

Volcan Compañía Minera S.A.A. and Subsidiaries

Management Discussion and Analysis

First Quarter 2023

Principal Results:

Consolidated Volcan	Jan-Mar 2023	Jan-Mar 2022	var %
Sales Prices¹			
Zinc (USD/MT)	3,117	3,684	-15.4
Lead (USD/MT)	2,143	2,310	-7.3
Copper (USD/MT)	8,900	9,815	-9.3
Silver (USD/Oz)	22.5	23.8	-5.4
Gold (USD/Oz)	1,892	1,879	0.7
Operating Results			
Mineral treatment ² (thousands MT)	2,274	2,085	9.1
Zinc Production (thousands FMT)	56.5	52.7	7.1
Lead Production (thousands FMT)	13.2	13.6	-3.0
Copper Production (thousands FMT)	1.3	1.1	18.7
Silver Production (millions Oz)	3.5	3.6	-4.2
Gold Production (thousands Oz)	3.7	8.0	-53.2
Unit Cost (USD/TM) ³	50.4	54.3	-7.2
Total Investments (MM USD)	36.2	42.7	-15.1
Financial Results (MM USD)			
Sales before adjustments	220.7	263.6	-16.3
Sales Adjustments	0.4	15.8	-97.3
Settlement of prior period adjustments	8.9	6.6	34.1
Adjustments for open positions ⁴	-8.5	9.2	
Sales after adjustments	221.1	279.4	-20.9
Net profit before exceptionals	1.5	40.7	-96.4
Exceptional adjustments	-0.7	-2.6	-71.8
Net profit	0.8	38.2	-98.0
EBITDA⁵	71.4	125.6	-43.2

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 comercial 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.

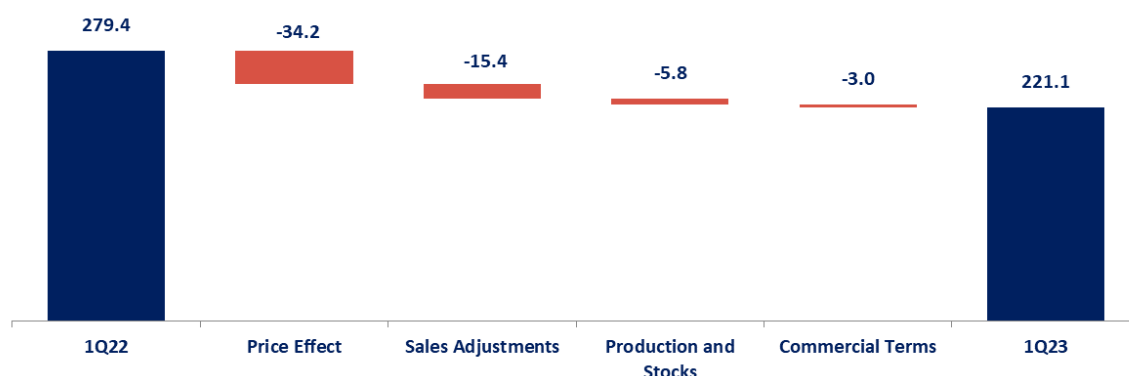
⁵ Does not consider exceptional adjustments.

Source: Volcan Cia. Minera

1. Executive Summary

- The Company's sales before adjustments decreased by 16.3%, from USD 263.6 MM in 1Q22 to USD 220.7 MM in 1Q23, explained by lower prices of the main metals produced by the Company.
- The price of zinc decreased from 3,684 USD/MT in 1Q22 to 3,117 USD/MT in 1Q23 (15.4%), lead from 2,310 USD/MT to 2,143 USD/MT (7.3%), copper from 9,815 USD/MT to 8,900 USD/MT (9.3%), silver from 23.8 USD/Oz to 22.5 USD/Oz (5.4%), and gold increased from 1,879 USD/Oz to 1,892 USD/Oz (0.7%).
- Sales adjustments totaled USD 0.4 MM in 1Q23 as compared to USD 15.8 MM in 1Q22, and as a result sales after adjustments decreased by 20.9%, from USD 279.4 MM to USD 221.1 MM as shown in the figure below.

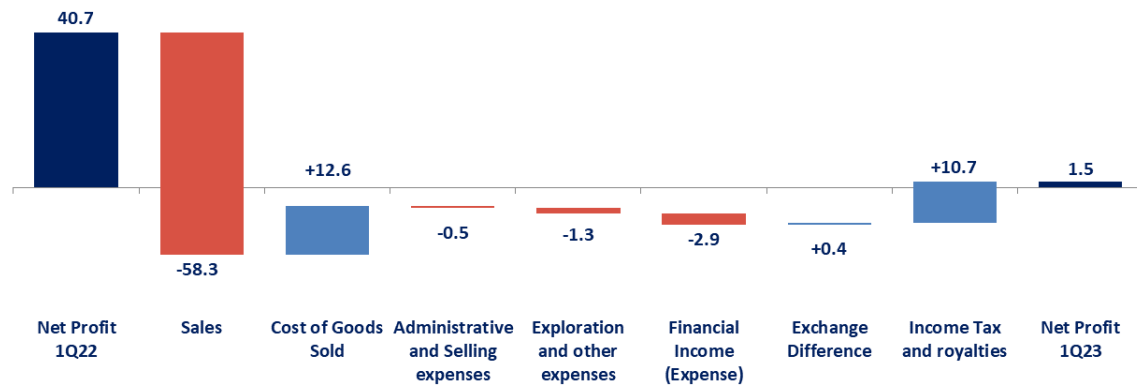
Figure 1: 1Q23 vs 1Q22 variations impact on net sales (USD MM)



Source: Volcan Cía. Minera

- Total processed volumes increased by 9.1% due to increased treated ore volumes at Cerro de Pasco, Chungar and Yauli. The production of zinc fines increased by 7.1%, from 52.7 thousand FMT in 1Q22 to 56.5 thousand FMT in 1Q23; while the production of copper increased by 18.7%, from 1.1 thousand FMT in 1Q22 to 1.3 thousand FMT in 1Q23. Meanwhile, lead production decreased by 3.0%, from 13.6 thousand FMT in 1Q22 to 13.2 thousand FMT in 1Q23 and silver production decreased by 4.2%, from 3.6 MM Oz in 1Q22 to 3.5 MM Oz in 1Q23. Gold production decreased by 53.2%, from 8.0 thousand Oz in 1Q22 to 3.7 thousand Oz in 1Q23, mainly due to lower grades of the ore processed at the Oxides Plant.
- Consolidated unit cost decreased by 7.2%, from 54.3 USD/MT in 1Q22 to 50.4 USD/MT in 1Q23. This is mainly explained by the execution of improvement initiatives in the operations, and greater volumes treated at Chungar, Cerro de Pasco and Yauli.
- Profit before exceptional items decreased from USD 40.7 MM in 1Q22 to USD 1.5 MM in 1Q23, mainly due to reduced sales as a result of lower metals prices, partially offset by the lower cost of goods sold resulting from a lower cost of production.

Figure 2: 1Q23 vs 1Q23 variations impact on net profit before exceptional items (USD MM)



Source: Volcan Cía. Minera

- Exceptional expenses totaled USD 0.7 MM, mainly related to the impairment of long-term investments in Cerro de Pasco. As a result, net profit amounted to USD 0.8 MM in 1Q23 versus USD 38.2 MM in 1Q22.
- EBITDA decreased by 43.2%, from USD 125.6 MM in 1Q22 to USD 71.4 MM in 1Q23, due to lower sales resulting from lower metals prices.
- Total investments decreased by 15.1%, from USD 42.7 MM in 1Q22 to USD 36.2 MM in 1Q23, as a result of investment prioritization in the operating units.

2. Consolidated Results

2.1 Production

Table 1: Consolidated Production

Consolidated Production	Jan-Mar 2023	Jan-Mar 2022	var %
Mineral extraction (thousands MT)	2,149	1,981	8.5
Polymetallic ore	1,911	1,755	8.9
Oxides ore	238	226	5.5
Mineral treatment (thousands MT)	2,274	2,085	9.1
Concentrator Plants	2,035	1,859	9.5
Silver Oxides Plant	238	226	5.5
Fine Content			
Zinc (thousands FMT)	56.5	52.7	7.1
Lead (thousands FMT)	13.2	13.6	-3.0
Copper (thousands FMT)	1.3	1.1	18.7
Silver (millions Oz)	3.5	3.6	-4.2
Gold (thousands Oz)	3.7	8.0	-53.2

Source: Volcan Cia. Minera

Extracted ore volumes increased by 8.5%, from 1,981 thousand MT in 1Q22 to 2,149 thousand MT in 1Q23, due to higher extracted volumes at Yauli, Chungar and Cerro de Pasco. Similarly, treated volumes increased by 9.1%, from 2,085 thousand MT in 1Q22 to 2,274 thousand MT in 1Q23, as a result of increased extraction.

The production of zinc fines increased by 7.1%, from 52.7 thousand FMT in 1Q22 to 56.5 thousand FMT in 1Q23, mainly due to greater volumes and higher grades in the ore treated at Yauli and Chungar, partially offset by lower fines at Cerro de Pasco, a result of lower grades. The production of copper increased by 18.7%, from 1.1 thousand FMT in 1Q22 to 1.3 thousand FMT in 1Q23. Conversely, lead production decreased by 3.0%, from 13.6 thousand FMT in 1Q22 to 13.2 thousand FMT in 1Q23, due to lower grades at Yauli and Alpamarca, partially offset by better grades of the ore processed at Chungar. Silver production decreased by 4.2%, from 3.6 MM Oz in 1Q22 to 3.5 MM Oz in 1Q23, and gold production decreased by 53.2%, from 8.0 thousand Oz in 1Q22 to 3.7 thousand Oz in 1Q23, due to lower grades in the ore processed at the Oxides Plant.

2.2 Cost of Production

The absolute cost of production, not considering infill drilling, rose by 1.1%, from USD 113.0 MM in 1Q22 to USD 114.3 MM in 1Q23, mainly due to greater extracted and treated volumes. Unit cost decreased by 7.2%, from 54.3 USD/MT in 1Q22 to 50.4 USD/MT in 1Q23. This is mainly explained by the execution of improvement initiatives in the operating units, and greater volumes treated at Chungar and Yauli.

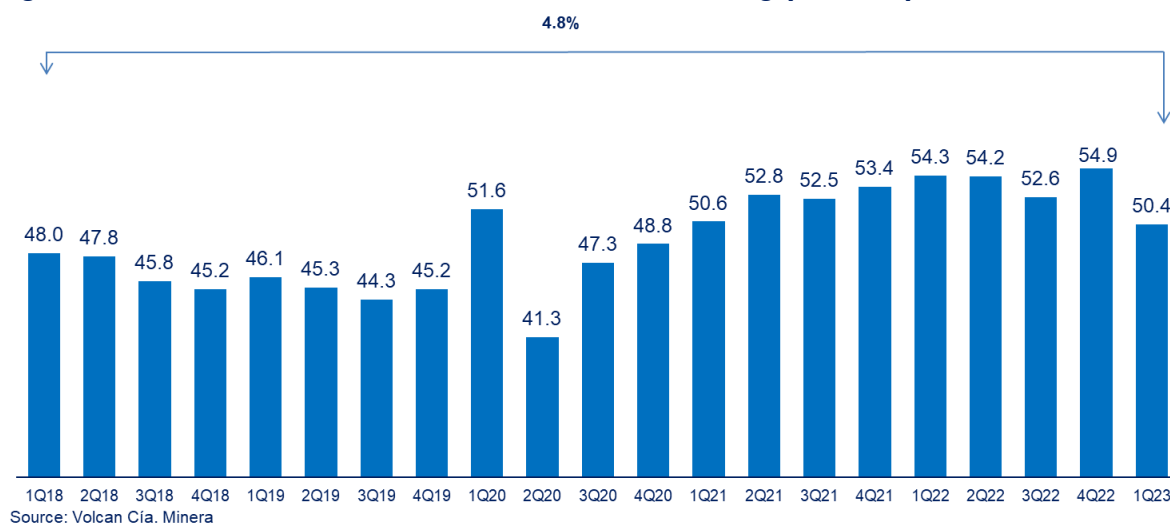
Table 2: Consolidated Cost of Production

Consolidated Production Cost	Jan-Mar 2023	Jan-Mar 2022	var %
Production Cost (MM USD)			
Mine Cost	44.0	51.8	-15.0
Plant and Other Cost	70.2	61.2	14.7
Sub total Production Cost (MM USD)	114.3	113.0	1.1
Infill drilling cost	2.3	2.9	-18.8
Total Production Cost (MM USD)	116.6	115.9	0.6
Unit Cost (USD/MT)			
Mine cost ¹	19.5	24.9	-21.9
Plant and Other Cost	30.9	29.4	5.2
Sub total Unitary Cost (USD/MT)	50.4	54.3	-7.2
Infill drilling cost	1.1	1.5	-25.2
Total Unitary Cost (USD/MT)	51.5	55.8	-7.7

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

The evolution of the unit cost over the last five years is shown in the figure below. As observed, unit cost in 1Q23 was similar to 1Q21.

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



2.3 Investments

Investments in the operating units decreased by 18.3%, from USD 40.9 MM in 1Q22 to USD 33.4 MM in 1Q23, as a result of the streamlining of investments in the operating units.

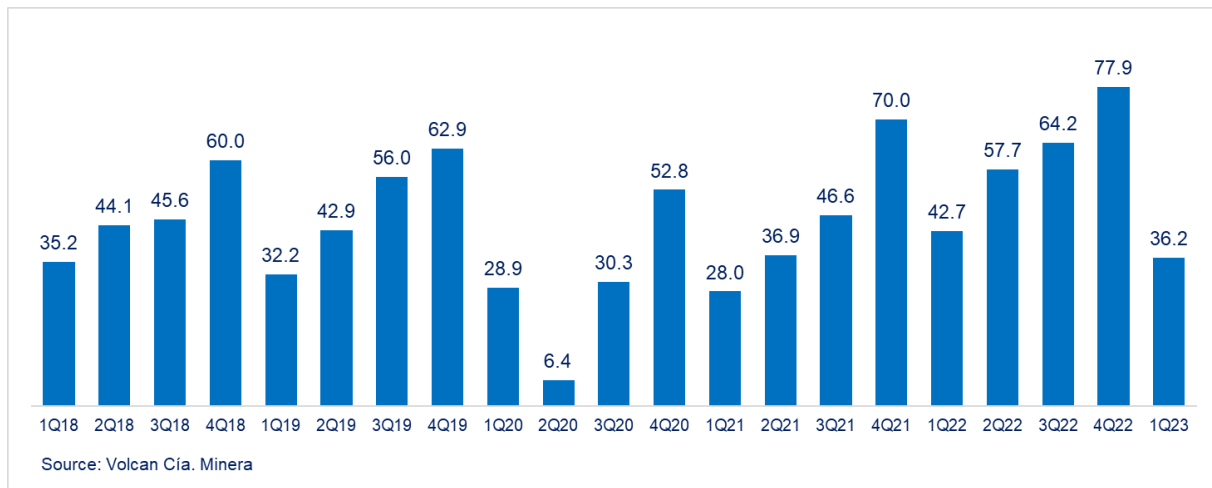
Growth investments related to the Romina project were USD 2.9 MM in 1Q23. Total investments decreased by 15.1%, from USD 42.7 MM in 1Q22 to USD 36.2 MM in 1Q23.

Table 3: Consolidated Investment

Consolidated Investment (MM USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Mining	36.2	42.7	-15.1
Mining Units	33.4	40.9	-18.3
Local Exploration	2.6	1.7	56.1
Development	18.4	15.3	19.8
Plants and Tailings Facilities	4.1	10.1	-59.7
Mine and Infrastructure	7.3	7.9	-7.4
Electrical Infrastructure in Units	0.7	3.4	-78.2
Support and Others	0.3	2.5	-88.5
Growth and Others	2.9	1.8	57.4
Energy	0.0	0.0	-75.7
Total	36.2	42.7	-15.1

Source: Volcan Cia. Minera

Figure 4: Evolution of consolidated investment



2.4 Income Statement

Table 4: Income Statement

Income Statement (MM USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Sales before adjustments	220.7	263.6	-16.3
<i>Sett. of prior periods adjustments</i>	8.9	6.6	34.1
<i>Adj. open positions</i>	-8.5	9.2	
Sales after adjustments	221.1	279.4	-20.9
Cost of Goods Sold	-174.3	-186.9	-6.8
Gross Profit	46.8	92.5	-49.4
<i>Gross Margin</i>	21%	33%	-12 pp
Administrative Expenses	-8.7	-13.3	-34.5
Exploration Expenses	-5.0	-3.7	35.4
Sales Expenses	-7.4	-5.4	36.8
Other income (Expenses) ¹	-3.7	-0.6	504.6
Operating Profit	22.0	69.4	-68.4
<i>Operating Margin</i>	10%	25%	-15 pp
Financial income (expense)	-15.1	-12.2	23.9
Exchange difference (net)	0.1	-0.3	
Royalties	-3.3	-4.2	-21.3
Income Tax	-2.2	-12.1	-81.4
Net Profit before Exceptionals	1.5	40.7	-96.4
<i>Net Margin</i>	1%	15%	-14 pp
Exceptional adjustments ²	-0.7	-2.6	-71.8
Net Profit	0.8	38.2	-98.0
<i>Net Margin</i>	0%	14%	-13 pp
EBITDA³	71.4	125.6	-43.2
<i>EBITDA Margin</i>	32%	45%	-13 pp

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 2023	Jan-Mar 2022	var %
Zinc (USD/MT)	3,117	3,684	-15.4
Lead (USD/MT)	2,143	2,310	-7.3
Copper (USD/MT)	8,900	9,815	-9.3
Silver (USD/Oz)	22.5	23.8	-5.4
Gold (USD/Oz)	1,892	1,879	0.7

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 2023	Jan-Mar 2022	var %
Zinc (thousands FMT)	57.1	54.6	4.7
Lead (thousands FMT)	12.9	14.0	-7.7
Copper (thousands FMT)	1.3	1.3	-0.2
Silver (millions Oz)	3.4	3.6	-5.0
Gold (thousands Oz)	3.7	8.1	-54.5

Source: Volcan Cia. Minera

Table 7: Sales in USD

Sales (millions USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Zinc	123.0	144.2	-14.7
Lead	24.0	27.2	-11.8
Copper	6.4	8.0	-20.7
Silver	61.8	71.2	-13.1
Gold	5.4	13.6	-60.4
Sales before adjustments	220.7	263.6	-16.3
Sett. of prior period adjust.	8.9	6.6	34.1
Adjust. for open positions	-8.5	9.2	
Hedging results	0.0	0.0	
Sales after adjustments	221.1	279.4	-20.9

Source: Volcan Cia. Minera

The Company's sales before adjustments decreased by 16.3%, from USD 263.6 MM in 1Q22 to USD 220.7 MM in 1Q23, explained by lower prices of the main metals produced by the Company. Sales adjustments decreased from USD 15.8 MM in 1Q22 to USD 0.4 MM in 1Q23. In 1Q23, the adjustments included final settlements worth USD 8.9 MM, and provisions related to open shipments totaling USD -8.5 MM. Total sales after adjustments decreased by 20.9%, from USD 279.4 MM in 1Q22 to USD 221.1 MM in 1Q23.

- Cost of Goods Sold**

Table 8: Cost of Goods Sold

Cost of Goods Sold (millions USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Volcan Production	173.2	182.9	-5.3
Volcan Production Cost	116.6	115.9	0.6
D&A from Production Cost	47.6	54.8	-13.2
Other expenses	7.0	6.7	4.9
Inventories variation	1.9	5.5	-64.5
Workers Profit Sharing	1.1	4.1	-72.2
Total	174.3	186.9	-6.8

Source: Volcan Cia. Minera

Total cost of goods sold decreased by 6.8%, from USD 186.9 MM in 1Q22 to USD 174.3 MM in 1Q23. This is mainly explained by lower depreciation and amortization resulting from fewer depreciable assets at Yauli, and lower variation of inventories and workers' participation provisions.

- **Gross Margin and Gross Profit**

The Company's gross margin decreased from 33% in 1Q22 to 21% in 1Q23, mainly due to reduced metals prices. Gross profit decreased from USD 92.5 MM in 1Q22 to USD 46.8 MM in 1Q23, despite the lower cost of goods sold.

- **Administrative Expenses**

Administrative expenses decreased by 34.5%, from USD 13.3 MM in 1Q22 to USD 8.7 MM in 1Q23, mainly explained by lower personnel expenses provisions.

- **Exploration Expenses**

Exploration expenses increased by 35.4%, from USD 3.7 MM in 1Q22 to USD 5.0 MM in 1Q23, explained by increased brownfield explorations related to the Esperanza project at Chungar. It is important to note that a significant decrease of annual expenses is expected in this item, in line with the streamlining of the Company's expenses.

- **Sale expenses**

Sale expenses increased by 36.8% as compared to the same period of the previous year, amounting to USD 7.4 MM in 1Q23 versus USD 5.4 MM in 1Q22, due to higher transportation, shipment and freight rates.

- **Other Income and Expenses**

In 1Q23, the net amount of other income and expenses was USD -3.7 MM versus USD -0.6 MM in 1Q22, mainly due to higher expenses to improve the standards of non-operative tailings dams.

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 increased by 23.9%, from USD 12.2 MM in 1Q22 to USD 15.1 MM in 1Q23, explained by higher interests of the syndicated loan resulting from the increased reference rate.

An exchange-rate gain totaling USD 0.1 MM was registered in 1Q23, as compared to the USD -0.3 MM reported in 1Q22.

• Royalties and Income Tax

Royalties decreased from USD 4.2 MM in 1Q22 to USD 3.3 MM in 1Q23, while income tax decreased from USD 12.1 MM in 1Q22 to USD 2.2 MM in 1Q23, in line with the reduced profits of this period.

▪ Net Profit and EBITDA

Profit before exceptional items decreased from USD 40.7 MM in 1Q22 to USD 1.5 MM in 1Q23, mainly due to lower sales resulting from lower metals prices. Exceptional expenses totaled USD 0.7 MM, mainly related to the impairment of long-term investments at Cerro de Pasco. As a result, net profit after exceptional items amounted to USD 0.8 MM in 1Q23 versus USD 38.2 MM in 1Q22.

EBITDA decreased from USD 125.6 MM in 1Q22 to USD 71.4 MM in 1Q23, mainly due to lower sales resulting from lower metals prices.

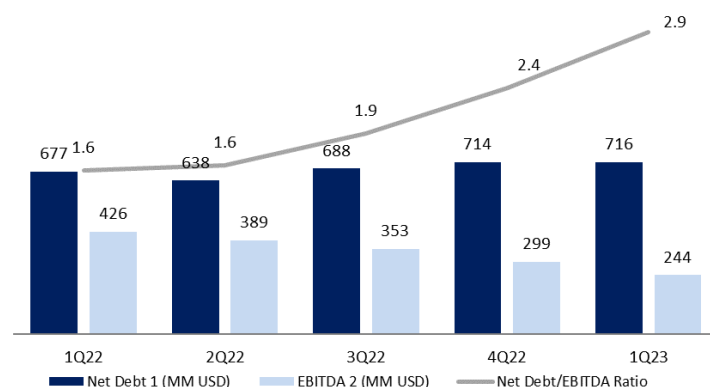
2.5 Liquidity and Creditworthiness

In 1Q23, cash generated by mining operations after operating investments was positive and totaled USD 23.6 MM. Growth investments in the mining and other business totaled USD -7.4 MM and the payment of financial obligations and interests amounted to USD -22.6 MM.

Therefore, during 1Q23, the cash flow was USD -6.4 MM, and the cash balance at the end of 1Q23 totaled USD 67.2 MM.

As of March 31, 2023, the net debt/EBITDA ratio was 2.9, mainly due to the lower EBITDA accumulated in the last 12 months.

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 2023	Jan-Mar 2022	var %
Mineral extraction (thousands MT)	705	690	2.2
Mineral treatment (thousands MT)	713	686	3.9
Fines Content			
Zinc (thousands FMT)	37.2	34.2	8.8
Lead (thousands FMT)	5.1	5.8	-12.6
Copper (thousands FMT)	0.6	0.7	-8.3
Silver (millions Oz)	1.5	1.8	-14.8
Gold (thousands Oz)	1.4	1.3	8.8

Source: Volcan Cia. Minera

Ore volumes extracted at the Yauli Unit during 1Q23 grew by 2.2%, as compared to the same quarter of the previous year. Ore treatment increased by 3.9% as compared to 1Q22, and zinc and gold fines production increased by 8.8% and 8.8%, respectively, due to increased treated volumes and better grades at Andaychagua. With regard to lead and silver fines, production decreased by 12.6% and 14.8%, respectively, as a result of the delayed access to zones with higher grades of these metals.

Table 10: Yauli Cost of Production

Yauli Production Cost	Jan-Mar 2023	Jan-Mar 2022	var %
Production Cost (MM USD)			
Extraction Cost	27.0	31.9	-15.6
Treatment Cost	32.1	27.5	16.6
Sub total Production Cost (MM USD)	59.1	59.5	-0.7
Infill drilling cost	1.9	1.8	2.8
Total Production Cost (MM USD)	61.0	61.3	-0.6
Unit Cost (USD/MT)			
Extraction Cost	38.2	46.3	-17.4
Treatment Cost	45.1	40.1	12.3
Sub total Unitary Cost (USD/MT)	83.3	86.4	-3.6
Infill drilling cost	2.7	2.7	0.6
Total Unitary Cost (USD/MT)	86.0	89.1	-3.5

Source: Volcan Cia. Minera

Despite the increase of extracted and treated volumes, in 1Q23, the absolute cost of production, not considering infill drilling, decreased by 0.7%, from USD 59.5 MM in 2022 to USD 59.1 MM in 2023. This is mainly explained by the optimization of ground support using shotcrete at San Cristóbal - Carahuacra. Unit cost decreased from 86.4 USD/MT in 1Q22 to 83.3 USD/MT in 1Q23, due to operating improvements and greater volumes treated.

In 1Q23, infill drilling costs totaled USD 1.9 MM. Infill drilling is used to increase the certainty of reserves and reduce risk in mining plans.

Table 11: Yauli Operating Investments

Yauli Operating Investment (MM USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Local Exploration	2.2	0.7	190.7
Mine Development	14.7	12.1	21.2
Plants and Tailings Dams	3.2	4.4	-28.2
Mine and Infrastructure	5.4	4.3	26.5
Electrical Infrastructure	0.6	3.2	-80.0
Support and Others	0.2	1.9	-88.6
Total	26.3	26.7	-1.5

Source: Volcan Cia. Minera

In 1Q23, operating investments at the Yauli Unit totaled USD 26.3 MM, 1.5% lower than the USD 26.7 MM figure for 1Q22, explained by lower investments in plants and tailings dams, electric infrastructure and ground support, offset by higher investment in local exploration, mine developments and infrastructure.

3.2 Chungar Unit Operating Results

Table 12: Chungar Production

Chungar Production	Jan-Mar 2023	Jan-Mar 2022	var %
Mineral extraction (thousands MT)	320	274	16.9
Mineral treatment (thousands MT)	325	285	14.0
Fines Content			
Zinc (thousands FMT)	12.8	10.6	20.2
Lead (thousands FMT)	5.5	4.5	22.4
Copper (thousands FMT)	0.3	0.3	8.1
Silver (millions Oz)	0.6	0.5	31.2
Gold (thousands Oz)	0.3	0.5	-46.9

Source: Volcan Cia. Minera

In 1Q23, ore volumes extracted at Chungar increased by 16.9%, and treated ore increased by 14.0%, as compared to 1Q22, due to operating improvements such as the increased use of long drill holes during mining. With regard to zinc, lead, copper and silver, production increased by 20.2%, 22.4%, 8.1% and 31.2%, respectively, due to greater processed volumes and better grades.

Table 13: Chungar Cost of Production

Chungar Production Cost	Jan-Mar 2023	Jan-Mar 2022	var %
Production Cost (MM USD)			
Extraction Cost	12.8	15.1	-14.8
Treatment Cost	15.3	13.3	14.9
Sub total Production Cost (MM USD)	28.1	28.4	-0.8
Infill drilling cost	0.4	1.0	-57.3
Total Production Cost (MM USD)	28.6	29.4	-2.8
Unit Cost (USD/MT)			
Extraction Cost	40.1	55.0	-27.1
Treatment Cost	47.2	46.8	0.7
Sub total Unitary Cost (USD/MT)	87.3	101.8	-14.3
Infill drilling cost	1.4	3.8	-63.5
Total Unitary Cost (USD/MT)	88.7	105.6	-16.0

Source: Volcan Cia. Minera

Although higher production volumes were obtained in 1Q23, the absolute cost of production, not considering infill drilling, decreased by 0.8%, from USD 28.4 MM in 1Q22 to USD 28.1 MM in 1Q23. This was mainly explained by the optimization of ground support using shotcrete, and the increased use of the long drill hole mining method.

Unit cost decreased by 14.3%, from 101.8 USD/MT in 1Q22 to 87.3 USD/MT in 1Q23, due to operating improvements and greater volumes treated.

Table 14: Chungar Operating Investments

Chungar Operating Investment (MM USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Local Exploration	0.5	0.5	2.3
Mine Development	3.7	3.2	14.6
Plants and Tailings Dams	0.2	1.5	-89.8
Mine and Infrastructure	1.6	3.1	-48.1
Electrical Infrastructure	0.1	0.1	6.9
Support and Others	0.1	0.4	-79.4
Total	6.1	8.7	-30.2

Source: Volcan Cia. Minera

Operating investments decreased by 30.2%, from USD 8.7 MM in 1Q22 to USD 6.1 MM in 1Q23, due to lower investments in plants and tailings dams, mine infrastructure and support, partly offset by higher investments in local exploration, mine developments and electric infrastructure.

3.3 Alpamarca Unit Operating Results

Table 15: Alpamarca Production

Alpamarca Production	Jan-Mar 2023	Jan-Mar 2022	var %
Mineral extraction (thousands MT)	132	130	1.8
Mineral treatment (thousands MT)	244	227	7.4
Fines Content			
Zinc (thousands FMT)	1.8	1.9	-6.7
Lead (thousands FMT)	0.7	1.3	-45.2
Copper (thousands FMT)	0.1	0.1	18.4
Silver (millions Oz)	0.2	0.2	20.4

Source: Volcan Cia. Minera

In 1Q23, the extraction volume at Chungar increased by 1.8% as compared to the same period in the previous year, while treated volume increased by 7.4%, from 227 thousand MT in 1Q22 to 244 thousand MT in 1Q23.

In 1Q23, zinc and lead fines production decreased by 6.7% and 45.2%, respectively, as compared to 1Q22, due to lower grades found in the processed ore from stockpiles and old tailings dams used to replace the ore from the open pit. With regard to copper and silver fines, production increased by 18.4% and 20.4%, respectively, as a result of better selectivity when extracting ore from old tailings dams.

Table 16: Alparamarca Cost of Production

Alparamarca Production Cost	Jan-Mar 2023	Jan-Mar 2022	var %
Production Cost (MM USD)			
Extraction Cost	1.0	2.2	-52.4
Treatment Cost	3.5	3.5	-0.8
Sub total Production Cost (MM USD)	4.5	5.7	-20.3
Unit Cost (USD/MT)			
Extraction cost ¹	4.2	9.5	-55.6
Treatment Cost	14.4	15.6	-7.6
Total Unitary Cost (USD/MT)	18.6	25.0	-25.8

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

In 1Q23, the absolute cost of production totaled USD 4.5 MM, 20.3% lower than the USD 5.7 MM figure for the same quarter of the previous year, resulting from the decreased extraction of overburden from the open pit. In line with this and the greater volume treated, the unit cost decreased by 25.8%, from 25.0 USD/MT in 1Q22 to 18.6 USD/MT in 1Q23.

Table 17: Alparamarca Operating Investments

Alparamarca Operating Inv. (MM USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Local Exploration	0.0	0.4	-100.0
Plants and Tailings Dams	0.0	0.3	-99.0
Mine and Infrastructure	0.2	0.4	-54.4
Support and Others	0.0	0.0	-100.0
Total	0.2	1.1	-84.8

Source: Volcan Cia. Minera

Operating investments decreased by 84.8%, from USD 1.1 MM in 1Q22 to USD 0.2 MM in 1Q23, due to lower investments in local exploration, plants and tailings dams, mine infrastructure and support.

3.4 Cerro de Pasco Unit Operating Results

Table 18: Cerro de Pasco Production

Cerro de Pasco Production	Jan-Mar 2023	Jan-Mar 2022	var %
Mineral extraction (thousands MT)	754	660	14.1
Mineral treatment (thousands MT)	754	660	14.1
Fines Content			
Zinc (thousands FMT)	4.8	6.1	-20.9
Lead (thousands FMT)	1.9	2.0	-5.1
Copper (thousands FMT)	0.2	0.0	
Silver (millions Oz)	0.4	0.3	20.3

Source: Volcan Cia. Minera

Ore volumes from stockpiles processed at Cerro de Pasco increased by 14.1% from 660 thousand MT in 1Q22 to 754 thousand MT in 1Q23, resulting from a series of improvements performed at the concentrator plant.

In 1Q23, zinc and lead fines production decreased by 20.9% and 5.1%, respectively, as compared to 1Q22, due to lower metallurgical recoveries resulting from the presence of pyrites in the processed ore. Conversely, silver production increased by 20.3% as compared to 1Q22, due to the treatment of new stockpile areas with better silver grades.

Table 19: Cerro de Pasco Cost of Production

Cerro de Pasco Production Cost	Jan-Mar 2023	Jan-Mar 2022	var %
Production Cost (MM USD)			
Extraction Cost	1.7	1.1	59.4
Treatment Cost	8.7	7.4	17.7
Total Production Cost (MM USD)	10.5	8.5	23.0
Unit Cost (USD/MT)			
Extraction Cost	2.3	1.6	39.7
Treatment Cost	11.6	11.2	3.2
Total Unitary Cost (USD/MT)	13.9	12.9	7.8

Source: Volcan Cia. Minera

Absolute cost increased by 23.0%, from USD 8.5 MM in 1Q22 to USD 10.5 MM in 1Q23, explained by greater processed volumes. Unit cost increased by 7.8%, from 12.9 USD/MT in 1Q22 to 13.9 USD/MT in 1Q23, as a result of expenses related to improvements made to the Paragsha plant and increased consumption of reagents and supplies due to the type of ore processed.

Table 20: Cerro de Pasco Operating Investments

Cerro de Pasco Operating Inv. (MM USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Local Exploration	0.0	0.1	-100.0
Plants and Tailings Dams	0.7	3.7	-81.7
Mine and Infrastructure	0.1	0.0	61.5
Support and Others	0.0	0.0	
Total	0.7	3.8	-80.5

Source: Volcan Cia. Minera

Operating investments decreased by 80.5%, from USD 3.8 MM in 1Q22 to USD 0.7 MM in 1Q23, due to lower investments in local explorations, plants and tailings dams, partly offset by higher investments in mine infrastructure.

3.5 Oxides Plant Operating Results

Table 21: Oxides Plant Production

Oxides Plant Production	Jan-Mar 2023	Jan-Mar 2022	var %
Mineral extraction (thousands MT)	238	226	5.5
Mineral treatment (thousands MT)	238	226	5.5
Fines Content			
Silver (millions Oz)	0.7	0.8	-15.7
Gold (Oz)	2,069	6,182	-66.5

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant increased by 5.5%, from 226 thousand MT in 1Q22 to 238 thousand MT in 1Q23, due to process optimization at the leaching plant. The production of silver declined by 15.7% and gold by 66.5%, explained by lower grades of the processed ore.

Table 22: Oxides Plant Cost of Production

Oxides Plant Production Cost	Jan-Mar 2023	Jan-Mar 2022	var %
Production Cost (MM USD)			
Extraction Cost	1.5	1.6	-4.8
Treatment Cost	10.6	9.4	12.5
Sub total Production Cost (MM USD)	12.1	11.0	10.0
Unit Cost (USD/MT)			
Extraction Cost	6.3	7.0	-9.7
Treatment Cost	44.3	41.5	6.6
Total Unitary Cost (USD/MT)	50.6	48.5	4.3

Source: Volcan Cia. Minera

In 1Q23, the absolute cost of production totaled USD 12.1 MM, 10.0% higher than the USD 11.0 MM figure in 1Q22, due to the higher treated volume. Unit cost increased by 4.3%, from 48.5 USD/MT in 1Q22 to 50.6 USD/MT in 1Q23, due to higher prices of main reagents, and greater consumption of reagents resulting from increased presence of contaminants in the processed ore.

Table 23: Oxides Plant Operating Investments

Oxides Plant Operating Inv. (MM USD)	Jan-Mar 2023	Jan-Mar 2022	var %
Plants and Tailings Dams	0.03	0.18	-82.2
Mine and Infrastructure	0.03	0.09	-70.5
Support and Others	0.00	0.23	-100.0
Total	0.06	0.50	-88.7

Source: Volcan Cia. Minera

Operating investments during 1Q23 totaled USD 0.06 MM, 88.7% lower than the USD 0.50 MM figure for 1Q22, mainly due to lower investments in the Ocroyoc tailings dam and infrastructure.

3. Energy

Table 24: Volcan's Electric Power Balance

Electric Balance (GWh)	Jan-Mar 2023	Jan-Mar 2022	var %
Energy generation	124.4	120.7	3.1
Chungar	40.0	40.0	-0.1
Tingo	1.6	1.6	-1.9
Huanchor	40.3	40.3	0.1
Rucuy	42.5	38.7	9.7
Energy consumption	208.1	195.3	6.6
Energy purchase	166.5	153.6	8.4

Source: Volcan Cia. Minera

During 1Q23, Volcan's total consumption of electric power reached 208 GWh, with a maximum demand of 108 MW. The 10 hydroelectric plants that belong to the Chungar Unit generated 40 GWh, similar to the power generated in the same period the previous year. Self-generation accounted for 19% of the Company's total consolidated consumption, at an average cost of 21 USD/MWh, including operating, maintenance and transmission costs.

Volcan purchased 166.5 GWh from the national central grid system (the SEIN) in order to meet its total consumption demand, at an average unit cost of 72 USD/MWh. Since November 2022, the purchase of power is subject to a new regulated rate known as "FOSE rate", applied pursuant to Laws No. 31429 and 31598.

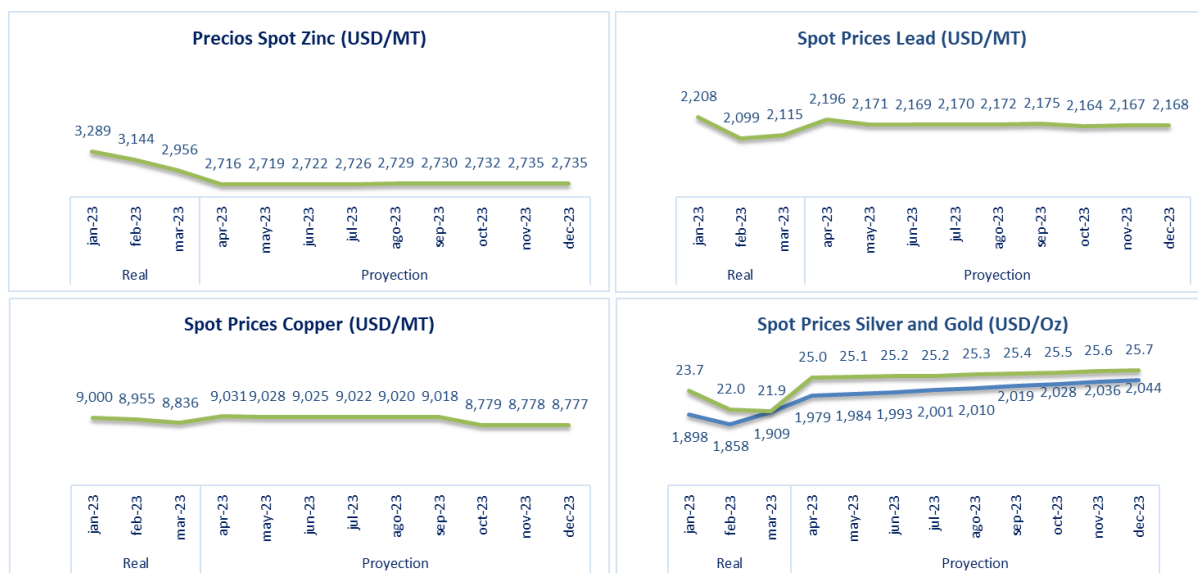
In 1Q23, the Tingo Hydroelectric Plant generated 1.6 GWh, similar to the power generated in the same period the previous year. The Huanchor Hydroelectric Plant produced 40.3 GWh, similar to 1Q22. All of this power was sold to third parties.

In 1Q23, the Rucuy Hydroelectric Plant produced 42.5 GWh, a 10% growth as compared to the same period of the previous year, resulting from the increased availability of water. The power was used to meet the commitments set forth in its renewable energy agreement (RER).

4. Final Comments

- The Company's overall operating results in 1Q23 were positive. Processed volumes increased by 9.1%, fine zinc production grew by 7.1%, and unit cost decreased by 7.2%, as compared to the same period of the previous year.
- In 1Q23, financial results were impacted by the lower prices of main metals in the Company's portfolio. EBITDA decreased from USD 125.6 MM in 1Q22 to USD 71.4 MM in 1Q23, and net profit fell from USD 38.2 MM in 1Q22 to USD 0.8 MM in 1Q23.
- The outlook for base metals prices is a subject of global concern due to a potential recession in the United States, a slowdown of China's growth, and the continuous increase of interest rates by the main central banks around the world. These concerns have deepened in the last few months due to the international banking crisis that has resulted in a downward pressure on base metals prices and upward pressure on gold and silver.

Figure 6: Metals prices trend



- The Company is considering an extended low base metals prices scenario and assessing different alternatives to ensure the financing of the Romina project, and the observance of its financial commitments.
- Brownfield explorations are making progress toward modeling the geometry and dimensions of the Esperanza orebody in Chungar. In addition, exploration is underway in the new mineralized bodies Techo Esperanza and Resurgidora, around Esperanza. Promising results have been obtained for copper and zinc mineralization.

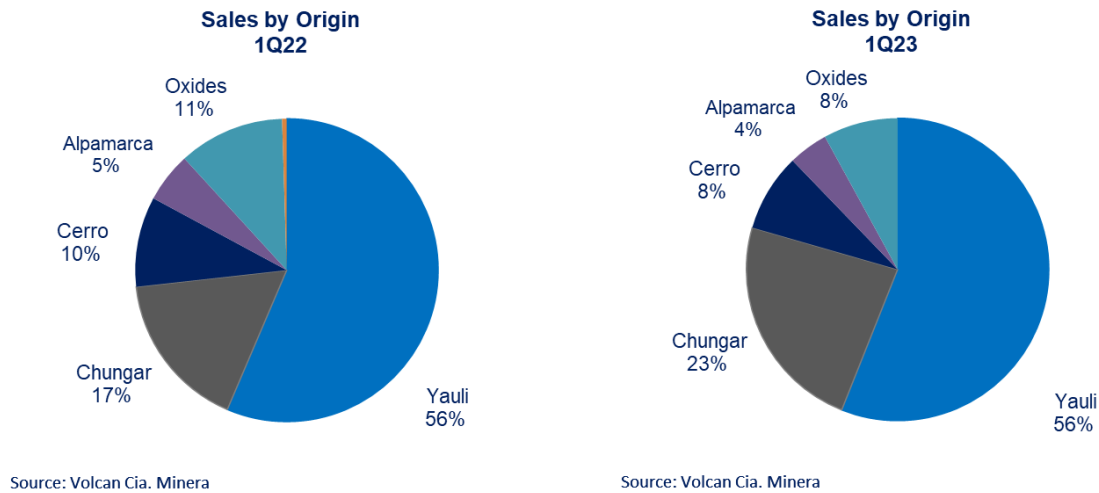
5. Chancay Port Project:

- Cosco Shipping Ports Chancay Perú S.A. (CSPCP), the company where Volcan holds 40% of shares and Cosco Shipping Ports Ltd. holds 60%, continues the construction of the first stage of the Chancay multi-purpose terminal.
- Significant progress has been made in the port's operating area concerning dredging and beach coastal protection works. The main breakwater length is 90% completed, and the installation of accropodes is 50% completed.
- The administrative building is completed by 29%, the complementary services building by 23%, the office access area by 23%, and the waiting building by 3%.
- In the entrance to the tunnel and access roads, earthmoving works, installation of steel structures, construction of lining and support structure, and high-pressure concrete injection are still underway; 271 meters have been completed in this end of the tunnel. In the exit area, the drilling and injection of piles is still ongoing, while other activities are similar to those carried out at the tunnel entrance; 371 and 327 meters have been completed in the left and right passageways, respectively.
- On March 28, 2023, CSPCP executed a 15-year syndicated loan with Chinese banks in the amount of USD 975 MM, to complete construction works within the established timeframe, and start operations in the last quarter of 2024. It is important to note that Volcan Compañía Minera S.A.A. is not the borrower of this loan, but it gave its approval as one of CSPCP shareholders.
- The Company is evaluating Volcan's eventual spinoff from the Chancay Port, in order to make the port business independent from the mining business, taking into account that they have different risks and foundations. When the spinoff is carried out, the shareholding structure of the port business will be similar to the one used by Volcan Compañía Minera S.A.A.

Annexes

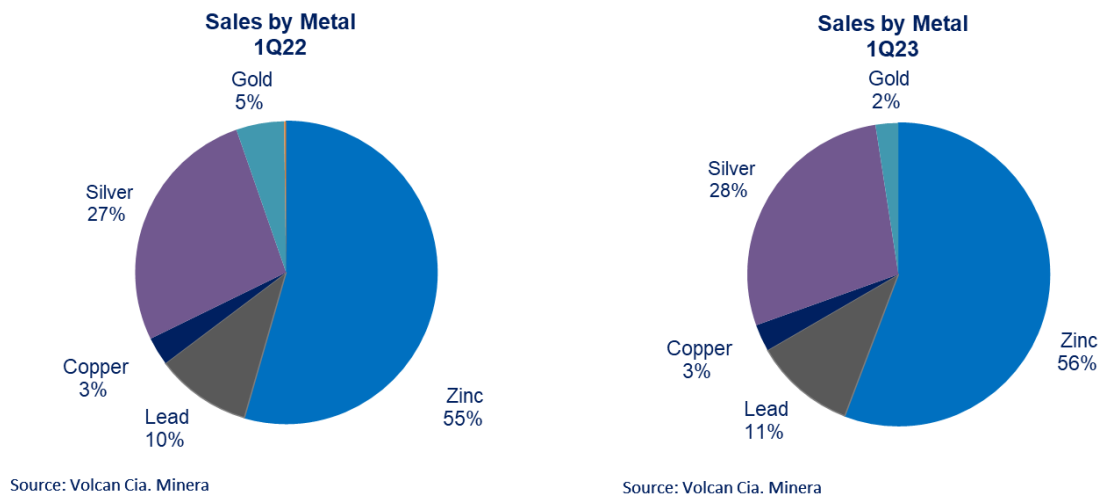
Annex 1: Sales Breakdown

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



The distribution of sales by metal per operating unit in 1Q23 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 1Q22.

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



Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2023	Jan-Mar 2022	var %
Zinc (USD/MT)	3,130	3,743	-16.4
Lead (USD/MT)	2,141	2,334	-8.3
Copper (USD/MT)	8,930	9,985	-10.6
Silver (USD/Oz)	22.6	23.9	-5.8
Gold (USD/Oz)	1,888	1,874	0.8

Source: London Metal Exchange

Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2023	Jan-Mar 2022	var %
Exchange Rate (S/ x USD)	3.82	3.81	0.5
Inflation ¹	8.65	6.82	26.8

¹ Inflation of the last 12 months

Source: Central Reserve Bank of Peru

Annex 4: Domestic Peruvian Metal Production

National Production	Jan - Feb 2023	Jan - Feb 2023	var %
Zinc (FMT)	209,431	223,637	-6.4
Lead (FMT)	37,856	41,198	-8.1
Copper (FMT)	390,955	371,589	5.2
Silver (thousands Oz)	13,779	15,996	-13.9
Gold (thousands Oz)	453	478	-5.2

Source: Ministry of Energy and Mines