

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

Principal Results:

Consolidated Volcan	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Sales Prices¹									
Zinc (USD/MT)	3,684	3,920	3,299	3,013	3,268	-7.8	3,449	2,981	15.7
Lead (USD/MT)	2,310	2,162	1,959	2,048	2,299	-10.9	2,116	2,207	-4.1
Copper (USD/MT)	9,815	9,325	7,210	7,909	9,096	-13.0	8,434	8,268	2.0
Silver (USD/Oz)	23.8	23.0	19.6	20.9	23.5	-11.1	21.8	25.5	-14.7
Gold (USD/Oz)	1,879	1,885	1,729	1,713	1,799	-4.8	1,822	1,812	0.6
Operating Results									
Mineral treatment ² (thousands MT)	2,085	2,195	2,352	2,365	2,255	5	8,997	8,416	6.9
Zinc Production (thousands FMT)	52.7	52.3	58.4	61.3	60.3	1.7	224.7	220.7	1.8
Lead Production (thousands FMT)	13.6	13.3	13.2	14.8	15.4	-3.9	54.9	55.5	-1.0
Copper Production (thousands FMT)	1.1	0.8	1.2	1.2	1.3	-4.1	4.3	4.7	-8.6
Silver Production (millions Oz)	3.6	3.4	3.6	3.7	3.6	0.7	14.3	15.0	-4.8
Gold Production (thousands Oz)	8.0	5.3	4.2	3.3	7.3	-54.6	20.8	24.3	-14.6
Unit Cost (USD/TM) ³	54.3	54.2	52.6	54.9	53.4	2.8	54.0	52.3	3.1
Total Investments (MM USD)	42.7	57.7	64.2	77.9	70.0	11.3	242.5	181.6	33.6
Financial Results (MM USD)									
Sales before adjustments	263.6	244.8	232.5	228.2	264.5	-13.7	969.1	934.8	3.7
Sales Adjustments	15.8	-31.6	-9.7	7.7	9.9	-22.3	-17.8	2.6	
Settlement of prior period adjustments	6.6	13.8	-17.6	-12.9	2.4		-10.1	10.0	
Adjustments for open positions ⁴	9.2	-45.4	7.8	20.6	12.8	61.6	-7.8	6.2	
Hedging results	0.0	0.0	0.0	0.0	-5.3	-100.0	0.0	-13.6	-100.0
Sales after adjustments	279.4	213.2	222.8	235.9	274.4	-14.0	951.3	937.4	1.5
Net profit before exceptionals	40.7	-6.4	-18.1	0.4	37.7	-99.0	16.6	61.1	-72.8
Exceptional adjustments	-2.6	-5.8	-12.3	-77.3	-16.4	0.0	-98.0	-21.3	361.0
Net profit after exceptionals	38.2	-12.2	-30.4	-76.9	21.3		-81.4	39.9	
EBITDA⁵	125.6	61.3	52.1	59.6	113.9	-47.6	298.6	389.1	-23.2

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 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 and sales adjustments 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 decreased by 13.7%, from USD 264.5 MM in 4Q21 to USD 228.2 MM in 4Q22, mainly explained by lower prices of metals produced by the Company, and less favorable commercial terms in the zinc concentrates international market. Sales adjustments totaled USD 7.7 MM in 4Q22 as compared to USD 9.9 MM in 4Q21, and as a result sales after adjustments decreased by 14.0%, from USD 274.4 MM to USD 235.9 MM as shown in the figure below.

Figure 1: 4Q22 vs 4Q21 variations impact on net sales (USD MM)

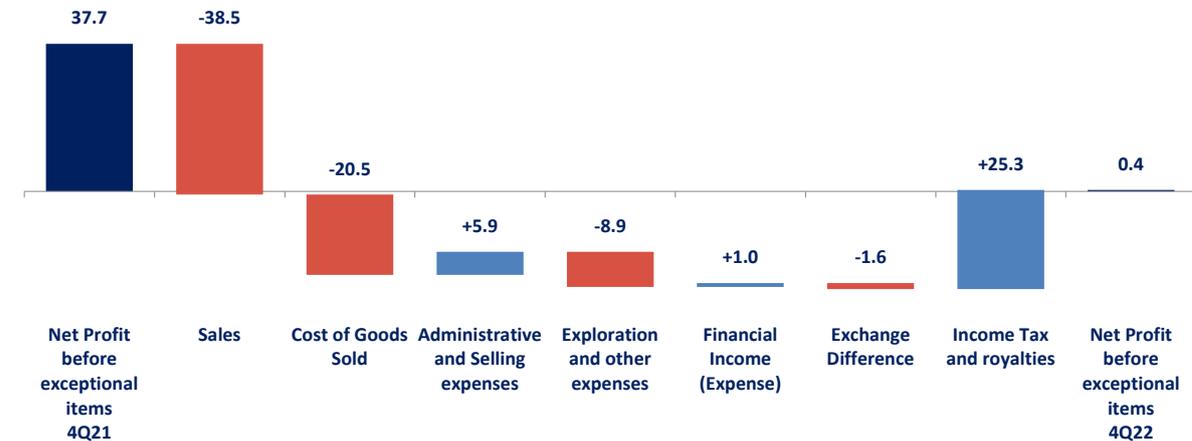


Source: Volcan Cía. Minera

- The price of zinc decreased from 3,268 USD/MT in 4Q21 to 3,013 USD/MT in 4Q22 (7.8%), lead from 2,299 USD/MT to 2,048 USD/MT (10.9%), copper from 9,096 USD/MT to 7,909 USD/MT (13.0%), silver from 23.5 USD/Oz to 20.9 USD/Oz (11.1%), and gold from 1,799 USD/Oz to 1,713 USD/Oz (4.8%).
- Total processed volumes increased by 4.9% due to increased treated ore volumes at Cerro de Pasco and Oxides. The production of fine zinc content increased by 1.7%, from 60.3 thousand FMT in 4Q21 to 61.3 thousand FMT in 4Q22; while the production of silver increased by 0.7%, from 3.6 MM Oz in 4Q21 to 3.7 MM Oz in 4Q22. Meanwhile, lead production decreased by 3.9%, from 15.4 thousand FMT in 4Q21 to 14.8 thousand FMT in 4Q22 and copper production decreased by 4.1%, from 1.3 thousand FMT in 4Q21 to 1.2 thousand FMT in 4Q22. Gold production decreased by 54.6%, from 7.3 thousand Oz in 4Q21 to 3.3 thousand Oz in 4Q22, mainly due to lower grades of the ore processed at the Oxides Plant.
- Consolidated unit cost increased by 2.8%, from 53.4 USD/MT in 4Q21 to 54.9 USD/MT in 4Q22, explained by the inflation that affected the main supplies and services, increased disposal of tailings filtered at Chungar, expenses arising from improvements to the Paragsha plant in Cerro de Pasco, and increased consumption of reagents at the Oxides Plant due to the type of processed ore.
- Profit before exceptional items decreased from USD 37.7 MM in 4Q21 to USD 0.4 MM in 4Q22, mainly due to reduced sales, higher cost of goods sold resulting from greater cost of

production and higher depreciation and amortization, and higher greenfield and brownfield exploration expenses.

Figure 2: 4Q22 vs 4Q21 variations impact on net profit before exceptional items (USD MM)



Source: Volcan Cia. Minera

- Exceptional expenses totaled USD -77.3 MM, mainly related to the impairment of long-term investments in Volcan and Cerro de Pasco, due to higher costs and future investments considered in the assessment. Net profit amounted to USD -76.9 MM in 4Q22 versus USD 21.3 MM in 4Q21.
- EBITDA decreased by 47.6%, from USD 113.9 MM in 4Q21 to USD 59.6 MM in 4Q22, due to the lower operating margin.
- Total investments increased by 12.4%, from USD 70.0 MM in 4Q21 to USD 78.7 MM in 4Q22, mainly due to growth investments related to the Romina project.
- Year-to-date (Jan-Dec), sales after adjustments increased by 1.5%, from USD 937.4 MM in 2021 to USD 951.3 MM in 2022; EBITDA decreased by 23.2%, from USD 389.1 MM in 2021 to USD 298.6 MM in 2022; net profit before exceptional items decreased by 72.8%, from USD 61.1 MM in 2021 to USD 16.6 MM in 2022; and, finally, net profit after exceptional items decreased from USD 39.9 MM in 2021 to USD -81.4 MM in 2022.

2. Consolidated Results

2.1 Production

Table 1: Consolidated Production

Consolidated Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Mineral extraction (thousands MT)	1,981	2,054	2,092	2,160	2,226	-3.0	8,287	8,450	-1.9
Polymetallic ore	1,755	1,814	1,842	1,918	2,068	-7.2	7,329	7,703	-4.9
Oxides ore	226	241	249	242	159	52.5	958	747	28.3
Mineral treatment (thousands MT)	2,085	2,195	2,352	2,365	2,255	4.9	8,997	8,416	6.9
Concentrator Plants	1,859	1,954	2,102	2,123	2,097	1.3	8,039	7,669	4.8
Silver Oxides Plant	226	241	249	242	159	52.5	958	747	28.3
Fine Content									
Zinc (thousands FMT)	52.7	52.3	58.4	61.3	60.3	1.7	224.7	220.7	1.8
Lead (thousands FMT)	13.6	13.3	13.2	14.8	15.4	-3.9	54.9	55.5	-1.0
Copper (thousands FMT)	1.1	0.8	1.2	1.2	1.3	-4.1	4.3	4.7	-8.6
Silver (millions Oz)	3.6	3.4	3.6	3.7	3.6	0.7	14.3	15.0	-4.8
Gold (thousands Oz)	8.0	5.3	4.2	3.3	7.3	-54.6	20.8	24.3	-14.6

Source: Volcan Cia. Minera

Extracted ore volumes decreased by 3.0%, from 2,226 thousand MT in 4Q21 to 2,160 thousand MT in 4Q22, due to extraction being completed at Alpamarca open pit, which was partially offset by higher extracted volumes at Cerro de Pasco and Oxides. Treated volume increased by 4.9%, from 2,255 thousand MT in 4Q21 to 2,365 thousand MT in 4Q22, due to higher treated volumes at Cerro de Pasco and Oxides.

The production of fine zinc content increased by 1.7%, from 60.3 thousand FMT in 4Q21 to 61.3 thousand FMT in 4Q22; while the production of silver increased by 0.7%, from 3.6 MM Oz in 4Q21 to 3.7 MM Oz in 4Q22. Meanwhile, lead production decreased by 3.9%, from 15.4 thousand FMT in 4Q21 to 14.8 thousand FMT in 4Q22, and copper production decreased by 4.1%, from 1.3 thousand FMT in 4Q21 to 1.2 thousand FMT in 4Q22, mainly due to lower grades of these metals in the ore from stockpiles and old tailings dams processed at Alpamarca concentrator plant. Gold production decreased by 54.6%, from 7.3 thousand Oz in 4Q21 to 3.3 thousand Oz in 4Q22, mainly due to lower grades of the ore processed at the Oxides Plant.

Year-to-date (Jan-Dec), the extraction volume decreased by 1.9% as compared to the same period in the previous year, from 8,450 thousand MT to 8,287 thousand MT. Treated volumes increased by 6.9%, from 8,416 thousand MT to 8,997 thousand MT. With regard to fines, zinc production increased by 1.8%, from 220.7 thousand FMT to 224.7 thousand FMT; lead decreased by 1.0%, from 55.5 thousand FMT to 54.9 thousand FMT; copper decreased by 8.6%, from 4.7 thousand FMT to 4.3 thousand FMT; silver decreased by 4.8%, from 15.0 MM Oz to 14.3 MM Oz; and gold decreased by 14.6%, from 24.3 thousand Oz to 20.8 thousand Oz.

2.2 Cost of Production

Table 2: Consolidated Cost of Production

Consolidated Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Production Cost (MM USD)									
Mine Cost	51.8	52.5	54.2	56.3	56.8	-0.9	214.8	209.7	2.4
Plant and Other Cost	61.2	66.2	69.4	74.0	63.4	16.8	270.8	230.4	17.6
Sub total Production Cost (MM USD)	113.0	118.7	123.6	130.3	120.2	8.4	485.6	440.1	10.4
Infill drilling cost	2.9	4.2	3.6	2.0	0.0		12.5	0.0	
Total Production Cost (MM USD)	115.9	122.8	127.2	132.3	120.2	10.1	498.2	440.1	13.2
Unit Cost (USD/MT)									
Mine cost	24.9	24.1	23.0	23.6	25.3	-6.7	23.9	25.0	-4.4
Plant and Other Cost	29.4	30.2	29.5	31.3	28.1	11.4	30.1	27.4	10.0
Sub total Unitary Cost (USD/MT)	54.3	54.2	52.6	54.9	53.4	2.8	54.0	52.3	3.1
Infill drilling cost	1.5	2.0	1.7	0.9	0.0	0.0	1.5	0.0	
Total Unitary Cost (USD/MT)	55.8	56.3	54.3	55.8	53.4	4.5	55.5	52.3	6.0

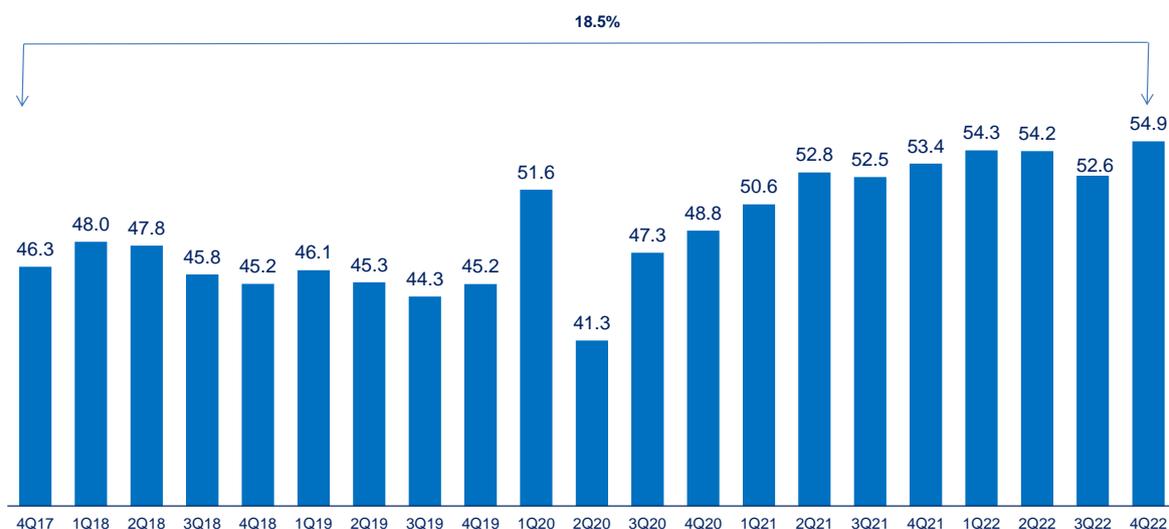
¹ Mine unit cost considers the adjustment of Alparmarca unit cost
 Source: Volcan Cia. Minera

Since 2022, infill drilling costs are considered as production costs. Infill drilling is used to increase the certainty of reserves and reduce risk in mining plans. In 4Q22, this cost amounted to USD 2.0 MM. It is important to note that infill drilling used to be recorded as local exploration investment in operating units.

The absolute cost of production, not considering infill drilling, increased by 8.4%, from USD 120.2 MM in 4Q21 to USD 130.3 MM in 4Q22, while unit cost grew by 2.8%, from 53.4 USD/MT in 4Q21 to 54.9 USD/MT in 4Q22. This increase is mainly explained by the inflation that affected the main supplies and services, increased disposal of tailings filtered at Chungar, expenses arising from improvements to the Paragsha plant in Cerro de Pasco, and increased consumption of reagents at the Oxides Plant due to the type of processed ore.

Year-to-date, the absolute cost of production, not considering infill drilling, increased by 10.4%, from USD 440.1 MM to USD 485.6 MM, while unit cost grew by 3.1%, from 52.3 USD/MT to 54.0 USD/MT.

Figure 3: Evolution of the Unit Cost without Infill Drilling (USD/MT) over the last 5 years



Note: Unit costs recalculated considering adjustment of Alparmarca unit cost
 Source: Volcan Cia. Minera

2.3 Total Investments

Table 3: Consolidated Investment

Consolidated Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Mining	42.7	57.6	64.0	77.0	69.4	11.0	241.3	180.7	33.5
Mining Units	40.9	53.4	61.0	68.8	70.4	-2.3	224.1	177.2	26.4
Local Exploration ¹	1.7	2.5	4.0	2.8	6.4	-55.8	11.0	19.9	-44.4
Development	15.3	22.5	21.9	23.0	18.8	22.1	82.7	59.7	38.5
Plants and Tailings Facilities	10.1	13.2	17.5	21.5	19.8	8.7	62.3	42.2	47.6
Mine and Infrastructure ¹	7.9	9.7	10.9	12.2	11.8	3.6	40.7	32.5	25.2
Electrical Infrastructure in Units	3.4	2.4	3.7	3.4	4.6	-26.8	12.8	7.5	70.7
Support and Others	2.5	3.0	3.1	5.8	8.9	-34.2	14.5	15.4	-6.0
Growth and Others	1.8	4.3	3.0	8.2	-1.0		17.3	3.5	395.1
Energy	0.0	0.0	0.2	0.9	0.5	59.5	1.1	0.8	37.0
Total	42.7	57.7	64.2	77.9	70.0	11.3	242.5	181.6	33.6

¹ Since 2022, local exploration does not include the cost of infill drilling, which becomes part of the production cost 1Q22 USD 2.9 MM, 2Q22 USD 4.2 MM, 3Q USD 3.6 MM, 4Q USD 2.0 MM and in the accumulated USD 12.5 MM.

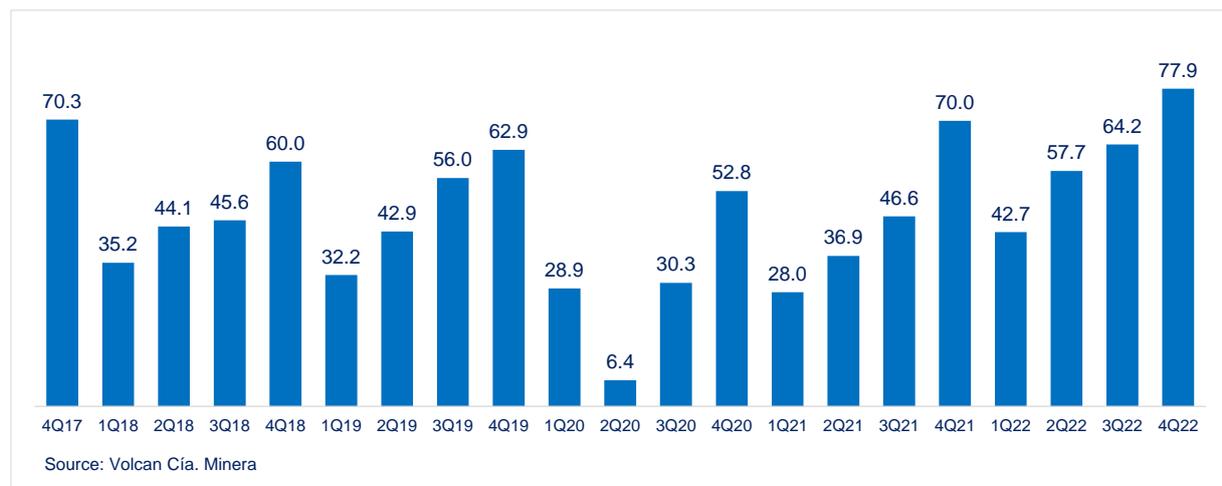
Source: Volcan Cia. Minera

Investments in operating units fell by 2.3%, from USD 70.4 MM in 4Q21 to USD 68.8 MM in 4Q22, mainly due to fewer local explorations—explained by the fact that, since 2022, infill drilling is considered a production cost—and lower investments in support areas, partially offset by greater mine developments, expansion to tailings dams and mine infrastructure.

Growth investments related to the Romina project totaled USD 8.2 MM in 4Q22, and, accordingly, total investments increased by 11.3%, from USD 70.0 MM in 4Q21 to USD 77.9 MM in 4Q22.

Year-to-date (Jan-Dec), total investments increased by 33.6%, from USD 181.6 MM to USD 242.5 MM, mainly due to increased mine developments, tailings dams expansions, and investments in mine and electric infrastructure.

Figure 4: Evolution of consolidated investment over the last 5 years



2.4 Income Statement

Table 4: Income Statement

Income Statement (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Sales before adjustments	263.6	244.8	232.5	228.2	264.5	-13.7	969.1	934.8	3.7
Sett. of prior periods adjustments	6.6	13.8	-17.6	-12.9	2.4	0.0	-10.1	10.0	
Adj. open positions	9.2	-45.4	7.8	20.6	12.8	61.6	-7.8	6.2	
Hedging	0.0	0.0	0.0	0.0	-5.3	-100.0	0.0	-13.6	-100.0
Sales after adjustments	279.4	213.2	222.8	235.9	274.4	-14.0	951.3	937.4	1.5
Cost of Goods Sold	-186.9	-185.1	-191.6	-199.2	-178.6	11.5	-762.7	-656.0	16.3
Gross Profit	92.5	28.2	31.2	36.7	95.8	-61.7	188.5	281.4	-33.0
<i>Gross Margin</i>	<i>33%</i>	<i>13%</i>	<i>14%</i>	<i>16%</i>	<i>35%</i>	<i>-19 pp</i>	<i>20%</i>	<i>30%</i>	<i>-10 pp</i>
Administrative Expenses	-13.3	-6.9	-9.5	-9.0	-15.5	-41.9	-38.7	-44.3	-12.7
Exploration Expenses	-3.7	-4.4	-8.4	-14.1	-5.2	172.8	-30.6	-13.4	129.4
Sales Expenses	-5.4	-5.9	-6.5	-7.0	-6.9	0.8	-24.9	-21.1	17.6
Other income (Expenses) ¹	-0.6	-5.4	-9.7	-4.8	-4.3	12.7	-20.5	-7.7	164.7
Operating Profit	69.4	5.6	-2.9	1.8	63.9	-97.2	73.8	194.8	-62.1
<i>Operating Margin</i>	<i>25%</i>	<i>3%</i>	<i>-1%</i>	<i>1%</i>	<i>23%</i>	<i>-23 pp</i>	<i>8%</i>	<i>21%</i>	<i>-13 pp</i>
Financial income (expense)	-12.2	-6.8	-12.1	-11.9	-12.9	-7.7	-43.0	-60.5	-28.9
Exchange difference (net)	-0.3	-0.3	-0.6	1.3	2.8	-55.2	0.0	-6.5	-100.0
Royalties	-4.2	-4.2	-2.3	-2.9	-3.9	-25.5	-13.5	-14.4	-5.9
Income Tax	-12.1	-0.6	-0.1	12.1	-12.2		-0.6	-52.3	-98.8
Net Profit before Exceptionals	40.7	-6.4	-18.1	0.4	37.7	-99.0	16.6	61.1	-72.8
<i>Net Margin</i>	<i>15%</i>	<i>-3%</i>	<i>-8%</i>	<i>0%</i>	<i>14%</i>	<i>-14 pp</i>	<i>2%</i>	<i>7%</i>	<i>-5 pp</i>
Exceptional adjustments ²	-2.6	-5.8	-12.3	-77.3	-16.4	370.2	-98.0	-21.3	361.0
Net Profit after Exceptionals	38.2	-12.2	-30.4	-76.9	21.3		-81.4	39.9	
<i>Net Margin</i>	<i>14%</i>	<i>-6%</i>	<i>-14%</i>	<i>-33%</i>	<i>8%</i>	<i>-40 pp</i>	<i>-0.1</i>	<i>0.0</i>	<i>-13 pp</i>
EBITDA³	125.6	61.3	52.1	59.6	113.9	-47.6	298.6	389.1	-23.2
<i>EBITDA Margin</i>	<i>45%</i>	<i>29%</i>	<i>23%</i>	<i>25%</i>	<i>42%</i>	<i>-16 pp</i>	<i>31%</i>	<i>42%</i>	<i>-10 pp</i>

¹ Includes sales and cost of sales of the energy division

² Long term assets deterioration 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	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Zinc (USD/MT)	3,684	3,920	3,299	3,013	3,268	-7.8	3,449	2,981	15.7
Lead (USD/MT)	2,310	2,162	1,959	2,048	2,299	-10.9	2,116	2,207	-4.1
Copper (USD/MT)	9,815	9,325	7,210	7,909	9,096	-13.0	8,434	8,268	2.0
Silver (USD/Oz)	23.8	23.0	19.6	20.9	23.5	-11.1	21.8	25.5	-14.7
Gold (USD/Oz)	1,879	1,885	1,729	1,713	1,799	-4.8	1,822	1,812	0.6

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	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Zinc (thousands FMT)	54.6	49.1	57.1	62.9	61.7	2.0	223.7	221.9	0.8
Lead (thousands FMT)	14.0	13.0	14.7	15.1	15.4	-1.7	56.9	56.2	1.1
Copper (thousands FMT)	1.3	0.9	1.5	1.5	1.3	16.3	5.1	4.5	14.5
Silver (millions Oz)	3.6	3.4	3.7	3.7	3.7	0.1	14.4	15.0	-4.1
Gold (thousands Oz)	8.1	6.2	4.9	3.6	6.9	-48.6	22.7	23.6	-3.9

Source: Volcan Cia. Minera

Table 7: Sales in USD

Sales (millions USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Zinc	144.2	142.4	136.8	128.5	146.6	-12.3	551.9	454.8	21.3
Lead	27.2	22.4	23.1	26.2	29.8	-12.3	98.9	104.4	-5.3
Copper	8.0	4.8	6.8	7.1	8.4	-15.6	26.7	26.6	0.5
Silver	71.2	65.1	59.3	62.1	69.1	-10.3	257.7	312.4	-17.5
Gold	13.6	10.1	6.7	4.3	10.8	-59.8	34.7	36.4	-4.9
Sales before adjustments	263.6	244.8	232.5	228.2	264.5	-13.7	969.1	934.8	3.7
Sett. of prior period adjust.	6.6	13.8	-17.6	-12.9	2.4		-10.1	10.0	
Adjust. for open positions	9.2	-45.4	7.8	20.6	12.8	61.6	-7.8	6.2	
Hedging results	0.0	0.0	0.0	0.0	-5.3	-100.0	0.0	-13.6	-100.0
Sales after adjustments	279.4	213.2	222.8	235.9	274.4	-14.0	951.3	937.4	1.5

Source: Volcan Cia. Minera

The Company's sales before adjustments decreased by 13.7%, from USD 264.5 MM in 4Q21 to USD 228.2 MM in 4Q22, mainly explained by lower prices of metals produced by the Company, and less favorable commercial terms in the zinc concentrates international market. Sales adjustments decreased from USD 9.9 MM in 4Q21 to USD 7.7 MM in 4Q22. In 4Q22, the adjustments included final settlements of USD -12.9 MM, and provisions related to open shipments of USD 20.6 MM. Sales after adjustments decreased by 14.0%, from USD 274.4 MM in 4Q21 to USD 235.9 MM in 4Q22.

Year-to-date (Jan-Dec), sales after adjustments grew by 1.5%, from USD 937.4 MM in 2021 to USD 951.3 MM in 2022.

- **Cost of Goods Sold**

Table 8: Cost of Goods Sold

Cost of Goods Sold (millions USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Volcan Production	182.9	183.9	192.2	198.8	177.0	12.3	757.8	652.2	16.2
Volcan Production Cost	115.9	122.8	127.2	132.3	120.2	10.1	498.2	440.1	13.2
D&A from Production Cost	54.8	54.2	53.5	56.3	48.6	15.9	218.9	187.5	16.7
Other expenses	6.7	9.9	10.3	6.9	5.5	25.4	33.8	26.6	27.5
Inventories variation	5.5	-3.1	1.2	3.3	2.7	21.6	6.9	-1.9	166.0
Workers Profit Sharing	4.1	1.1	-0.6	0.4	1.6	-78.0	4.9	3.8	29.5
Total	186.9	185.1	191.6	199.2	178.6	11.5	762.7	656.0	16.3

Source: Volcan Cia. Minera

The total cost of goods sold increased by 11.5%, from USD 178.6 MM in 4Q21 to USD 199.2 MM in 4Q22, mainly due to a higher cost of production, and greater depreciation and amortization, explained by the increase of depreciable assets and higher processed volumes.

Year-to-date (Jan-Dec), the total cost of goods sold increased by 16.3%, from USD 656.0 MM in 2021 to USD 762.7 MM in 2022.

- **Gross Margin and Gross Profit**

The Company's gross margin decreased from 35% in 4Q21 to 16% in 4Q22, due to reduced metals prices, higher trade discounts, and higher cost of goods sold. Gross profit decreased from USD 95.8 MM in 4Q21 to USD 36.7 MM in 4Q22.

Year-to-date (Jan-Dec), gross margin decreased from 30% in 2021 to 20% in 2022. Gross profit decreased from USD 281.4 MM in 2021 to USD 188.5 MM in 2022.

- **Administrative Expenses**

Administrative expenses decreased by 41.9%, from USD 15.5 MM in 4Q21 to USD 9.0 MM in 4Q22, mainly explained by lower personnel expenses provisions. Year-to-date (Jan-Dec), the administrative expenses decreased from USD 44.3 MM to USD 38.7 MM.

- **Exploration Expenses**

Exploration expenses increased by 172.8%, from USD 5.2 MM in 4Q21 to USD 14.1 MM in 4Q22, in line with the increased brownfield and greenfield exploration plans of the Company, which yielded positive results. Year-to-date (Jan-Dec), exploration expenses increased from USD 13.4 MM to USD 30.6 MM.

- **Sale expenses**

Sale expenses remained in line with the same period of the previous year, amounting to USD 7.0 MM in 4Q22 versus USD 6.9 MM in 4Q21. Year-to-date (Jan-Dec), sale expenses increased from USD 21.1 MM to USD 24.9 MM, due to higher transportation and freight costs.

- **Other Income and Expenses**

In 4Q22, the net amount of other income and expenses was USD -4.8 MM versus USD -4.3 MM in 4Q21. Year-to-date (Jan-Dec), the net amount of other income and expenses was USD -20.5 MM in 2022 versus USD -7.7 MM in 2021, mainly due to higher expenses to improve standards at non-operative tailings dams and the execution of more closure studies.

It is important to note that the main items reported under this category of the income statement were the energy business, expenses in non-operative 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 7.7%, from USD 12.9 MM in 4Q21 to USD 11.9 MM in 4Q22, due to the reduction of the total debt arising from the partial buyback of bonds carried out in June 2022. Year-to-date (Jan-Dec), net financial expenses totaled USD 43.0 MM in 2022, as compared to USD 60.5 MM reported in 2021.

A lower exchange-rate gain totaling USD 1.3 MM was registered in 4Q22, as compared to the USD 2.8 MM reported in 4Q21. Year-to-date (Jan-Dec), the exchange-rate effect in 2022 was zero, as compared to the exchange-rate loss of USD -6.5 MM reported in 2021.

- **Royalties and Income Tax**

Royalties decreased from USD 3.9 MM in 4Q21 to USD 2.9 MM in 4Q22, while income tax increased from USD -12.2 MM in 4Q21 to USD 12.1 MM in 4Q22, due to negative results recorded in the period.

Year-to-date (Jan-Dec), royalties decreased from USD 14.4 MM in 2021 to USD 13.5 MM in 2022, while income tax decreased from USD 52.3 MM in 2021 to USD 0.6 MM in 2022.

▪ Net Profit and EBITDA

Profit before exceptional items decreased from USD 37.7 MM in 4Q21 to USD 0.4 MM in 4Q22, mainly due to lower gross profit in line with lower prices, impairment of commercial terms, higher cost of production and higher depreciation and amortization, and higher greenfield and brownfield exploration expenses.

Exceptional expenses totaled USD -77.3 MM, mainly related to the impairment of long-term investments in Volcan and Cerro de Pasco, due to higher costs and future investments considered in the assessment. Net profit after exceptional items totaled USD -76.9 MM in 4Q22 versus USD 21.3 MM in 4Q21, while EBITDA decreased from USD 113.9 MM in 4Q21 to USD 59.6 MM in 4Q22.

Year-to-date (Jan-Dec), profit before exceptional items decreased from USD 61.1 MM in 2021 to USD 16.6 MM in 2022, net profit after exceptional items decreased from USD 39.9 MM in 2021 to USD -81.4 MM in 2022, and EBITDA decreased from USD 389.1 MM in 2021 to USD 298.6 MM in 2022.

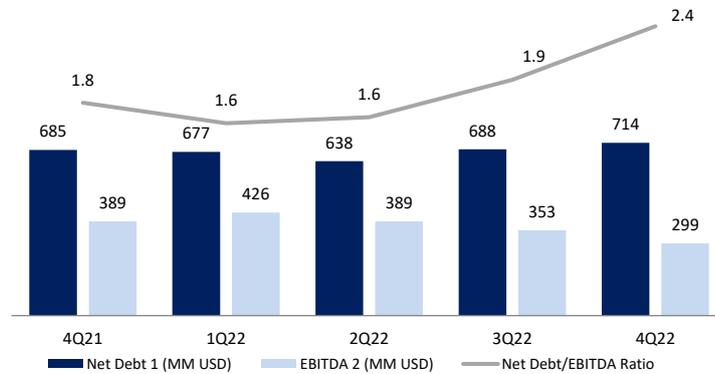
2.5 Liquidity and Creditworthiness

In 4Q22, cash generated by mining operations after investments was negative and totaled USD -9.8 MM, mainly explained by higher executed investments and exploration expenses. Growth investments and net flow of other businesses totaled USD -2.7 MM and the payment of financial obligations and interests amounted to USD -19.7 MM.

Therefore, during 4Q22, the cash flow was USD -32.2 MM, and the cash balance at the end of 4Q22 totaled USD 73.6 MM.

As of December 31, 2022, the net debt/EBITDA ratio was 2.4, higher than the 1.8 ratio recorded in 4Q21, mainly due to the higher net debt resulting from a lower cash balance, and a lower EBITDA resulting from lower metals prices and higher operating expenses.

Figure 5: Net Debt / EBITDA Ratio Evolution



¹ Debt does not include the operating leases fee according to NIIF16 nor the current interest
² Last twelve month EBITDA
 Source: Volcan Cia. Minera

3. Results by Operating Unit

3.1 Yauli Unit Operating Results

Table 9: Yauli Production

Yauli Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Mineral extraction (thousands MT)	690	648	773	802	788	1.8	2,913	2,895	0.6
Mineral treatment (thousands MT)	686	662	768	779	787	-1.1	2,894	2,869	0.9
Fines Content									
Zinc (thousands FMT)	34.2	33.5	39.9	40.3	38.8	4.0	147.9	139.4	6.1
Lead (thousands FMT)	5.8	5.3	5.1	6.0	6.0	0.6	22.3	22.8	-2.5
Copper (thousands FMT)	0.7	0.4	0.8	0.8	0.9	-8.5	2.7	2.9	-6.0
Silver (millions Oz)	1.8	1.6	1.6	1.7	1.9	-11.1	6.7	7.4	-9.9
Gold (thousands Oz)	1.3	1.2	1.3	1.4	1.3	8.1	5.2	5.0	2.8

Source: Volcan Cia. Minera

Ore volumes extracted at the Yauli Unit during 4Q22 grew by 1.8%, as compared to the same quarter of the previous year. Ore treatment decreased by 1.1% as compared to 4Q21, and the production of zinc, lead and gold fines increased by 4.0%, 0.6% and 8.1%, respectively; while the production of copper and silver fines decreased by 8.5% and 11.1%, respectively, due to lower grades of these metals in the processed ore.

Year-to-date (Jan-Dec), ore extraction grew by 0.6%, as compared to the same period in the previous year, while the volume of treated ore grew by 0.9%. The production of zinc and gold fines increased by 6.1% and 2.8%, respectively, while lead, copper and silver production decreased 2.5%, 6.0% and 9.9%, respectively.

Table 10: Yauli Cost of Production

Yauli Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Production Cost (MM USD)									
Extraction Cost	31.9	31.3	34.1	35.1	34.8	1.0	132.4	125.4	5.6
Treatment Cost	27.5	27.9	29.6	31.0	30.7	0.9	116.0	108.8	6.6
Sub total Production Cost (MM USD)	59.5	59.2	63.6	66.1	65.5	1.0	248.4	234.2	6.1
Infill drilling cost	1.8	2.6	2.1	1.1	0.0		7.6	0.0	
Total Production Cost (MM USD)	61.3	61.7	65.7	67.2	65.5	2.6	256.0	234.2	9.3
Unit Cost (USD/MT)									
Extraction Cost	46.3	48.3	44.1	43.8	44.1	-0.8	45.4	43.3	4.9
Treatment Cost	40.1	42.1	38.5	39.9	39.0	2.1	40.1	37.9	5.7
Sub total Unitary Cost (USD/MT)	86.4	90.4	82.6	83.6	83.2	0.5	85.5	81.2	5.3
Infill drilling cost	2.7	4.0	2.7	1.3	0.0		2.6	0.0	
Total Unitary Cost (USD/MT)	89.1	94.4	85.3	85.0	83.2	2.1	88.1	81.2	8.5

Source: Volcan Cia. Minera

In 4Q22, the absolute cost of production, not considering infill drilling, increased by 1.0%, from USD 65.5 MM in 2021 to USD 66.1 MM in 2022. This is mainly explained by the rehabilitation of the Victoria tunnel and the inflation affecting services and supplies. The unit cost remained stable, from 83.2 USD/MT in 4Q21 to 83.6 USD/MT in 4Q22.

In 4Q22, infill drilling costs totaled USD 1.1 MM. Infill drilling is used to increase the certainty of reserves and reduce risk in mining plans. This item used to be recorded as an investment in local exploration.

Year-to-date (Jan-Dec), the absolute cost of production, without infill drilling, increased by 6.1%, from USD 234.2 MM to USD 248.4 MM in 2022. The unit cost of production increased by 5.3%, from 81.2 USD/MT to 85.5 USD/MT.

Table 11: Yauli Operating Investments

Yauli Operating Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Local Exploration ¹	0.7	1.1	1.7	2.0	3.8	-47.2	5.6	12.4	-54.7
Mine Development	12.1	18.3	17.9	18.8	15.3	22.7	67.1	46.9	43.0
Plants and Tailings Dams	4.4	7.0	9.9	9.7	6.5	48.5	31.1	19.3	60.8
Mine and Infrastructure	4.3	6.1	6.2	8.1	8.4	-3.1	24.7	22.0	12.0
Electrical Infrastructure	3.2	2.3	3.3	2.9	4.0	-27.3	11.8	6.8	73.9
Support and Others	1.9	2.5	1.7	3.8	6.2	-38.8	9.9	11.1	-11.0
Total	26.7	37.4	40.7	45.3	44.2	2.5	150.1	118.5	26.7

¹ Since 2022 local exploration does not include the cost of infill drilling, which becomes part of the production cost 1Q22 USD 1.8 MM, 2Q22 USD 2.6 MM, 3Q USD 2.1 MM, 4Q USD 1.1 MM and in the accumulated USD 7.6 MM.

Source: Volcan Cia. Minera

Operating investments at Yauli increased by 2.5%, from USD 44.2 MM in 4Q21 to USD 45.3 MM in 4Q22, mainly due to increased mine developments and expansion of tailings dams.

Year-to-date (Jan-Dec), as compared to the previous year, operating investments increased by 26.7%, from USD 118.5 MM to USD 150.1 MM.

3.2 Chungar Unit Operating Results

Table 12: Chungar Production

Chungar Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Mineral extraction (thousands MT)	274	300	316	335	329	2.0	1,224	1,196	2.4
Mineral treatment (thousands MT)	285	301	320	340	339	0.2	1,246	1,241	0.4
Fines Content									
Zinc (thousands FMT)	10.6	11.0	11.2	13.9	12.3	12.7	46.6	48.9	-4.5
Lead (thousands FMT)	4.5	4.3	4.9	5.8	5.2	11.6	19.4	18.3	6.0
Copper (thousands FMT)	0.3	0.3	0.3	0.4	0.3	15.0	1.3	1.3	1.2
Silver (millions Oz)	0.5	0.4	0.5	0.7	0.6	22.1	2.1	2.3	-11.8
Gold (thousands Oz)	0.5	0.5	0.4	0.5	0.4	29.1	1.8	1.6	18.1

Source: Volcan Cia. Minera

In 4Q22, ore volumes extracted at Chungar increased by 2.0%, and treated ore decreased by 0.2%, as compared to 4Q21. With regard to zinc, lead, copper, silver and gold, production increased by 12.7%, 11.6%, 15.0%, 22.1% and 29.1%, respectively, due to higher grades of the processed ore.

Year-to-date (Jan-Dec), ore extraction grew by 2.4%, as compared to the same period in the previous year, while the volume of treated ore increased by 0.4%. The production of zinc and silver fines decreased by 4.5% and 11.8%, respectively, while lead, copper and gold production increased by 6.0%, 1.2% and 18.1%, respectively.

Table 13: Chungar Cost of Production

Chungar Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Production Cost (MM USD)									
Extraction Cost	15.1	16.0	16.5	17.0	16.6	2.1	64.6	62.0	4.2
Treatment Cost	13.3	14.6	15.1	16.2	15.4	4.9	59.1	51.5	14.8
Sub total Production Cost (MM USD)	28.4	30.6	31.6	33.2	32.1	3.5	123.7	113.5	9.0
Infill drilling cost	1.0	1.6	1.5	0.9	0.0		5.0	0.0	
Total Production Cost (MM USD)	29.4	32.2	33.1	34.1	32.1	6.2	128.7	113.5	13.4
Unit Cost (USD/MT)									
Extraction Cost	55.0	53.5	52.4	50.7	50.6	0.1	52.8	51.8	1.8
Treatment Cost	46.8	48.4	47.1	47.6	45.5	4.7	47.5	41.5	14.4
Sub total Unitary Cost (USD/MT)	101.8	101.8	99.5	98.3	96.1	2.3	100.2	93.3	7.4
Infill drilling cost	3.8	5.2	4.7	2.6	0.0		4.1	0.0	
Total Unitary Cost (USD/MT)	105.6	107.0	104.2	100.9	96.1	5.0	104.3	93.3	11.7

Source: Volcan Cia. Minera

The cost of production, not considering infill drilling, increased in absolute terms by 3.5%, from USD 32.1 MM in 4Q21 to USD 33.2 MM in 4Q22, while unit cost grew by 2.3%, from 96.1 USD/MT in 4Q21 to 98.3 USD/MT in 4Q22. This was mainly due to the improved disposal of filtered tailings and the inflation affecting services and supplies.

Year-to-date (Jan-Dec), the absolute cost of production, without infill drilling, increased by 9.0%, as compared to the same period of the previous year, from USD 113.5 MM to USD 123.7 MM. The unit cost of production increased by 7.4%, from 93.3 USD/MT to 100.2 USD/MT.

Table 14: Chungar Operating Investments

Chungar Operating Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Local Exploration ¹	0.5	0.3	0.9	0.8	1.7	-51.7	2.6	4.6	-43.9
Mine Development	3.2	4.2	4.0	4.2	3.5	19.4	15.6	12.8	21.8
Plants and Tailings Dams	1.5	0.8	1.7	1.3	4.3	-69.7	5.3	11.3	-52.9
Mine and Infrastructure	3.1	2.7	4.1	3.7	2.9	28.8	13.6	8.7	55.9
Electrical Infrastructure	0.1	0.1	0.3	0.5	0.7	-23.8	1.0	0.7	33.8
Support and Others	0.4	0.2	1.0	1.6	1.3	21.3	3.1	2.3	31.0
Total	8.7	8.2	12.1	12.1	14.4	-15.7	41.2	40.5	1.6

¹ Since 2022, local exploration does not include the cost of infill drilling, which becomes part of the production cost 1Q22 USD 1 MM, 2Q22 USD 1.6 MM, 3Q USD 1.5 MM, 4Q USD 0.9 MM and in the accumulated USD 5.0 MM.

Source: Volcan Cia. Minera

Operating investments decreased by 15.7%, from USD 14.4 MM in 4Q21 to USD 12.1 MM in 4Q22, due to a reduction in local exploration (infill drilling) and lower investments in tailings dams, partly offset by higher investments in mine equipment and mine developments.

Year-to-date (Jan-Dec), operating investments increased by 1.6%, from USD 40.5 MM to USD 41.2 MM.

3.3 Alparmarca Unit Operating Results

Table 15: Alparmarca Production

Alparmarca Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Mineral extraction (thousands MT)	130	120	0	0	226	-100.0	250	1,003	-75.0
Mineral treatment (thousands MT)	227	246	261	224	245	-8.7	958	949	1.0
Fines Content									
Zinc (thousands FMT)	1.9	1.5	1.1	1.3	2.5	-47.7	5.8	9.1	-36.5
Lead (thousands FMT)	1.3	1.2	0.7	0.7	1.9	-61.8	4.0	7.1	-43.6
Copper (thousands FMT)	0.1	0.0	0.0	0.1	0.1	-37.2	0.2	0.5	-54.6
Silver (millions Oz)	0.2	0.2	0.2	0.2	0.3	-45.6	0.7	1.5	-53.7

Source: Volcan Cia. Minera

Ore extraction was not performed, due to the suspension of operations at Alparmarca open pit. Treated volumes decreased by 8.7%, from 245 thousand MT in 4Q21 to 224 thousand MT in 4Q22.

Zinc, lead, copper and silver fines production decreased by 47.7%, 61.8%, 37.2%, and 45.6%, respectively, as compared to 4Q21, due to lower grades found in the processed ore from stockpiles and old tailings dams used to replace the ore from the open pit.

Year-to-date (Jan-Dec), ore extraction decreased by 75.0%, as compared to the same period in the previous year, while the volume of treated ore increased by 1.0%. With regard to zinc, lead, copper and silver fines, production decreased by 36.5%, 43.6%, 54.6% and 53.7%, respectively.

Table 16: Alpamarca Cost of Production

Alpamarca Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Production Cost (MM USD)									
Extraction Cost	2.2	2.2	0.0	0.0	2.6	-100.0	4.3	9.9	-55.9
Treatment Cost	3.5	3.8	4.8	4.2	3.6	15.4	16.3	14.5	12.9
Sub total Production Cost (MM USD)	5.7	6.0	4.8	4.2	6.2	-32.6	20.7	24.3	-15.0
Unit Cost (USD/MT)									
Extraction cost ¹	9.5	8.9	0.0	0.0	10.6	-100.0	4.5	10.4	-56.4
Treatment Cost	15.6	15.5	18.3	18.7	14.8	26.3	17.0	15.2	11.8
Total Unitary Cost (USD/MT)	25.0	24.4	18.3	18.7	25.4	-26.2	21.6	25.6	-15.9

¹ Mine unit cost adjusted using treatment tonnage
Source: Volcan Cia. Minera

In 4Q22, the absolute cost of production totaled USD 4.2 MM, 32.6% lower than the USD 6.2 MM figure for the same quarter of the previous year, resulting from extraction being suspended at the open pit. The unit cost decreased by 26.2%, from 25.4 USD/MT in 4Q21 to 18.7 USD/MT in 4Q22.

Year-to-date (Jan-Dec), the absolute cost of production decreased by 15.0%, from USD 24.3 MM to USD 20.7 MM, as compared to the same period of the previous year. The unit cost of production decreased by 15.9%, from 25.6 USD/MT to 21.6 USD/MT.

Table 17: Alpamarca Operating Investments

Alpamarca Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Local Exploration	0.4	0.2	0.0	0.0	0.5	-96.4	0.6	1.1	-45.5
Plants and Tailings Dams	0.3	1.8	1.8	4.6	3.0	54.0	8.5	4.6	86.8
Mine and Infrastructure	0.4	0.3	0.3	0.2	0.4	-44.0	1.2	1.1	8.4
Support and Others	0.0	0.0	0.1	0.1	0.6	-75.1	0.3	0.8	-61.5
Total	1.1	2.3	2.2	5.0	4.5	11.8	10.6	7.5	41.6

Source: Volcan Cia. Minera

Operating investments increased by 11.8%, from USD 4.5 MM in 4Q21 to USD 5.0 MM in 4Q22, mainly due to increased investments to expand the Alpamarca tailings dam.

Year-to-date (Jan-Dec), operating investments increased from USD 7.5 MM in 2021 to USD 10.6 MM in 2022.

3.4 Cerro de Pasco Unit Operating Results

Table 18: Cerro de Pasco Production

Cerro de Pasco Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Mineral extraction (thousands MT)	660	745	754	781	725	7.7	2,941	2,610	12.7
Mineral treatment (thousands MT)	660	745	754	781	725	7.7	2,941	2,610	12.7
Fines Content									
Zinc (thousands FMT)	6.1	6.4	6.2	5.8	6.8	-14.0	24.5	23.4	4.6
Lead (thousands FMT)	2.0	2.5	2.4	2.2	2.3	-2.2	9.2	7.2	28.0
Silver (millions Oz)	0.3	0.4	0.3	0.3	0.3	1.0	1.3	1.0	31.0

Source: Volcan Cia. Minera

Ore volumes from stockpiles processed at Cerro de Pasco increased by 7.7% from 725 thousand MT in 4Q21 to 781 thousand MT in 4Q22, resulting from a series of improvements performed at the concentrator plant.

In 4Q22, zinc and lead fines production decreased by 14.0% and 2.2%, respectively, as compared to 4Q21, due to lower grades of the processed ore. Meanwhile, silver production increased by 1.0%, as compared to 4Q21.

Year-to-date (Jan-Dec), as compared to the previous year, ore treatment increased by 12.7% in 2022, and zinc, lead and silver fines production increased by 4.6%, 28.0% and 31.0%, respectively.

Table 19: Cerro de Pasco Cost of Production

Cerro de Pasco Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Production Cost (MM USD)									
Extraction Cost	1.1	1.2	1.5	2.0	1.2	73.1	5.8	5.5	6.0
Treatment Cost	7.4	8.8	8.4	9.9	7.3	35.4	34.5	27.7	24.7
Sub total Production Cost (MM USD)	8.5	10.0	9.9	12.0	8.5	40.6	40.4	33.2	21.6
Unit Cost (USD/MT)									
Extraction Cost	1.6	1.6	2.0	2.6	1.6	60.7	2.0	2.1	-5.9
Treatment Cost	11.2	11.8	11.2	12.7	10.1	25.7	11.7	10.6	10.6
Total Unitary Cost (USD/MT)	12.9	13.4	13.2	15.3	11.7	30.6	13.7	12.7	7.9

Source: Volcan Cia. Minera

Absolute cost increased by 40.6%, from USD 8.5 MM in 4Q21 to USD 12.0 MM in 4Q22, mainly due to higher processed volumes. Unit cost increased by 30.6%, from 11.7 USD/MT in 4Q21 to 15.3 USD/MT in 4Q22, due to expenses resulting from the improvement of the Paragsha plant and increased prices of reagents and supplies.

Year-to-date (Jan-Dec), the absolute cost of production increased by 21.6%, from USD 33.2 MM in 2021 to USD 40.4 MM in 2022. The unit cost of production increased by 7.9%, from 12.7 USD/MT in 2021 to 13.7 USD/MT in 2022.

Table 20: Cerro de Pasco Operating Investments

Cerro de Pasco Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Local Exploration	0.1	0.6	0.7	0.0	0.5	-1.0	1.4	1.8	-24.2
Plants and Tailings Dams	3.7	4.5	4.7	5.8	4.7	0.2	18.6	5.6	232.0
Mine and Infrastructure	0.0	0.1	0.1	0.1	0.1	0.0	0.2	0.2	13.6
Support and Others	0.0	0.0	0.0	0.0	0.4	-0.9	0.1	0.6	-86.0
Total	3.8	5.1	5.5	5.9	5.7	0.0	20.3	8.2	146.7

Source: Volcan Cia. Minera

Operating investments increased from USD 5.7 MM in 4Q21 to USD 5.9 MM in 4Q22, due to higher investments in the Ocroyoc tailings dam.

Year-to-date (Jan-Dec), operating investments increased from USD 8.2 MM to USD 20.3 MM.

3.5 Oxides Plant Operating Results

Table 21: Oxides Plant Production

Oxides Plant Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Mineral extraction (thousands MT)	226	241	249	242	159	52.5	958	747	28.3
Mineral treatment (thousands MT)	226	241	249	242	159	52.5	958	747	28.3
Fines Content									
Silver (millions Oz)	0.8	0.9	1.0	0.8	0.6	44.3	3.6	2.8	28.9
Gold (Oz)	6,182	3,677	2,505	1,400	5,589	-74.9	13,764	17,738	-22.4

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant increased by 52.5%, from 159 thousand MT in 4Q21 to 242 thousand MT in 4Q22, due to works performed in the Ocroyoc tailings dam during 4Q21. Silver production increased by 44.3% and gold production decreased by 74.9%, due to the variation of the ore processed at the plant.

Year-to-date (Jan-Dec), in 2022, ore treatment increased by 28.3%, silver production increased by 28.9%, and gold production decreased by 22.4%, as compared to the previous year.

Table 22: Oxides Plant Cost of Production

Oxides Plant Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Production Cost (MM USD)									
Extraction Cost	1.6	1.8	2.1	2.1	1.6	32.0	7.6	7.0	9.4
Treatment Cost	9.4	11.2	11.6	12.7	6.2	103.8	44.9	27.9	60.8
Total Production Cost (MM USD)	11.0	13.0	13.7	14.8	7.9	89.0	52.5	34.9	50.5
Unit Cost (USD/MT)									
Extraction Cost	7.0	7.5	8.4	8.9	10.3	-13.4	8.0	9.3	-14.7
Treatment Cost	41.5	46.5	46.5	52.4	39.2	33.6	46.8	37.4	25.3
Total Unitary Cost (USD/MT)	48.5	53.9	54.9	61.3	49.5	23.9	54.8	46.7	17.3

Source: Volcan Cia. Minera

In 4Q22, the absolute cost of production totaled USD 14.8 MM, 89.0% higher than the USD 7.9 MM figure in 4Q21, due to the higher treated volume. Unit cost increased by 23.9%, from 49.5 USD/MT in 4Q21 to 61.3 USD/MT in 4Q22, due to increased prices of main reagents, and higher consumption of reagents resulting from the increased presence of copper in the processed ore.

Year-to-date (Jan-Dec), the absolute cost of production increased by 50.5%, from USD 34.9 MM in 2021 to USD 52.5 MM in 2022. The unit cost increased by 17.3%, from 46.7 USD/MT to 54.8 USD/MT.

Table 23: Oxides Plant Operating Investments

Oxides Plant Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Plants and Tailings Dams	0.2	-0.8	-0.7	0.1	1.2	-90.9	-1.2	1.4	
Mine and Infrastructure	0.1	0.6	0.2	0.1	0.1	18.1	1.0	0.5	117.3
Support and Others	0.2	0.3	0.3	0.3	0.4	-19.5	1.2	0.6	94.2
Total	0.5	0.3	0.5	0.5	1.7	-69.4	1.9	2.5	-24.4

Source: Volcan Cia. Minera

Operating investments during 4Q22 totaled USD 0.5 MM, 69.4% lower than the USD 1.7 MM figure for 4Q21, mainly due to lower investments in the Ocroyoc tailings dam. Year-to-date

(Jan-Dec), operating investments decreased by 24.4%, from USD 2.5 MM in 2021 to USD 1.9 MM in 2022.

3. Energy

Table 24: Volcan's Electric Power Balance

Electric Balance (GWh)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Energy generation	120.7	113.0	92.2	92.7	105.2	-11.9	418.6	439.4	-4.7
Chungar	40.0	36.8	30.9	35.4	36.8	-3.7	143.1	150.8	-5.1
Tingo	1.6	1.7	1.7	1.7	1.7	2.1	6.7	6.6	0.5
Huanchor	40.3	35.5	37.3	31.2	35.5	-12.2	149.3	145.3	2.8
Rucuy	38.7	31.3	22.3	24.4	31.3	-21.9	119.5	136.7	-12.6
Energy consumption	195.3	203.6	211.6	209.1	196.7	6.3	819.5	764.5	7.2
Energy purchase	153.6	165.2	178.9	171.9	158.3	8.6	669.7	607.1	10.3

Source: Volcan Cia. Minera

During 4Q22, Volcan's total consumption of electric power reached 209.1 GWh, with a maximum demand of 106 MW. The 10 hydroelectric plants that belong to the Chungar Unit generated 35.4 GWh, a 3.7% reduction as compared to the previous year, resulting from the reduced availability of water caused by less precipitation in the area. Self-generation accounted for 17% of the Company's total consolidated consumption, at an average cost of 28 USD/MWh, including operating, maintenance and transmission costs.

Volcan purchased 171.9 GWh from the national central grid system (the SEIN) in order to meet its total consumption demand, at an average unit cost of 69 USD/MWh. It is important to note that, since November, the purchase of power is subject to a new regulated rate known as "FOSE rate", applied pursuant to Laws No. 31429 and 31598. In annual terms, it will translate into an increased energy purchase cost of approximately USD 2 MM for the Company.

In 4Q22, the Huanchor Hydroelectric Plant produced 31.2 GWh, a 12.2% reduction as compared to the same period of the previous year, resulting from reduced water availability. The power of Huanchor Hydroelectric Plant was entirely sold to third parties.

In 4Q22, the Rucuy Hydroelectric Plant produced 24.4 GWh, a 21.9% reduction as compared to the same period of the previous year, resulting from lake discharge restrictions by the board of users. The power was used to meet the commitments set forth in its renewable energy agreement (RER).

The Tingo Hydroelectric Plant produced 1.7 GWh. All of this power was sold to the Chungar mining operation.

4. Final Comments

- The economic result of USD -76.9 MM recorded in 4Q22 is mainly explained by exceptional expenses related to the impairment of long-term investments in Volcan and Cerro de Pasco, totaling USD 77.3 MM, resulting from higher costs and future investments considered in the assessment. As compared to the same period of the previous year, the gross margin decreased as a result of the negative evolution of metals prices, higher trade discounts of zinc concentrates, and higher cost of production resulting from local and global inflation. Finally, greenfield and brownfield exploration expenses were significantly higher, increasing from USD 5.2 MM in 4Q21 to USD 14.1 MM in 4Q22.
- With regard to brownfield explorations, the most outstanding finding is the Esperanza orebody located 700 meters below the current Animón operations in the Chungar Unit. This is a large replacement body that contains approximately 30 million tons of inferred ore with high grades of zinc and copper, and almost 10 million tons of open potential.
- Meanwhile, several geological mapping activities were carried out as part of the greenfield explorations to identify the most relevant geological evidences:
 - Airborne geophysical surveys using cutting-edge technology like VTEM (Versatile Time Domain Electromagnetic) and ZTEM (Z-Axis Tipper Electromagnetic), and helicopters to cover large areas.
 - Land geophysical surveys using drones and gravimetry, magnetometry and induced polarization (IP).

These activities allowed us to define over a hundred anomalous areas to be assessed in the following years.

- The outlook for base metals prices is a subject of global concern due to a potential recession in the United States and Europe, further slowdown of China's growth, and the continuous increase of interest rates by the main central banks around the world. Although China has announced the gradual lifting of its Zero Covid policy and the reopening of its economy, the impact of these measures remains uncertain.
- From the local perspective, political instability and social unrest in the mining sector, agro-industrial and even urban areas have been affecting the normal economic development of the country. For the moment, the impact for the Company has not been significant.
- As of December 31, 2022, the net debt/EBITDA ratio was 2.4, higher than the 1.8 ratio recorded in 4Q21, mainly due to the higher net debt resulting from a lower cash balance and lower EBITDA.

Table 25: Net Debt / EBITDA Ratio

Net Debt/EBITDA Ratio	4Q21	1Q22	2Q22	3Q22	4Q22
Gross Debt (MM USD)	916	903	795	794	788
Cash Balance (MM USD)	231	226	156	106	74
Net Debt ¹ (MM USD)	685	677	638	688	714
EBITDA ² (MM USD)	389	426	389	353	299
Net Debt/EBITDA Ratio	1.8	1.6	1.6	1.9	2.4

¹ Debt does not include operating leases associated with IFRS 16 or current interest

² Corresponds to EBITDA accumulated in the last 12 months

Source: Volcan Cía. Minera

- Cosco Shipping Ports Chancay Peru S.A. (CSPCP), the company where Volcan holds a participation of 40% of shares and Cosco Shipping Ports Ltd. holds 60%, continues the construction of the first stage of the Chancay multi-purpose terminal, with an investment of USD 1,300 MM. With regard to the construction of the operational area, as of the date of issuance of this report, there is progress of approximately 2,200 linear meters of the primary breakwater and 230 linear meters in the secondary breakwater. In the entrance complex, construction of the administrative building, complementary services building, and office access area, is underway. A total 501,620 m³ have been moved through earthmoving and landforming.

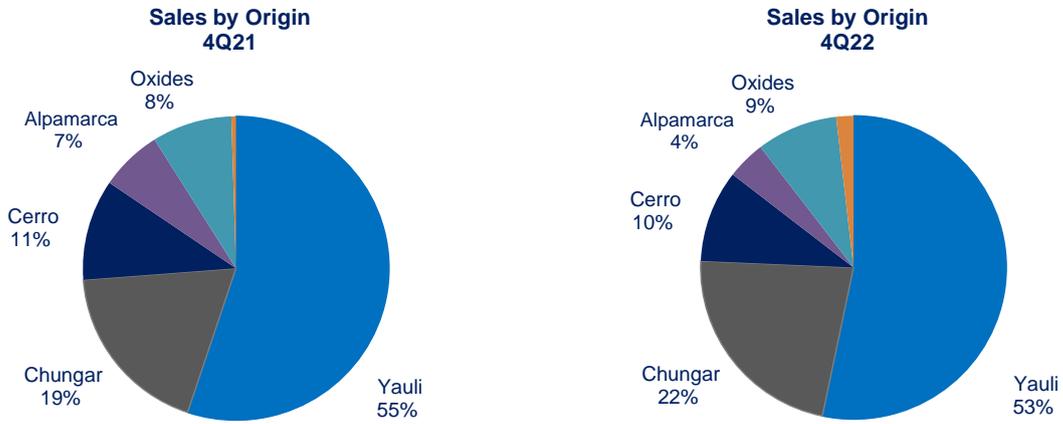
Moreover, 40% of the tunnel and access roads have been completed. Completion of the tunnel on the side of the entrance complex is 242.9 m, while on the side of the operating area, the entrance is completed by 284.4 m in the left passageway, and 251.4 m in the right passageway.

With regard to the 220 Kv transmission line, the construction of the substation is still underway, and has been completed by 32.1%.

Annexes

Annex 1: Sales Breakdown

Figure 7: Sales by Operating Unit (percentage of total sales)

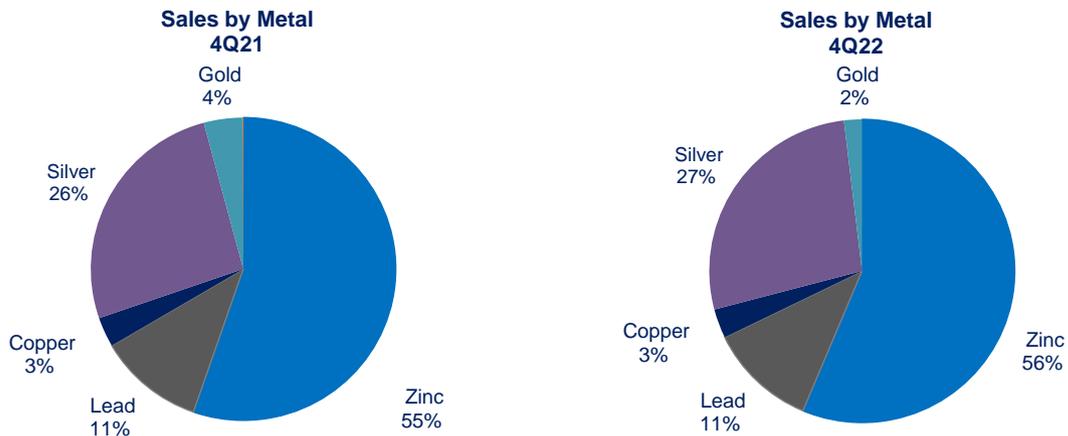


Source: Volcan Cia. Minera

Source: Volcan Cia. Minera

The distribution of sales by metal per operating unit in 4Q22 reflects the increased participation of Chungar in total sales, explained by the increased volume of extracted and treated ore in this unit, as compared to 4Q21.

Figure 8: Sales by Metal (percentage of total sales)



Source: Volcan Cia. Minera

Source: Volcan Cia. Minera

Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Zinc (USD/MT)	3,743	3,925	3,269	3,004	3,365	-10.7	3,485	3,005	16.0
Lead (USD/MT)	2,334	2,203	1,976	2,100	2,331	-9.9	2,153	2,205	-2.3
Copper (USD/MT)	9,985	9,526	7,742	8,006	9,698	-17.4	8,815	9,315	-5.4
Silver (USD/Oz)	23.9	22.6	19.2	21.2	23.3	-9.1	21.8	25.2	-13.6
Gold (USD/Oz)	1,874	1,874	1,730	1,728	1,794	-3.7	1,802	1,800	0.1

Source: London Metal Exchange

Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Oct-Dec 2021	var %	Jan-Dec 2022	Jan-Dec 2021	var %
Exchange Rate (S/ x USD)	3.81	3.75	3.88	3.90	4.03	-3.2	3.84	3.88	-1.2
Inflation ¹	6.82	8.81	8.53	8.45	6.43	31.4	8.45	6.43	31.4

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-Jun 2022	Jul-Sep 2022	Oct - Dec 2022	Oct - Dec 2021	var %	Jan - Dec 2022	Jan - Dec 2021	var %
Zinc (FMT)	344,512	318,748	353,150	351,613	359,531	-2.2	1,368,023	1,531,390	-10.7
Lead (FMT)	61,668	61,309	64,498	66,448	66,580	-0.2	253,923	264,126	-3.9
Copper (FMT)	553,749	542,893	632,963	709,185	619,821	14.4	2,438,789	2,298,707	6.1
Silver (thousands Oz)	23,758	24,330	24,911	25,240	26,894	-6.1	98,240	106,343	-7.6
Gold (thousands Oz)	718	747	770	829	808	2.6	3,063	3,101	-1.2

Source: Ministry of Energy and Mines