.6%, from 92.1 USD/MT in 1H21 to 101.8 USD/MT in 1H22.

Table 15: Chungar Operating Investments

Chungar Operating Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Local Exploration ¹	0.5	0.3	0.9	-60.7	0.8	1.7	-50.9
Mine Development	3.2	4.2	3.2	31.4	7.4	5.9	25.0
Plants and Tailings Dams	1.5	0.8	2.6	-69.2	2.3	5.1	-55.3
Mine and Infrastructure	3.1	2.7	2.2	20.9	5.7	3.7	53.7
Electrical Infrastructure	0.1	0.1	0.0	1631.9	0.2	0.0	4066.4
Support and Others	0.4	0.2	0.1	214.1	0.5	0.1	769.9
Total	8.7	8.2	8.9	-7.5	17.0	16.5	2.7

¹ Since 2022, local exploration does not include the infill drilling cost, which becomes part of the production cost 1Q22 USD 1 MM, 2Q22 USD 1.6 MM and in the accumulated USD 2.6 MM.

Source: Volcan Cia. Minera

Operating investments decreased by 7.5%, from USD 8.9 MM in 2Q21 to USD 8.2 MM in 2Q22, mainly due to higher investments in tailings dams and local exploration, partly offset by greater investments in mine developments and infrastructure.

Year-to-date (Jan-Jun), total operating investments increased by 2.7%, from USD 16.5 MM in 1H21 to USD 17.0 MM in 1H22.

3.3 Alparmarca Unit Operating Results

Table 16: Alparmarca Production

Alparmarca Production	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Mineral extraction (thousands MT)	130	120	304	-60.4	250	516	-51.5
Mineral treatment (thousands MT)	227	246	229	7.6	473	458	3.3
Fines Content							
Zinc (thousand FMT)	1.9	1.5	2.3	-37.6	3.4	4.5	-25.1
Lead (thousand FMT)	1.3	1.2	1.9	-33.4	2.5	3.5	-28.8
Copper (thousand FMT)	0.1	0.0	0.1	-61.8	0.1	0.3	-58.8
Silver (million Oz)	0.2	0.2	0.4	-61.0	0.4	0.9	-56.0

Source: Volcan Cia. Minera

In 2Q22, the extracted volume at Alparmarca decreased by 60.4% as compared to the same period of the previous year, due to the suspension of activities at the open pit since mid-May, in order to assess the best operating alternatives for its final operational stage. However, the treated volume increased by 7.6%, due to the use of ore from stockpiles to complement the ore from the open pit.

In 2Q22, zinc, lead, copper and silver fines production decreased by 37.6%, 33.4%, 61.8%, and 61%, respectively, as compared to 2Q21, due to lower grades of the processed ore from stockpiles.

Year-to-date (Jan-Jun), ore extraction decreased by 51.5%, as compared to the previous year, while the volume of treated ore grew by 3.3%. With regard to zinc, lead, copper and silver fines, production decreased by 25.1%, 28.8%, 58.8% and 56%, respectively.

Table 17: Alparmarca Cost of Production

Alparmarca Production Cost	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Production Cost (MM USD)							
Extraction Cost	2.2	2.2	2.7	-17.5	4.3	4.7	-7.8
Treatment Cost	3.5	3.8	4.0	-4.7	7.3	7.3	0.7
Total Production Cost (MM USD)	5.7	6.0	6.7	-9.8	11.7	12.0	-2.6
Unit Cost (USD/MT)							
Extraction Cost	16.5	18.2	8.7	108.4	17.3	9.1	90.1
Treatment Cost	15.6	15.5	17.5	-11.4	15.5	15.9	-2.5
Total Unitary Cost (USD/TM)	32.1	33.7	26.2	28.5	32.9	25.0	31.2

Source: Volcan Cia. Minera

In 2Q22, the absolute cost of production totaled USD 6.0 MM, 9.8% lower than the USD 6.7 MM figure for the same quarter of the previous year, mainly explained by the lower volume extracted from the open pit. The unit cost increased by 28.5%, from 26.2 USD/MT in 2Q21 to 33.7 USD/MT in 2Q22.

Year-to-date (Jan-Jun), the absolute cost of production decreased by 2.6%, from USD 12.0 MM in 1H21 to USD 11.7 MM in 1H22, while the unit cost of production increased by 31.2%, from 25.0 USD/MT in 1H21 to 32.9 USD/MT in 1H22.

Table 18: Alparmarca Operating Investments

Alparmarca Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Local Exploration	0.4	0.2	0.4	-49.8	0.6	0.5	7.7
Plants and Tailings Dams	0.3	1.8	0.2	1028.7	2.1	0.6	244.5
Mine and Infrastructure	0.4	0.3	0.2	45.8	0.6	0.4	71.3
Total	1.1	2.3	0.8	186.3	3.4	1.6	112.7

Source: Volcan Cia. Minera

Operating investments increased by 186.3%, from USD 0.8 MM in 2Q21 to USD 2.3 MM in 2Q22 mainly due to the investment to expand the tailings dam.

Year-to-date (Jan-Jun), total operating investments increased from USD 1.6 MM in 1H21 to USD 3.4 MM in 1H22.

3.4 Cerro de Pasco Unit Operating Results

Table 19: Cerro de Pasco Production

Cerro de Pasco Production	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Mineral extraction (thousands MT)	660	745	636	17.2	1,406	1,228	14.5
Mineral treatment (thousands MT)	660	745	636	17.2	1,406	1,228	14.5
Fines Content							
Zinc (thousand FMT)	6.1	6.4	6.0	6.9	12.5	10.6	17.5
Lead (thousand FMT)	2.0	2.5	1.6	53.6	4.6	3.1	47.7
Silver (million Oz)	0.3	0.4	0.2	59.1	0.7	0.4	58.2

Source: Volcan Cia. Minera

In 2Q22, ore volumes from stockpiles processed at Cerro de Pasco increased by 17.2% compared to the same quarter of the previous year, from 636 thousand MT in 2Q21 to 745 thousand MT in 2Q22, due to several improvements made to the concentrator plant.

Zinc, lead and silver fines production grew by 6.9%, 53.6% and 59.1%, respectively, as compared to 2Q21, explained by greater volumes and better head grades of the treated ore.

Year-to-date (Jan-Jun), as compared to the previous year, treated ore volumes increased by 14.5%, and the production of zinc, lead and silver fines increased by 17.5%, 47.7%, and 58.2%, respectively.

Table 20: Cerro de Pasco Cost of Production

Cerro de Pasco Production Cost	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Production Cost (MM USD)							
Extraction Cost	1.1	1.2	1.4	-17.6	2.3	2.9	-21.7
Treatment Cost	7.4	8.8	6.9	27.7	16.2	13.1	23.8
Total Production Cost (MM USD)	8.5	10.0	8.3	19.8	18.4	16.0	15.6
Unit Cost (USD/MT)							
Extraction Cost	1.6	1.6	2.3	-29.7	1.6	2.4	-31.7
Treatment Cost	11.2	11.8	10.8	8.9	11.5	10.6	8.1
Total Unitary Cost (USD/TM)	12.9	13.4	13.1	2.2	13.1	13.0	0.9

Source: Volcan Cia. Minera

Absolute cost increased by 19.8%, from USD 8.3 MM in 2Q21 to USD 10 MM in 2Q22, mainly due to higher production volumes, improvements at the Paragsha plant, and increased reagent and supplies prices. Unit cost increased by 2.2%, from 13.1 USD/MT in 2Q21 to 13.4 USD/MT in 2Q22.

Year-to-date (Jan-Jun), the absolute cost of production increased by 15.6%, from USD 16.0 MM in 1H21 to USD 18.4 MM in 1H22. The unit cost of production increased by 0.9%, from 13.0 USD/MT in 1H21 to 13.1 USD/MT in 1H22.

Table 21: Cerro de Pasco Operating Investments

Cerro de Pasco Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Local Exploration ¹	0.1	0.6	0.2	2.4	0.6	0.2	265.3
Plants and Tailings Dams	2.8	4.4	0.1	42.6	7.2	0.2	3964.5
Mine and Infrastructure	0.0	0.1	0.1	0.6	0.1	0.1	22.6
Support and Others	0.0	0.0	0.1	-0.6	0.0	0.1	-71.2
Total	2.9	5.1	0.4	12.4	8.0	0.5	1398.3

¹ Since 2022 local exploration does not include the infill drilling cost, which becomes part of the production cost 1Q22 USD 0.002 MM, 2Q22 USD 0 MM and in the accumulated USD 0.002 MM.

Source: Volcan Cia. Minera

Operating investments increased from USD 0.4 MM in 2Q21 to USD 5.1 MM in 2Q22, mainly due to higher investments in the Ocroyoc tailings dam and the Paragsha plant, and the drilling to increase resources and certainty of the ore from stockpiles.

Year-to-date (Jan-Jun), total operating investments increased from USD 0.5 MM in 1H21 to USD 8.0 MM in 1H22.

3.5 Oxides Plant Operating Results

Table 22: Oxides Plant Production

Oxides Plant Production	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Mineral extraction (thousands MT)	226	241	229	5.2	467	447	4.5
Mineral treatment (thousands MT)	226	241	229	5.2	467	447	4.5
Fines Content							
Silver (million Oz)	0.8	0.9	0.9	6.4	1.7	1.7	1.8
Gold (Oz)	6,182	3,677	4,859	-24.3	9,858	8,651	14.0

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant increased by 5.2%, from 229 thousand MT in 2Q21 to 241 thousand MT in 2Q22. Silver production increased by 6.4%; however, gold production decreased by 24.3% due to the grade variations of the processed ore.

Year-to-date (Jan-Jun), as compared to the previous year, treated ore volumes increased by 4.5%, and the production of silver and gold ounces increased by 0.8% and 14%, respectively.

Table 23: Oxides Plant Cost of Production

Oxides Plant Production Cost	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Production Cost (MM USD)							
Extraction Cost	1.6	1.8	2.1	-13.7	3.4	3.8	-10.3
Treatment Cost	9.4	11.2	8.2	35.7	20.6	16.1	27.9
Total Production Cost (MM USD)	11.0	13.0	10.3	25.7	23.9	19.8	20.7
Unit Cost (USD/MT)							
Extraction Cost	7.0	7.5	9.1	-17.9	7.2	8.4	-14.1
Treatment Cost	41.5	46.5	36.0	29.0	44.1	36.0	22.4
Total Unitary Cost (USD/TM)	48.5	53.9	45.1	19.6	51.3	44.4	15.5

Source: Volcan Cia. Minera

In 2Q22, the absolute cost of production totaled USD 13 MM, 25.7% higher than the USD 10.3 MM figure of 2Q21, due to higher treated volumes and the increased cost of main reagents. Unit cost increased by 19.6%, from 45.1 USD/MT in 2Q21 to 53.9 USD/MT in 2Q22.

Year-to-date (Jan-Jun), the absolute cost of production increased by 20.7%, from USD 19.8 MM in 1H21 to USD 23.9 MM in 1H22. The operation's unit cost increased from 44.4 USD/MT in 1H21 to 51.3 USD/MT in 1H22.

Table 24: Oxides Plant Operating Investments

Oxides Plant Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Plants and Tailings Dams	0.2	-0.8	0.0	2229.2	-0.6	0.1	
Mine and Infrastructure	0.1	0.6	0.0	1700.6	0.7	0.1	1048.6
Support and Others	0.2	0.3	0.1	213.8	0.5	0.1	400.4
Total	0.5	0.3	0.1	297.3	0.8	0.3	238.0

Source: Volcan Cia. Minera

In 2Q22, operating investments amounted to USD 0.3 MM, 297.3% higher than the USD 0.1 MM for 2Q21, mainly due to investments in infrastructure, partly offset by a portion of the investment in the Ocroyoc tailings dam being reclassified to Cerro de Pasco. Year-to-date (Jan-Jun), total operating investments increased by 238%, from USD 0.3 MM in 1H21 to USD 0.8 MM in 1H22.

3. Energy

Table 25: Volcan's Electric Power Balance

Electric Balance (GWh)	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Energy generation	120.7	113.0	112.2	0.7	233.7	234.5	-0.3
Chungar	40.0	36.7	38.8	-5.4	76.7	80.7	-4.8
Tingo	1.6	1.6	1.6	0.5	3.3	3.3	1.2
Huanchor	40.3	40.5	35.7	13.6	80.8	72.1	12.1
Rucuy	38.7	34.1	36.0	-5.4	72.8	78.5	-7.2
Energy consumption	195.3	203.6	190.1	7.1	398.8	374.0	6.6
Energy purchase	153.6	165.2	149.7	10.3	318.8	290.1	9.9

Source: Volcan Cia. Minera

During 2Q22, Volcan's total consumption of electric power reached 203.6 GWh, with a maximum demand of 106 MW. The 10 hydroelectric plants in Chungar generated 36.7 GWh, 5.4% less than in the same period of the previous year, resulting from the reduced availability of water in their basin. Self-generation accounted for 18% of the Company's total consolidated consumption, at an average cost of 21 USD/MWh, including operating, maintenance and transmission costs.

Volcan purchased 165.2 GWh from the national central grid system (the SEIN) in order to meet its total consumption demand, at an average cost of 65 USD/MWh.

In 2Q22, the Huanchor Hydroelectric Plant produced 40.5 GWh, a 13% increase as compared to the same period of the previous year, due to the plant being affected by the maintenance of the voltage transformer in 2021. The power of Huanchor Hydroelectric Plant was entirely sold to third parties.

In 2Q22, the Rucuy Hydroelectric Plant produced 34.1 GWh, a 5% 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 operation.

4. Final Comments

- The Company's sales after adjustments decreased by 7.9%, from USD 231.5 MM in 2Q21 to USD 213.2 MM in 2Q22, mainly due to negative open commercial provisions at the end of 2Q22, which amounted to USD -45.4 MM due to the negative trend of metals prices on that date. EBITDA was directly affected by this and decreased by 37.3%, from USD 97.7 MM in 2Q21 to USD 61.3 MM in 2Q22, as was profit before exceptional items, which fell from USD 16.6 MM in 2Q21 to USD -6.4 MM in 2Q22.
- The outlook for metals prices is less favorable than in previous months. This is mainly due to the global concern that a potential recession may occur, as a result of the current international situation, and the increase of reference interest rates. Moreover, the metal demand from China is expected to decrease due to its strict Zero Covid policy.
- With regard to the cost of production, it is important to mention that the pressure caused by the local and global inflation continues to rise, affecting the prices of services, supplies, goods and inputs used by the Company in its operations. The Company continues to double its efforts to control and lower costs through different initiatives developed systematically through all its operations, which allows it to partly offset the cost increase caused by inflation.
- As of June 30, 2022, the net debt/EBITDA ratio was 1.6, a significant improvement over the 2.5 ratio recorded at the end of 2Q21, mainly due to the reduction of the net debt. It is also important to note that, in June, a partial buyback of Bonds 2026 was performed, at a face value in the amount of USD 110 MM, using the Company's available cash. This operation generated USD 6.6 MM in profit, resulting from the discounted face value of the debt that was bought back.
- 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, with an investment of USD 1,300 MM 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. In the first component, 280 meters have been completed. An area has been released in the second component for NORVIAL's works, and the third component has an advance of more than 20%.

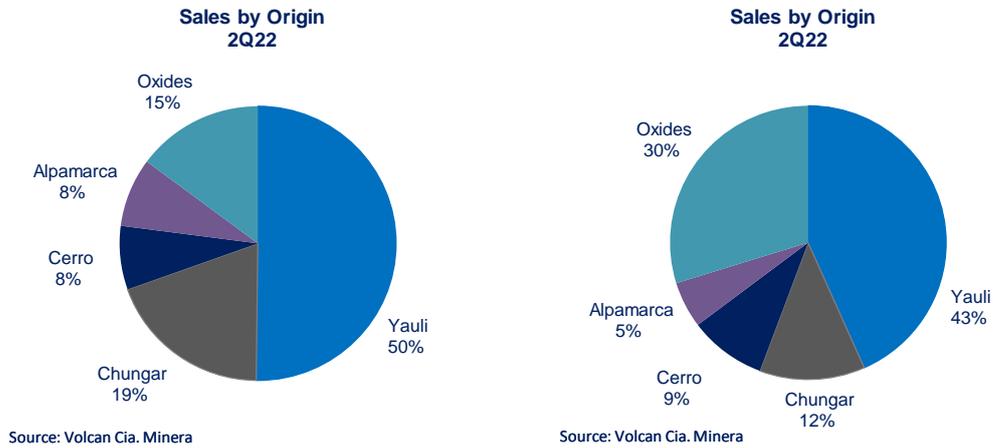
The main breakwater is under construction and shows an advance of 1,300 meters. The secondary breakwater has been completed and it has an extension of 230 meters. Both breakwaters are under constant monitoring due to waves.

Lastly, the construction of the Electric Power Transmission Line entrusted to Consorcio Transmantaro (CTM), subsidiary of ISA-REP, is also underway.

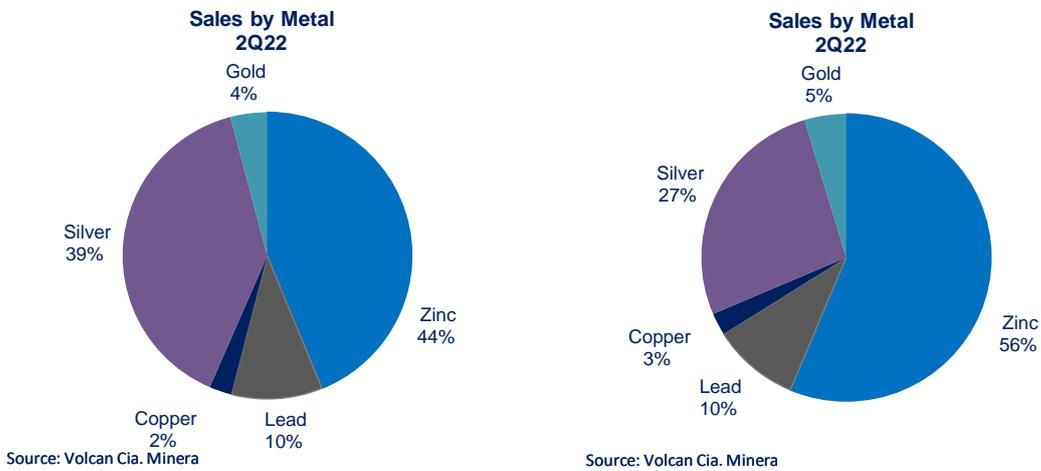
Annexes

Annex 1: Sales Breakdown

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



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



The distribution of sales by metal in 2Q22 reflects the growth in the contribution of zinc to total sales, as a result of the significant increase in its price as compared to 2Q21.

Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Zinc (USD/MT)	3,743	3,925	2,916	34.6	3,834	2,832	35.4
Lead (USD/MT)	2,334	2,203	2,127	3.6	2,269	2,074	9.4
Copper (USD/MT)	9,985	9,526	9,711	-1.9	9,756	9,094	7.3
Silver (USD/Oz)	23.9	22.6	26.7	-15.2	23.3	26.5	-12.1
Gold (USD/Oz)	1,874	1,874	1,814	3.3	1,874	1,808	3.6

Source: London Metal Exchange

Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2022	Apr-Jun 2022	Apr-Jun 2021	var %	Jan-Jun 2022	Jan-Jun 2021	var %
Exchange Rate (S/ x USD)	3.81	3.75	3.80	-1.1	3.78	3.73	1.4
Inflation ¹	6.22	8.29	3.25	154.7	7.25	2.63	176.1

¹ Inflation of the last 12 months

Source: Central Reserve Bank of Peru

Annex 4: Domestic Peruvian Metal Production

National Production	Jan-Mar 2022	Apr-May 2022	Apr - May 2021	var %	Jan - May 2022	Jan - May 2021	var %
Zinc (FMT)	344,512	216,026	271,800	-20.5	560,538	662,552	-15.4
Lead (FMT)	61,668	40,121	44,624	-10.1	101,789	108,801	-6.4
Copper (FMT)	553,749	344,426	369,153	-6.7	898,175	900,236	-0.2
Silver (Thousands Oz)	23,758	16,047	17,415	-7.9	39,805	42,845	-7.1
Gold (Thousands Oz)	718	490	495	-1.0	1,208	3,101	-61.0

Source: Ministry of Energy and Mines