

Volcan Compañía Minera S.A.A. and Subsidiaries

Management Discussion and Analysis

Second Quarter 2023

Principal Results:

Consolidated Volcan	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Sales Prices¹							
Zinc (USD/MT)	3,117	2,578	3,920	-34.3	2,833	3,796	-25.4
Lead (USD/MT)	2,143	2,110	2,162	-2.4	2,125	2,239	-5.1
Copper (USD/MT)	8,900	8,491	9,325	-8.9	8,669	9,605	-9.7
Silver (USD/Oz)	22.5	24.0	23.0	4.3	23.3	23.4	-0.5
Gold (USD/Oz)	1,892	1,976	1,885	4.9	1,943	1,881	3.3
Operating Results							
Mineral treatment ² (thousands MT)	2,274	2,404	2,195	9.5	4,678	4,280	9.3
Zinc Production (thousands FMT)	56.5	62.6	52.3	19.7	119.1	105.0	13.4
Lead Production (thousands FMT)	13.2	15.3	13.3	14.4	28.5	27.0	5.6
Copper Production (thousands FMT)	1.3	1.5	0.8	90.6	2.7	1.8	48.7
Silver Production (millions Oz)	3.5	3.8	3.4	11.6	7.3	7.1	3.5
Gold Production (thousands Oz)	3.7	5.5	5.3	3.8	9.3	13.3	-30.4
Unit Cost (USD/TM) ³	50.4	51.8	54.2	-4.4	51.2	54.3	-5.7
Total Investments (MM USD)	36.2	42.7	57.7	-25.9	79.0	100.4	-21.3
Financial Results (MM USD)							
Sales before adjustments	220.7	227.9	244.8	-6.9	448.6	508.4	-11.8
Sales Adjustments	0.4	-14.6	-31.6	-53.8	-14.1	-15.8	-10.3
Settlement of prior period adjustments	8.9	-10.3	13.8		-1.4	20.5	
Adjustments for open positions ⁴	-8.5	-4.7	-45.4	-89.6	-13.2	-36.2	-63.6
Hedging results	0.0	0.4	0.0		0.4	0.0	
Sales after adjustments	221.1	213.3	213.2	0.1	434.4	492.6	-11.8
Net profit before exceptionals	1.5	-10.9	-6.4	70.0	-9.4	34.3	
Exceptional adjustments	-0.7	-1.0	-5.8	0.0	-1.7	-8.4	-80.0
Net profit	0.8	-11.8	-12.2	-3.3	-11.0	25.9	
EBITDA⁵	71.4	49.2	61.3	-19.7	120.7	186.9	-35.4

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.

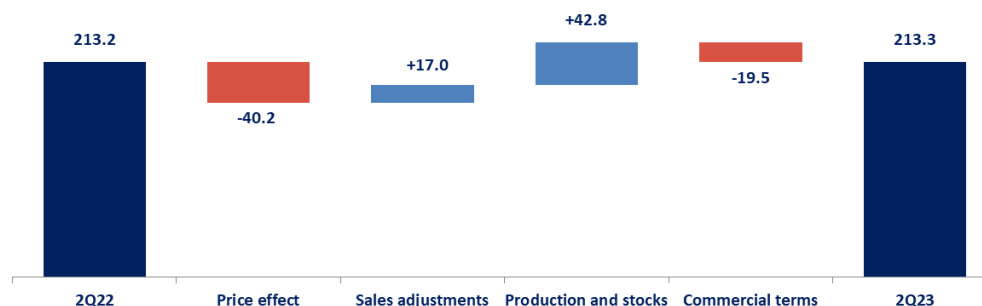
⁵ Does not consider exceptional adjustments

Source: Volcan Cia. Minera

1. Executive Summary

- In 2Q23, operating results were significantly better than in the same period of the previous year. Total processed volumes grew by 9.5% due to increased treated ore volumes at Yauli, Chungar, Cerro de Pasco and Alpamarca. Fine zinc production increased by 19.7%, from 52.3 thousand FMT in 2Q22 to 62.6 thousand FMT in 2Q23, fine lead production by 14.4%, from 13.3 thousand FMT to 15.3 thousand FMT, fine copper production by 90.6%, from 0.8 thousand FMT to 1.5 thousand FMT, silver by 11.6% from 3.4 MM Oz to 3.8 MM Oz, and gold production by 3.8%, from 5.3 thousand Oz in 2Q22 to 5.5 thousand Oz in 2Q23.
- However, base metals average prices saw a significant drop in 2Q23. The price of zinc decreased from 3,920 USD/MT in 2Q22 to 2,578 USD/MT in 2Q23 (34.3%), lead from 2,162 USD/MT to 2,110 USD/MT (2.4%), and copper from 9,325 USD/MT to 8,491 USD/MT (8.9%). Meanwhile, the price of precious metals increased. Silver price increased by 4.3%, from 23.0 USD/Oz to 24.0 USD/Oz, and gold by 4.9%, from 1,885 USD/Oz to 1,976 USD/Oz.
- Total sales before adjustments decreased by 6.9%, from USD 244.8 MM in 2Q22 to USD 227.9 MM in 2Q23. Sales adjustments totaled USD -14.6 MM in 2Q23 as compared to USD -31.6 MM in 2Q22, and as a result sales after adjustments increased by 0.1%, from USD 213.2 MM to USD 213.3 MM.

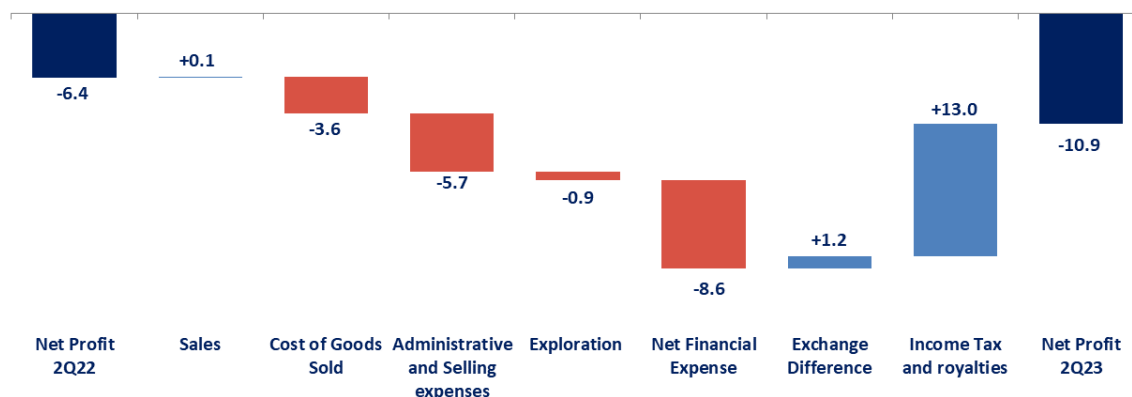
Figure 1: 2Q23 vs 2Q22 variations impact on net sales (USD MM)



Source: Volcan Cía. Minera

- Consolidated unit cost decreased by 4.4%, from 54.2 USD/MT in 2Q22 to 51.8 USD/MT in 2Q23. This is mainly explained by the execution of improvement initiatives in the operations, and greater volumes treated at Yauli, Chungar, Cerro de Pasco and Alpamarca.
- Profit before exceptional items in 2Q23 was USD -10.9 MM as compared to USD -6.4 MM in 2Q22, mainly due to lower gross profit resulting from the decline in base metals prices, higher administrative expenses related to the recording date of personnel expenses provisions (from January to June there is no significant change in this item), exit incentive program compensations, and increased financial expenses explained by higher interest rates in the market. Moreover, in 2Q22, financial income was recorded as a result of the partial buyback of bonds maturing in 2026. This was partially offset by reduced royalties and lower deferred income tax mainly related to the appreciation of the national currency.

Figure 2: 2Q23 vs 2Q22 variations impact on net profit before exceptional items (USD MM)



Source: Volcan Cía. Minera

- Exceptional expenses totaled USD 1.0 MM, mainly related to the impairment of long-term investments in Cerro de Pasco. Net profit amounted to USD -11.8 MM in 2Q23 versus USD -12.2 MM in 2Q22.
- EBITDA decreased by 19.7%, from USD 61.3 MM in 2Q22 to USD 49.2 MM in 2Q23, mainly due to lower base metals prices and higher administrative expenses provisions.
- Total investments decreased by 25.9%, from USD 57.7 MM in 2Q22 to USD 42.7 MM in 2Q23, as a result of investment prioritization in the operating units due to an unfavorable pricing environment for metals.
- Year-to-date (Jan-Jun), sales after adjustments decreased by 11.8%, from USD 492.6 MM in 2022 to USD 434.4 MM in 2023; EBITDA decreased by 35.4%, from USD 186.9 MM in 2022 to USD 120.7 MM in 2023; net profit before exceptional items decreased from USD 34.3 MM in 2022 to USD -8.0 MM in 2023; and, finally, net profit after exceptional items decreased from USD 25.9 MM in 2022 to USD -11.0 MM in 2023.
- The decrease in EBITDA, mainly due to the lower prices of base metals, has caused an increase in the Net Debt/EBITDA ratio up to 3.1 times. The Company has been making great efforts to control and reduce costs and prioritize investments, while evaluating different alternatives to reduce its debt and/or refinance its obligations.

2. Consolidated Results

2.1 Production

Table 1: Consolidated Production

Consolidated Production	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Mineral extraction (thousands MT)	2,149	2,406	2,054	17.1	4,556	4,035	12.9
Polymetallic ore	1,911	2,167	1,814	19.5	4,078	3,568	14.3
Oxides ore	238	239	241	-0.7	477	467	2.3
Mineral treatment (thousands MT)	2,274	2,404	2,195	9.5	4,678	4,280	9.3
Concentrator Plants	2,035	2,165	1,954	10.8	4,200	3,813	10.2
Silver Oxides Plant	238	239	241	-0.7	477	467	2.3
Fine Content							
Zinc (thousands FMT)	56.5	62.6	52.3	19.7	119.1	105.0	13.4
Lead (thousands FMT)	13.2	15.3	13.3	14.4	28.5	27.0	5.6
Copper (thousands FMT)	1.3	1.5	0.8	90.6	2.7	1.8	48.7
Silver (millions Oz)	3.5	3.8	3.4	11.6	7.3	7.1	3.5
Gold (thousands Oz)	3.7	5.5	5.3	3.8	9.3	13.3	-30.4

Source: Volcan Cia. Minera

Extracted ore volumes increased by 17.1%, from 2,054 thousand MT in 2Q22 to 2,406 thousand MT in 2Q23, due to higher extracted volumes at Yauli, Chungar, Cerro de Pasco and Alpamarca. Treated volumes increased by 9.5%, from 2,195 thousand MT in 2Q22 to 2,404 thousand MT in 2Q23, as a result of increased ore extraction.

Fine zinc production increased by 19.7%, from 52.3 thousand FMT in 2Q22 to 62.6 thousand FMT in 2Q23, mainly due to greater volumes and treated ore grades at Yauli and Chungar; fine lead production by 14.4%, from 13.3 thousand FMT to 15.3 thousand FMT, due to higher processed ore grades at Chungar; copper production by 90.6%, from 0.8 thousand FMT to 1.5 thousand FMT; silver by 11.6% from 3.4 MM Oz to 3.8 MM Oz; and gold production by 3.8%, from 5.3 thousand Oz in 2Q22 to 5.5 thousand Oz in 2Q23.

Year-to-date (Jan-Jun), the extraction volume increased by 12.9% as compared to the same period in the previous year, from 4,035 thousand MT to 4,556 thousand MT. Treated volumes increased by 9.3%, from 4,280 thousand MT to 4,678 thousand MT. With regard to fines, zinc production increased by 13.4%, from 105.0 thousand FMT to 119.1 thousand FMT; lead grew by 5.6%, from 27.0 thousand FMT to 28.5 thousand FMT; copper increased by 48.7%, from 1.8 thousand FMT to 2.7 thousand FMT; and silver increased by 3.5%, from 7.1 MM Oz to 7.3 MM Oz. Gold production decreased by 30.4%, from 13.3 thousand Oz to 9.3 thousand Oz.

2.2 Cost of Production

The absolute cost of production, not considering infill drilling, rose by 4.8%, from USD 118.7 MM in 2Q22 to USD 124.4 MM in 2Q23, mainly due to greater extracted and treated volumes. Unit cost decreased by 4.4%, from 54.2 USD/MT in 2Q22 to 51.8 USD/MT in 2Q23. This is mainly explained by the execution of improvement initiatives in the operating units, and greater volumes processed principally at Yauli and Chungar.

Year-to-date, the absolute cost of production, not considering infill drilling, increased by 3.0%, from USD 231.7 MM to USD 238.7 MM, while unit cost decreased by 5.7%, from 54.3 USD/MT to 51.2 USD/MT.

The Company is permanently making its utmost effort to control and reduce production costs and expenses at all levels. New reduction initiatives are currently under assessment and implementation in Lima and all the operations, but always maintaining the safety of workers as the main value of the Company.

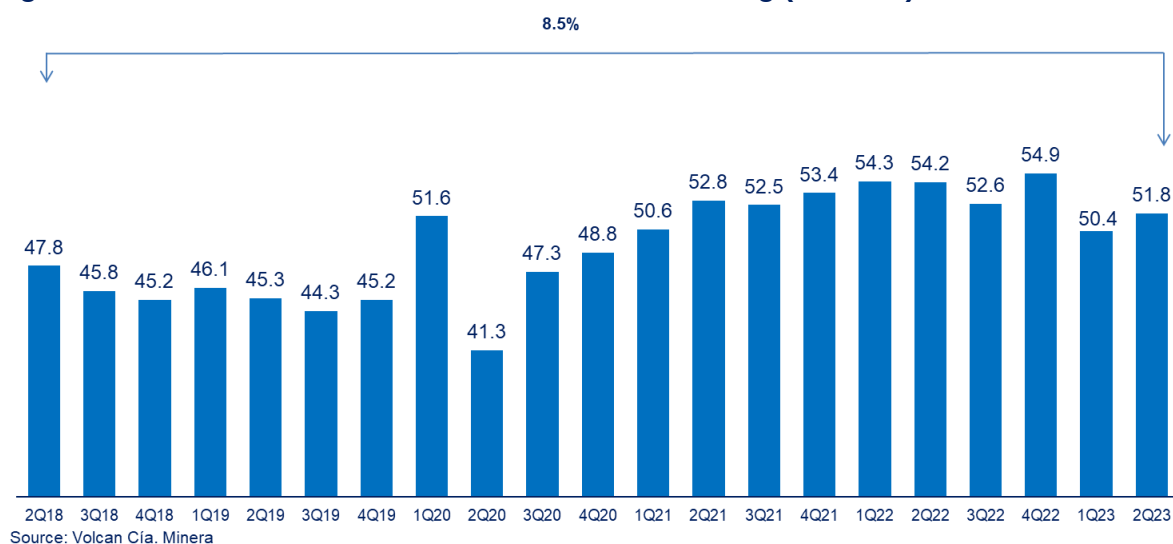
Table 2: Consolidated Cost of Production

Consolidated Production Cost	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Production Cost (MM USD)							
Mine Cost	67.8	73.3	52.5	39.7	141.2	104.3	35.4
Plant and Other Cost	46.4	51.1	66.2	-22.9	97.5	127.4	-23.5
Sub total Production Cost (MM USD)	114.3	124.4	118.7	4.8	238.7	231.7	3.0
Infill drilling cost	2.3	3.4	4.2	-19.1	5.7	7.0	-19.0
Total Production Cost (MM USD)	116.6	127.7	122.8	4.0	244.4	238.7	2.4
Unit Cost (USD/MT)							
Mine Cost	30.0	30.6	24.1	27.1	30.3	24.5	23.7
Plant and Other Cost	20.4	21.2	30.2	-29.6	20.8	29.8	-30.0
Sub total Unitary Cost (USD/MT)	50.4	51.8	54.2	-4.4	51.2	54.3	-5.7
Infill drilling cost	1.0	1.4	1.9	-26.4	1.2	1.7	-25.9
Total Unitary Cost (USD/MT)	51.5	53.2	56.1	-5.2	52.4	55.9	-6.3

¹ Mine unit cost considers the adjustment of Alparamar 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 2Q23 is even lower than in 2Q21.

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



2.3 Investments

Total investments in operating units decreased by 24.4%, from USD 53.4 MM in 2Q22 to USD 40.3 MM in 2Q23, as a result of streamlining investments in the operating units due to the unfavorable pricing environment for base metals.

Growth investments related to the Romina project totaled USD 2.4 MM in 2Q23, and, accordingly, total investments decreased by 25.9%, from USD 57.7 MM in 2Q22 to USD 42.7 MM in 2Q23.

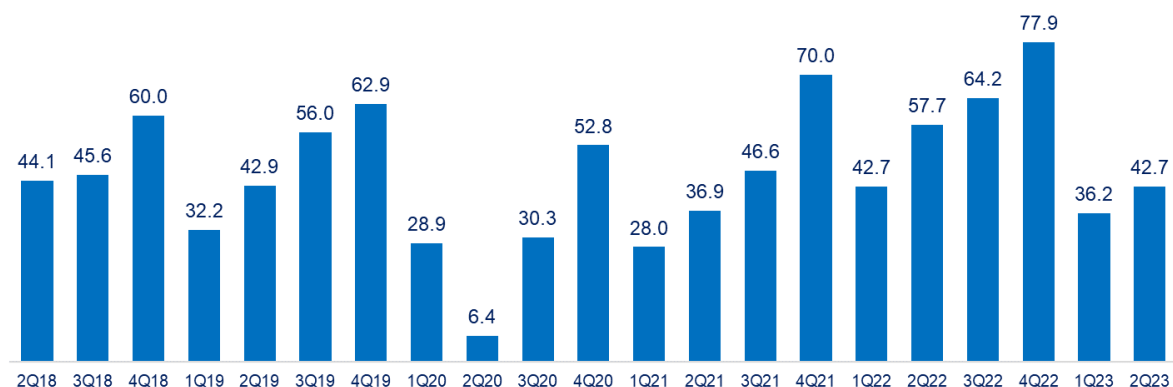
Year-to-date (Jan-Jun), total investments decreased by 21.3%, from USD 100.4 MM to USD 79.0 MM, mainly due to lower investments in plants and tailings dams, electric infrastructure and support areas.

Table 3: Consolidated Investment

Consolidated Investment (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Mining	36.2	42.7	57.6	-25.9	79.0	100.3	-21.3
Mining Units	33.4	40.3	53.4	-24.4	73.7	94.2	-21.8
Local Exploration	2.6	3.2	2.5	28.3	5.8	4.2	39.5
Development	18.4	19.2	22.5	-14.8	37.6	37.9	-0.8
Plants and Tailings Facilities	4.1	6.0	13.2	-55.0	10.0	23.3	-57.0
Mine and Infrastructure	7.3	9.2	9.7	-5.1	16.5	17.6	-6.1
Electrical Infrastructure in Units	0.7	2.2	2.4	-5.8	3.0	5.7	-48.4
Support and Others	0.3	0.5	3.0	-82.0	0.8	5.6	-84.9
Growth and Others	2.9	2.4	4.3	-43.6	5.3	6.1	-13.6
Energy	0.0	0.0	0.0	-88.0	0.0	0.1	-83.3
Total	36.2	42.7	57.7	-25.9	79.0	100.4	-21.3

Source: Volcan Cia. Minera

Figure 4: Evolution of Consolidated Investment



Source: Volcan Cia. Minera

2.4 Income Statement

Table 4: Income Statement

Income Statement (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Sales before adjustments	220.7	227.9	244.8	-6.9	448.6	508.4	-11.8
Sett. of prior periods adjustments	8.9	-10.3	13.8		-1.4	20.5	
Adj. open positions	-8.5	-4.7	-45.4	-89.6	-13.2	-36.2	-63.6
Hedging	0.0	0.4	0.0		0.4	0.0	
Sales after adjustments	221.1	213.3	213.2	0.1	434.4	492.6	-11.8
Cost of Goods Sold	-174.2	-188.6	-185.1	1.9	-362.8	-372.0	-2.5
Gross Profit	46.9	24.7	28.2	-12.3	71.6	120.6	-40.6
<i>Gross Margin</i>	<i>21%</i>	<i>12%</i>	<i>13%</i>	<i>-2 pp</i>	<i>16%</i>	<i>24%</i>	<i>-8 pp</i>
Administrative Expenses	-8.7	-12.8	-6.9	85.1	-21.5	-20.2	6.3
Exploration Expenses	-5.0	-5.3	-4.4	19.9	-10.3	-8.1	26.6
Sales Expenses	-7.4	-7.1	-5.9	20.3	-14.5	-11.3	28.2
Other income (Expenses) ¹	-3.8	-4.0	-5.4	-25.4	-7.8	-6.0	30.1
Operating Profit	22.0	-4.5	5.6		17.5	75.0	-76.6
<i>Operating Margin</i>	<i>10%</i>	<i>-2%</i>	<i>3%</i>	<i>-5 pp</i>	<i>4%</i>	<i>15%</i>	<i>-11 pp</i>
Financial income (expense)	-15.1	-15.4	-6.8	126.1	-30.5	-19.0	60.6
Exchange difference (net)	0.1	0.8	-0.3		0.9	-0.7	
Royalties	-3.3	-2.3	-4.2	-44.5	-5.6	-8.3	-32.9
Income Tax	-2.2	10.5	-0.6		8.3	-12.7	
Net Profit before Exceptionals	1.5	-10.9	-6.4	70.0	-9.4	34.3	
<i>Net Margin</i>	<i>1%</i>	<i>-5%</i>	<i>-3%</i>	<i>-2 pp</i>	<i>-2%</i>	<i>7%</i>	<i>-9 pp</i>
Exceptional adjustments ²	-0.7	-1.0	-5.8	-83.6	-1.7	-8.4	-80.0
Net Profit	0.8	-11.8	-12.2	-3.3	-11.0	25.9	
<i>Net Margin</i>	<i>0%</i>	<i>-6%</i>	<i>-6%</i>	<i>0 pp</i>	<i>-3%</i>	<i>5%</i>	<i>-8 pp</i>
EBITDA³	71.4	49.2	61.3	-19.7	120.7	186.9	-35.4
<i>EBITDA Margin</i>	<i>32%</i>	<i>23%</i>	<i>29%</i>	<i>-6 pp</i>	<i>28%</i>	<i>38%</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 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Zinc (USD/MT)	3,117	2,578	3,920	-34.3	2,833	3,796	-25.4
Lead (USD/MT)	2,143	2,110	2,162	-2.4	2,125	2,239	-5.1
Copper (USD/MT)	8,900	8,491	9,325	-8.9	8,669	9,605	-9.7
Silver (USD/Oz)	22.5	24.0	23.0	4.3	23.3	23.4	-0.5
Gold (USD/Oz)	1,892	1,976	1,885	4.9	1,943	1,881	3.3

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	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Zinc (thousands FMT)	57.1	63.7	49.1	29.6	120.8	103.7	16.5
Lead (thousands FMT)	12.9	15.8	13.0	21.5	28.7	27.0	6.3
Copper (thousands FMT)	1.3	1.6	0.9	74.2	2.9	2.2	31.7
Silver (millions Oz)	3.4	4.0	3.4	16.8	7.4	7.0	5.5
Gold (thousands Oz)	3.7	5.7	6.2	-6.8	9.4	14.3	-33.9

Source: Volcan Cia. Minera

Table 7: Sales in USD

Sales (millions USD)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Zinc	123.0	105.1	142.4	-26.2	228.1	286.5	-20.4
Lead	24.0	28.7	22.4	28.1	52.7	49.6	6.2
Copper	6.4	8.3	4.8	73.8	14.7	12.8	14.6
Silver	61.8	76.5	65.1	17.5	138.3	136.3	1.5
Gold	5.4	9.3	10.1	-8.0	14.6	23.7	-38.1
Sales before adjustments	220.7	227.9	244.8	-6.9	448.6	508.4	-11.8
Sett. of prior period adjust.	8.9	-10.3	13.8		-1.4	20.5	
Adjust. for open positions	-8.5	-4.7	-45.4	-89.6	-13.2	-36.2	-63.6
Hedging results	0.0	0.4	0.0		0.4	0.0	
Sales after adjustments	221.1	213.3	213.2	0.1	434.4	492.6	-11.8

Source: Volcan Cia. Minera

The Company's sales before adjustments decreased by 6.9%, from USD 244.8 MM in 2Q22 to USD 227.9 MM in 2Q23, explained by lower prices of base metals, particularly the sharp decrease of zinc price. Sales adjustments amounted to USD -31.6 MM in 2Q22 and USD -14.6 MM in 2Q23. In 2Q23, the adjustments included final settlements of USD -10.3 MM, provisions related to open shipments of USD -4.7 MM, and positive silver hedge results of USD 0.4 MM. As a result, sales after adjustments increased by 0.1%, from USD 213.2 MM in 2Q22 to USD 213.3 MM in 2Q23.

Year-to-date (Jan-Jun), sales after adjustments decreased by 11.8%, from USD 492.6 MM in 2022 to USD 434.4 MM in 2023.

- Cost of Goods Sold**

Table 8: Cost of Goods Sold

Cost of Goods Sold (millions USD)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Volcan Production	173.0	187.7	183.9	2.1	360.8	366.8	-1.6
Volcan Production Cost	116.6	127.7	122.8	4.0	244.4	238.7	2.4
D&A from Production Cost	47.6	51.8	54.2	-4.5	99.4	109.0	-8.8
Other expenses	6.9	5.8	9.9	-41.6	12.7	16.7	-23.5
Inventories variation	1.9	2.4	-3.1		4.3	2.4	80.9
Workers Profit Sharing	1.1	0.9	1.1	-20.0	2.0	5.2	-60.8
Total	174.2	188.6	185.1	1.9	362.8	372.0	-2.5

Source: Volcan Cia. Minera

Total cost of goods sold increased by 1.9%, from USD 185.1 MM in 2Q22 to USD 188.6 MM in 2Q23, mainly explained by a higher absolute cost of production related to greater extracted and treated volumes, and reduced inventories.

Year-to-date (Jan-Jun), the total cost of goods sold decreased by 2.5%, from USD 372.0 MM in 2022 to USD 362.8 MM in 2023.

- **Gross Margin and Gross Profit**

Gross margin decreased from 13% in 2Q22 to 12% in 2Q23. Gross profit decreased from USD 28.2 MM in 2Q22 to USD 24.7 MM in 2Q23, mainly due to lower metals prices, offset by increased sales volume.

Year-to-date (Jan-Jun), gross margin decreased from 24% in 2022 to 16% in 2023. Gross profit decreased from USD 120.6 MM in 2022 to USD 71.6 MM in 2023.

- **Administrative Expenses**

Administrative expenses increased by 85.1%, from USD 6.9 MM in 2Q22 to USD 12.8 MM in 2Q23, mainly explained by variations in personnel expenses provisions and exit incentive program compensations.

Year-to-date (Jan-Jun), administrative expenses increased from USD 20.2 MM to USD 21.5 MM.

- **Exploration Expenses**

Exploration expenses increased by 19.9%, from USD 4.4 MM in 2Q22 to USD 5.3 MM in 2Q23, 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.

Year-to-date (Jan-Jun), exploration expenses increased from USD 8.1 MM to USD 10.3 MM.

- **Sale Expenses**

Sale expenses increased by 20.3% as compared to the same period of the previous year, amounting to USD 7.1 MM in 2Q23 versus USD 5.9 MM in 2Q22, due to increased sales volumes.

Year-to-date (Jan-Jun), sale expenses increased from USD 11.3 MM to USD 14.5 MM.

- **Other Income and Expenses**

In 2Q23, the net amount of other income and expenses was USD -4.0 MM versus USD -5.4 MM in 2Q22, mainly due to an increase in other income.

Year-to-date (Jan-Jun), the net amount of other income and expenses was USD -7.8 MM in 2023 versus USD -6.0 MM in 2022.

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 126.1%, from USD 6.8 MM in 2Q22 to USD 15.4 MM in 2Q23, explained by higher interests of the syndicated loan resulting from the increased reference rate, and by the financial income recorded in 2Q22 as a result of the partial buyback of bonds maturing in 2026.

Year-to-date (Jan-Jun), net financial expenses totaled USD 30.5 MM in 2023, as compared to USD 19.0 MM reported in 2022.

The exchange-rate difference amounted to USD -0.3 MM in 2Q22 and USD 0.8 MM in 2Q23.

Year-to-date (Jan-Jun), the exchange-rate effect was USD 0.9 MM in 2023, as compared to the exchange-rate loss of USD -0.7 MM reported in 2022.

- **Royalties and Income Tax**

Royalties decreased from USD 4.2 MM in 2Q22 to USD 2.3 MM in 2Q23, explained by lower sales before adjustments; and income tax amounted to USD -0.6 MM in 2Q22 and USD 10.5 MM in 2Q23, in line with the reduced profit of this period and the appreciation of the national currency.

Year-to-date (Jan-Jun), royalties decreased from USD 8.3 MM in 2022 to USD 5.6 MM in 2023, while income tax amounted to USD -12.7 MM in 2022 and USD 8.3 MM in 2023.

- **Net Profit and EBITDA**

Net profit before exceptional items decreased from USD -6.4 MM in 2Q22 to USD -10.9 MM in 2Q23, mainly due to reduced gross profit as a result of lower base metals prices and increased administrative and financial expenses, partially offset by positive deferred income tax. Exceptional expenses totaled USD 1.0 MM, mainly related to the impairment of long-term investments at Cerro de Pasco. Net profit after exceptional items amounted to USD -11.8 MM in 2Q23 versus USD -12.2 MM in 2Q22.

EBITDA decreased from USD 61.3 MM in 2Q22 to USD 49.2 MM in 2Q23, due to lower base metals prices and higher administrative and sales expenses.

Year-to-date (Jan-Jun), profit before exceptional items decreased from USD 34.3 MM in 2022 to USD -9.4 MM in 2023, net profit after exceptional items decreased from USD 25.9 MM in 2022 to USD -11.0 MM in 2023, and EBITDA decreased from USD 186.9 MM in 2022 to USD 120.7 MM in 2023.

2.5 Liquidity and Creditworthiness

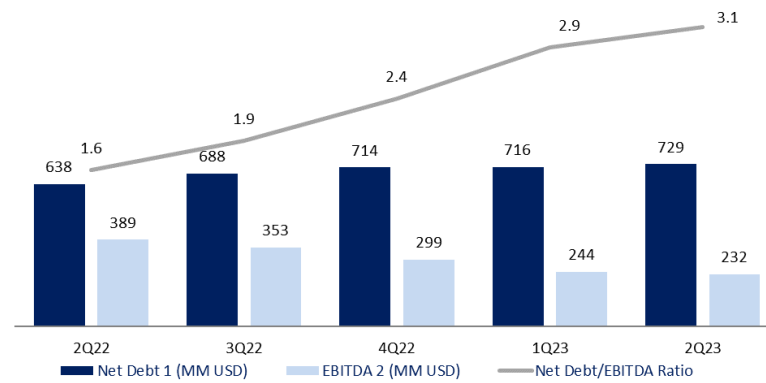
In 2Q23, cash generated by mining operations after operating investments was positive and totaled USD 6.9 MM. Growth investments in the mining business and other various

investments totaled USD -7.1 MM and the payment of financial obligations and interests amounted to USD -16.8 MM.

Therefore, during 2Q23, the cash flow was USD -17.0 MM, and the cash balance at the end of 2Q23 totaled USD 50.2 MM.

As of June 30, 2023, the net debt/EBITDA ratio was 3.1, 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	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Mineral extraction (thousands MT)	705	792	648	22.1	1,497	1,338	11.8
Mineral treatment (thousands MT)	713	789	662	19.2	1,502	1,348	11.4
Fines Content							
Zinc (thousands FMT)	37.2	43.7	33.5	30.4	80.9	67.7	19.5
Lead (thousands FMT)	5.1	6.7	5.3	26.9	11.8	11.1	6.1
Copper (thousands FMT)	0.6	0.7	0.4	71.6	1.4	1.1	22.2
Silver (millions Oz)	1.5	1.9	1.6	22.3	3.5	3.4	2.4
Gold (thousands Oz)	1.4	1.5	1.2	25.3	2.8	2.4	16.7

Source: Volcan Cia. Minera

Ore volumes extracted at Yauli Unit during 2Q23 grew by 22.1%, as compared to the same quarter of the previous year; similarly, treated ore increased by 19.2% as compared to 2Q22. Zinc and gold fines production increased by 30.4% and 25.3%, respectively, due to increased treated volumes and better grades at the operating units. Lead and silver fines production rose by 26.9% and 22.3%, respectively, due to better grades at San Cristóbal - Carahuacra, and copper production increased by 71.6% as compared to 2Q22.

Year-to-date (Jan-Jun), ore extraction grew by 11.8%, as compared to the same period in the previous year, while the volume of treated ore grew by 11.4%. With regard to zinc, lead, copper, silver and gold fines, production increased by 19.5%, 6.1%, 22.2%, 2.4% and 16.7%, respectively.

Table 10: Yauli Cost of Production

Yauli Production Cost	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Production Cost (MM USD)							
Extraction Cost	42.3	45.9	31.3	46.6	88.2	63.2	39.5
Treatment Cost	16.8	18.5	27.9	-33.8	35.2	55.4	-36.5
Sub total Production Cost (MM USD)	59.1	64.3	59.2	8.7	123.4	118.6	4.0
Infill drilling cost	1.9	2.4	2.6	-8.2	4.3	4.4	-3.6
Total Production Cost (MM USD)	61.0	66.7	61.7	8.0	127.7	123.1	3.8
Unit Cost (USD/MT)							
Extraction Cost	60.0	57.9	48.3	20.0	58.9	47.2	24.7
Treatment Cost	23.5	23.4	42.1	-44.5	23.4	41.1	-43.0
Sub total Unitary Cost (USD/MT)	83.5	81.3	90.4	-10.0	82.4	88.3	-6.8
Infill drilling cost	2.7	3.0	4.0	-24.9	2.9	3.3	-13.9
Total Unitary Cost (USD/MT)	86.2	84.3	94.4	-10.7	85.2	91.7	-7.0

Source: Volcan Cia. Minera

In 2Q23, the absolute cost of production, not considering infill drilling, increased by 8.7%, from USD 59.2 MM in 2022 to USD 64.3 MM in 2023. This is mainly explained by increased treated volumes, partially offset by optimization of ground support using shotcrete at San Cristóbal - Carahuacra. Unit cost decreased from 90.4 USD/MT in 2Q22 to 81.3 USD/MT in 2Q23, due to operating improvements and greater volumes processed.

In 2Q23, infill drilling costs totaled USD 2.4 MM. Infill drilling is used to increase the certainty of reserves and reduce risk in mining plans.

Year-to-date (Jan-Jun), the absolute cost of production, without infill drilling, increased by 4.0%, from USD 118.6 MM to USD 123.4 MM in 2023. The unit cost of production decreased by 6.8%, from 88.3 USD/MT to 82.4 USD/MT.

Table 11: Yauli Operating Investments

Yauli Operating Investment (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Local Exploration	2.2	2.5	1.1	124.5	4.7	1.9	150.7
Mine Development	14.7	15.4	18.3	-15.8	30.1	30.5	-1.1
Plants and Tailings Dams	3.2	4.5	7.0	-35.8	7.7	11.5	-32.8
Mine and Infrastructure	5.4	6.3	6.1	2.8	11.7	10.4	12.6
Electrical Infrastructure	0.6	1.8	2.3	-21.5	2.4	5.5	-55.7
Support and Others	0.2	0.3	2.5	-86.4	0.6	4.4	-87.3
Total	26.3	30.9	37.4	-17.4	57.2	64.1	-10.8

Source: Volcan Cia. Minera

In 2Q23, operating investments at Yauli Unit totaled USD 30.9 MM, 17.4% lower than the USD 37.4 MM figure for 2Q22, mainly explained by lower investments in developments, plants and tailings dams, electric infrastructure and ground support, partially offset by higher investment in local exploration, mine developments and infrastructure.

Year-to-date (Jan-Jun), as compared to the previous year, operating investments decreased by 10.8%, from USD 64.1 MM to USD 57.2 MM.

3.2 Chungar Unit Operating Results

Table 12: Chungar Production

Chungar Production	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Mineral extraction (thousands MT)	320	331	300	10.4	651	573	13.5
Mineral treatment (thousands MT)	325	341	301	13.3	666	586	13.6
Fines Content							
Zinc (thousands FMT)	12.8	13.0	11.0	18.7	25.8	21.6	19.5
Lead (thousands FMT)	5.5	5.8	4.3	34.1	11.3	8.8	28.2
Copper (thousands FMT)	0.3	0.4	0.3	32.4	0.7	0.6	19.7
Silver (millions Oz)	0.6	0.7	0.4	51.7	1.3	0.9	41.0
Gold (thousands Oz)	0.3	0.5	0.5	5.3	0.8	1.0	-21.3

Source: Volcan Cia. Minera

In 2Q23, ore volumes extracted at Chungar increased by 10.4%, and treated ore increased by 13.3%, as compared to 2Q22, due to operating improvements such as the increased use of long drill holes during mining. With regard to zinc, lead, copper, silver and gold, production increased by 18.7%, 34.1%, 32.4%, 51.7% and 5.3%, respectively, due to greater processed volumes and better grades.

Year-to-date (Jan-Jun), ore extraction grew by 13.5%, as compared to the same period in the previous year, while the volume of treated ore grew by 13.6%. The production of zinc, lead, copper and silver fines increased by 19.5%, 28.2%, 19.7%, and 41.0%, respectively, while gold production decreased by 21.3%.

It is worth mentioning that on July 20th, the SMV was informed of the Company's decision to suspend operations at the Islay mine due to low mineral prices and operational difficulties,

such as the increase in water in mining operations, which could constitute a high risk to the safety of personnel.

Table 13: Chungar Cost of Production

Chungar Production Cost	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Production Cost (MM USD)							
Extraction Cost	19.9	21.7	16.0	35.2	41.5	31.1	33.6
Treatment Cost	8.3	9.9	14.6	-31.8	18.2	27.9	-34.7
Sub total Production Cost (MM USD)	28.1	31.6	30.6	3.3	59.7	59.0	1.3
Infill drilling cost	0.4	1.0	1.6	-37.0	1.4	2.6	-45.1
Total Production Cost (MM USD)	28.6	32.6	32.2	1.3	61.2	61.6	-0.7
Unit Cost (USD/MT)							
Extraction Cost	62.1	65.4	53.5	22.4	63.8	54.2	17.7
Treatment Cost	25.5	29.1	48.4	-39.8	27.4	47.6	-42.5
Sub total Unitary Cost (USD/MT)	87.6	94.6	101.8	-7.1	91.2	101.8	-10.5
Infill drilling cost	1.4	3.0	5.2	-43.0	2.2	4.5	-51.6
Total Unitary Cost (USD/MT)	89.0	97.5	107.0	-8.9	93.4	106.3	-12.2

Source: Volcan Cia. Minera

In 2Q23, the absolute cost of production, not considering infill drilling, increased by 3.3%, from USD 30.6 MM in 2Q22 to USD 31.6 MM in 2Q23, mainly explained by increased production volumes, partially offset by the optimization of ground support using shotcrete, and the increased use of the long drill hole mining method.

Unit cost decreased by 7.1%, from 101.8 USD/MT in 2Q22 to 94.6 USD/MT in 2Q23, mainly due to operating improvements and greater volumes treated.

Year-to-date (Jan-Jun), the absolute cost of production, without infill drilling, increased by 1.3%, as compared to the same period of the previous year, from USD 59.0 MM to USD 59.7 MM. The unit cost of production decreased by 10.5%, from 101.8 USD/MT to 91.2 USD/MT.

Table 14: Chungar Operating Investments

Chungar Operating Investment (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Local Exploration	0.5	0.6	0.3	85.6	1.1	0.8	37.7
Mine Development	3.7	3.8	4.2	-10.3	7.5	7.4	0.5
Plants and Tailings Dams	0.2	0.6	0.8	-23.2	0.8	2.3	-66.7
Mine and Infrastructure	1.6	2.7	2.7	0.2	4.3	5.7	-25.7
Electrical Infrastructure	0.1	0.3	0.1	265.2	0.3	0.2	127.1
Support and Others	0.1	0.2	0.2	5.6	0.3	0.5	-52.3
Total	6.1	8.1	8.2	-1.5	14.2	17.0	-16.2

Source: Volcan Cia. Minera

Operating investments decreased by 1.5%, from USD 8.2 MM in 2Q22 to USD 8.1 MM in 2Q23, remaining in line with the investments of the previous year.

Year-to-date (Jan-Jun), operating investments decreased by 16.2%, from USD 17.0 MM to USD 14.2 MM.

3.3 Alparmarca Unit Operating Results

Table 15: Alparmarca Production

Alparmarca Production	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Mineral extraction (thousands MT)	132	270	120	124.2	402	250	60.6
Mineral treatment (thousands MT)	244	260	246	5.5	504	473	6.4
Fines Content							
Zinc (thousands FMT)	1.8	1.4	1.5	-6.9	3.1	3.4	-6.8
Lead (thousands FMT)	0.7	0.9	1.2	-28.8	1.6	2.5	-37.1
Copper (thousands FMT)	0.1	0.1	0.0	50.8	0.1	0.1	33.1
Silver (millions Oz)	0.2	0.3	0.2	49.8	0.5	0.4	33.8

Source: Volcan Cia. Minera

In 2Q23, extracted ore volumes grew by 124.2%, as compared to the same quarter of the previous year, explained by no open pit extraction occurring in 2Q22. Moreover, treated volumes increased by 5.5%, from 246 thousand MT in 2Q22 to 260 thousand MT in 2Q23, explained by the processed ore coming from old tailings dams.

In 2Q23, zinc and lead fines production decreased by 6.9% and 28.8%, respectively, as compared to 2Q22, 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 50.8% and 49.8%, respectively, as a result of better selectivity when extracting ore from old tailings dams.

Year-to-date (Jan-Jun), ore extraction decreased by 60.6%, as compared to the same period in the previous year, while the volume of treated ore increased by 6.4%. The production of zinc and lead fines decreased by 6.8% and 37.1%, respectively, while copper and silver fines production increased by 33.1% and 33.8%, respectively.

Table 16: Alparmarca Cost of Production

Alparmarca Production Cost	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Production Cost (MM USD)							
Extraction Cost	1.5	1.7	2.2	-22.1	3.2	4.3	-25.4
Treatment Cost	3.0	3.1	3.8	-19.8	6.1	7.3	-17.6
Sub total Production Cost (MM USD)	4.5	4.8	6.0	-20.7	9.3	11.7	-20.5
Unit Cost (USD/MT)							
Extraction Cost ¹	6.3	6.6	8.9	-26.1	6.4	9.2	-29.9
Treatment Cost	12.3	11.8	15.5	-24.0	12.0	15.5	-22.5
Total Unitary Cost (USD/MT)	18.6	18.4	24.4	-24.8	18.5	24.7	-25.3

¹ Mine unit cost adjusted using treated tonnage

Source: Volcan Cia. Minera

In 2Q23, the absolute cost of production totaled USD 4.8 MM, 20.7% lower than the USD 6.0 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 24.8%, from 24.4 USD/MT in 2Q22 to 18.4 USD/MT in 2Q23.

Year-to-date (Jan-Jun), the absolute cost of production decreased by 20.5%, from USD 11.7 MM to USD 9.3 MM, as compared to the same period of the previous year. The unit cost of production decreased by 25.3%, from 24.7 USD/MT to 18.5 USD/MT.

Table 17: Alparamarca Operating Investments

Alparamarca Operating Inv. (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Local Exploration	0.0	0.0	0.2	-100.0	0.0	0.6	-100.0
Plants and Tailings Dams	0.0	0.1	1.8	-97.2	0.1	2.1	-97.4
Mine and Infrastructure	0.2	0.2	0.3	-22.9	0.4	0.6	-41.7
Energy	0.0	0.0	0.0		0.0	0.1	-100.0
Support and Others	0.0	0.0	0.0	-100.0	0.0	0.1	-100.0
Total	0.2	0.2	2.3	-89.2	0.4	3.4	-87.8

Source: Volcan Cia. Minera

Operating investments decreased by 89.2%, from USD 2.3 MM in 2Q22 to USD 0.2 MM in 2Q23, due to lower investments in local exploration, plants and tailings dams.

Year-to-date (Jan-Jun), operating investments declined from USD 3.4 MM in 2022 to USD 0.4 MM in 2023.

3.4 Cerro de Pasco Unit Operating Results

Table 18: Cerro de Pasco Production

Cerro de Pasco Production	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Mineral extraction (thousands MT)	754	775	745	4.0	1,529	1,406	8.7
Mineral treatment (thousands MT)	754	775	745	4.0	1,529	1,406	8.7
Fines Content							
Zinc (thousands FMT)	4.8	4.5	6.4	-29.1	9.3	12.5	-25.1
Lead (thousands FMT)	1.9	1.9	2.5	-24.0	3.9	4.6	-15.5
Copper (thousands FMT)	0.2	0.3	0.0		0.5	0.0	
Silver (millions Oz)	0.4	0.4	0.4	0.2	0.7	0.7	9.4

Source: Volcan Cia. Minera

Ore volumes from stockpiles processed at Cerro de Pasco increased by 4.0% from 745 thousand MT in 2Q22 to 775 thousand MT in 2Q23, resulting from a series of improvements performed at the concentrator plant to increase its treatment capacity.

In 2Q23, zinc and lead fines production decreased by 29.1% and 24.0%, respectively, as compared to 2Q22, due to lower metallurgical recoveries resulting from the presence of pyrites in the processed ore. Conversely, silver production increased by 0.2% as compared to 2Q22, due to the treatment of new areas with better silver grades in the stockpiles.

Year-to-date (Jan-Jun), the volume of treated ore grew by 8.7% as compared to the previous year. The production of zinc and lead fines decreased by 25.1% and 15.5%, respectively, while silver production increased by 9.4%.

Table 19: Cerro de Pasco Cost of Production

Cerro de Pasco	Jan-Mar	Apr-Jun	Apr-Jun	var %	Jan-Jun	Jan-Jun	var %
Production Cost	2023	2023	2022		2023	2022	
Production Cost (MM USD)							
Extraction Cost	2.6	2.4	1.2	103.7	5.0	2.3	119.6
Treatment Cost	7.9	9.4	8.8	6.7	17.3	16.2	6.6
Sub total Production Cost (MM USD)	10.5	11.8	10.0	18.3	22.2	18.4	20.5
Unit Cost (USD/MT)							
Extraction Cost	3.4	3.1	1.6	95.9	3.3	1.6	101.9
Treatment Cost	10.5	12.1	11.8	2.6	11.3	11.5	-2.0
Total Unitary Cost (USD/MT)	13.9	15.2	13.4	13.7	14.5	13.1	10.8

Source: Volcan Cia. Minera

Absolute cost increased by 18.3%, from USD 10.0 MM in 2Q22 to USD 11.8 MM in 2Q23, mainly due to greater processed volumes. Unit cost increased by 13.7%, from 13.4 USD/MT in 2Q22 to 15.2 USD/MT in 2Q23, due to expenses related to improvements made to the plant, waste rock transportation, and transporting ore over longer distances from the stockpile to the plant.

Year-to-date (Jan-Jun), the absolute cost of production increased by 20.5%, from USD 18.4 MM in 2022 to USD 22.2 MM in 2023. The unit cost of production increased by 10.8%, from 13.1 USD/MT in 2022 to 14.5 USD/MT in 2023.

Table 20: Cerro de Pasco Operating Investments

Cerro de Pasco Operating Inv.	Jan-Mar	Apr-Jun	Apr-Jun	var %	Jan-Jun	Jan-Jun	var %
(MM USD)	2023	2023	2022		2023	2022	
Local Exploration	0.0	0.0	0.6	-100.0	0.0	0.6	-100.0
Plants and Tailings Dams	0.7	0.8	4.5	-82.4	1.5	8.1	-82.1
Mine and Infrastructure	0.1	0.1	0.1	-20.2	0.1	0.1	5.9
Support and Others	0.0	0.0	0.0	-91.2	0.0	0.0	-91.2
Total	0.7	1.0	5.1	-80.1	1.8	8.9	-80.3

Source: Volcan Cia. Minera

Operating investments decreased by 80.1%, from USD 5.1 MM in 2Q22 to USD 1.0 MM in 2Q23, due to lower investments in local exploration, plants and tailings dams.

Year-to-date (Jan-Jun), operating investments decreased from USD 8.9 MM to USD 1.8 MM.

3.5 Oxides Plant Operating Results

Table 21: Oxides Plant Production

Oxides Plant	Jan-Mar	Apr-Jun	Apr-Jun	var %	Jan-Jun	Jan-Jun	var %
Production	2023	2023	2022		2023	2022	
Mineral extraction (thousands MT)	238	239	241	-0.7	477	467	2.3
Mineral treatment (thousands MT)	238	239	241	-0.7	477	467	
Fines Content							
Silver (millions Oz)	0.7	0.6	0.9	-28.7	1.4	1.7	-22.4
Gold (Oz)	2,069	3,557	3,677	-3.2	5,627	9,858	-42.9

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant decreased by 0.7%, from 241 thousand MT in 2Q22 to 239 thousand MT in 2Q23, due to a plant stoppage for scheduled maintenance. The

production of silver declined by 28.7% and gold by 3.2%, explained by lower grades of the processed ore.

Year-to-date (Jan-Jun), in 2023, ore treatment increased by 2.3%, silver production decreased by 22.4%, and gold production decreased by 49.2%, as compared to the previous year.

Table 22: Oxides Plant Cost of Production

Oxides Plant Production Cost	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Production Cost (MM USD)							
Extraction Cost	1.6	1.7	1.8	-6.3	3.2	3.4	-4.1
Treatment Cost	10.5	10.3	11.2	-8.4	20.8	20.6	0.9
Sub total Production Cost (MM USD)	12.1	11.9	13.0	-8.1	24.0	23.9	0.2
Unit Cost (USD/MT)							
Extraction Cost	6.6	7.0	7.5	-5.7	6.8	7.2	-6.2
Treatment Cost	44.1	42.9	46.5	-7.7	43.5	44.1	-1.4
Total Unitary Cost (USD/MT)	50.6	49.9	53.9	-7.5	50.3	51.3	-2.1

Source: Volcan Cia. Minera

In 2Q23, the absolute cost of production totaled USD 11.9 MM, 8.1% lower than the USD 13.0 MM figure in 2Q22, as a result of reduced treated volumes and lower reagent consumption. Unit cost decreased by 7.5%, from 53.9 USD/MT in 2Q22 to 49.9 USD/MT in 2Q23, due to lower reagent consumption resulting from reduced presence of contaminants in the processed ore.

Year-to-date (Jan-Jun), the absolute cost of production increased by 0.2%, from USD 23.9 MM in 2022 to USD 24.0 MM in 2023. The unit cost decreased by 2.1%, from 51.3 USD/MT to 50.3 USD/MT.

Table 23: Oxides Plant Operating Investments

Oxides Plant Operating Inv. (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Plants and Tailings Dams	0.0	0.0	-0.8		0.0	-0.6	
Mine and Infrastructure	0.0	0.0	0.6	-95.8	0.1	0.7	-92.8
Support and Others	0.0	0.0	0.3	-94.0	0.0	0.5	-96.7
Total	0.1	0.1	0.3	-82.4	0.1	0.8	-86.2

Source: Volcan Cia. Minera

Operating investments during 2Q23 totaled USD 0.1 MM, 82.4% lower than the USD 0.3 MM figure for 2Q22, mainly due to lower investments in mine and infrastructure, and support and other areas.

Year-to-date (Jan-Jun), operating investments decreased by 86.2%, from USD 0.8 MM in 2022 to USD 0.1 MM in 2023.

3. Energy

Table 24: Volcan's Electric Power Balance

Electric Balance (GWh)	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Energy generation	124.4	95.6	113.0	-15.4	220.0	233.7	-5.9
Chungar	40.0	31.8	36.7	-13.3	71.8	76.7	-6.4
Tingo	1.6	1.7	1.6	4.7	3.3	3.3	-0.4
Huanchor	40.3	27.9	40.5	-31.1	68.2	80.8	-15.6
Rucuy	42.5	34.2	34.1	0.3	76.7	72.8	5.3
Energy consumption	208.1	217.9	203.6	7.0	426.0	398.8	6.8
Energy purchase	166.5	184.4	165.2	11.6	350.9	318.8	10.1

Source: Volcan Cia. Minera

During 2Q23, Volcan's total consumption of electric power reached 217.9 GWh, with a maximum demand of 111 MW. The 10 hydroelectric plants that belong to the Chungar Unit generated 31.8 GWh, a 13% reduction as compared to the previous year, resulting from the reduced availability of water. Self-generation accounted for 15% of the Company's total consolidated consumption, at an average cost of 27 USD/MWh, including operating, maintenance and transmission costs.

Volcan purchased 184.4 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.

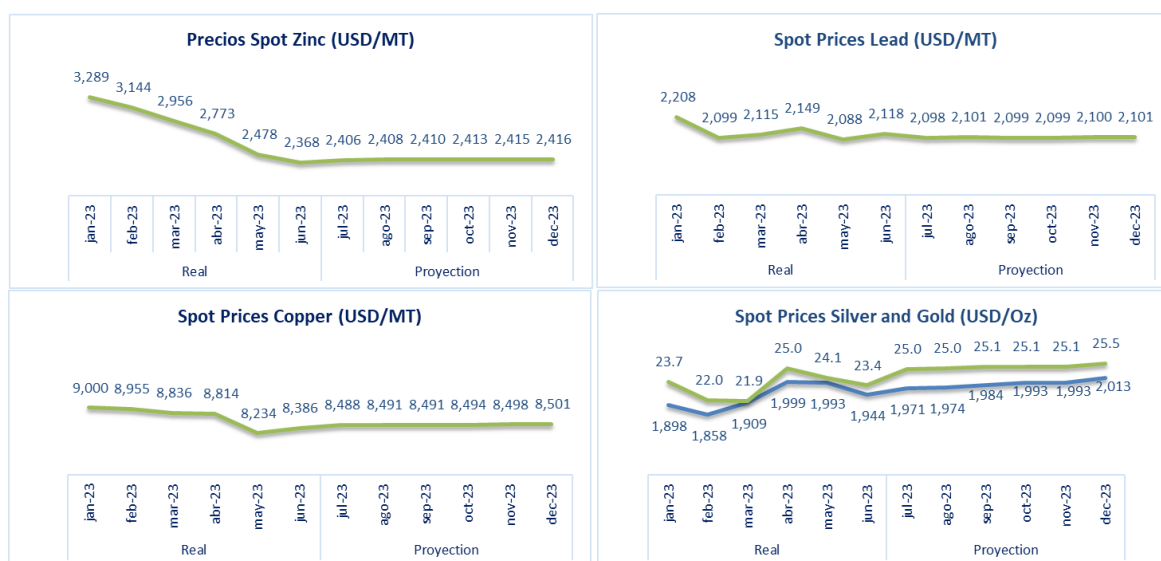
In 2Q23, the Huanchor Hydroelectric Plant produced 27.9 GWh, a 31% reduction as compared to the same quarter of the previous year, resulting from scheduled maintenance works over a period of 30 days. Energy was purchased from the spot market to meet the agreements of sale of energy to third parties.

The Rucuy Hydroelectric Plant produced 34.2 GWh in 2Q23, similar to the same period of the previous year, and the power was used to meet the commitments set forth in its renewable energy agreement (RER).

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

4. Final Comments

- The Company's operating results in 2Q23 were positive and improved over 2Q22. Processed volumes increased by 9.5%, and production of all metals also grew: zinc fines by 19.7%, lead fines by 14.4%, and silver ounces by 11.6%. Unit cost decreased by 4.4% and investments by 25.9%, as a result of prioritizing investments due to the unfavorable pricing environment for base metals.
- In 2Q23, the Company's financial results were impacted by the lower prices of base metals, particularly zinc, and higher financial expenses related to increased interest rates in the market. EBITDA decreased from USD 61.3 MM in 2Q22 to USD 49.2 MM in 2Q23, and net profit fell from USD -12.2 MM in 2Q22 to USD -11.8 MM in 2Q23.
- The outlook for base metals prices is still subject of global concern due to a potential recession in the United States, a slowdown of China's growth and the situation of the war between Russia and Ukraine. Additionally, there is still uncertainty regarding the continuous increase of interest rates by the main central banks around the world. These factors have placed downward pressure on base metals prices.
- **Figure 6: Metals prices trend**



Source: silver (bloomberg) and other minerals (reuters)

- The Company is considering an extended low base metals prices scenario, and continues to implement cost reduction measures, assessing different alternatives to ensure the financing of the Romina project, and the observance of its financial commitments.

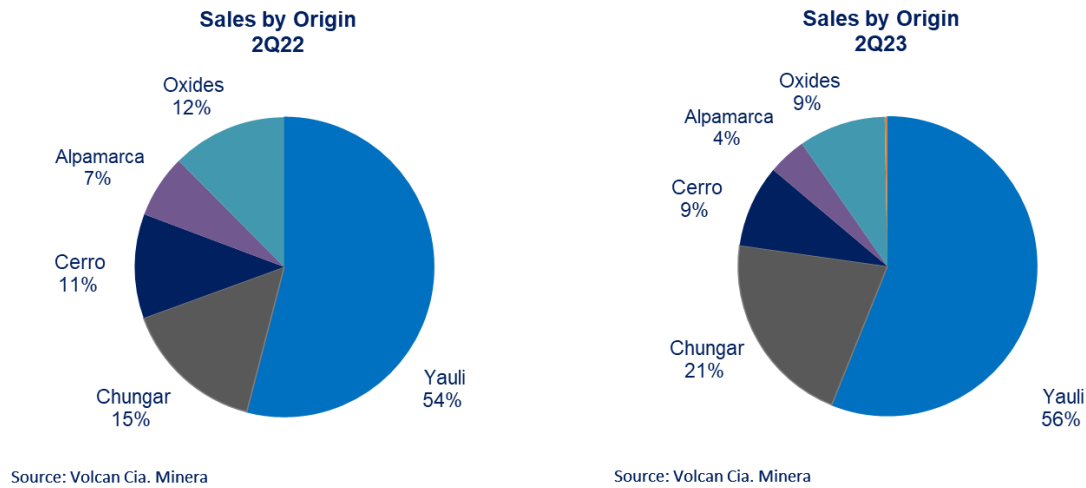
5. Chancay Port Project:

- 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 Multipurpose Terminal.
- Significant progress has been made on several work fronts of the operating area and entrance complex. To date, the following dredging operations are underway: basin and channel for dock 1 (10.8% completed), basin and channel for docks 2, 3 and 4 (29.9% completed), and dredging of jetties (100% completed).
- Geotube installation for beach protection is 86.6% completed at El Puerto beach, and 9.5% completed at Chorrillos beach.
- The current length of the main breakwater is 2,435 m at an elevation of +4,8 m. In addition, 12,672 accropodes have been installed. The construction of the crown wall is still underway and 45.3% completed.
- The damage caused to the secondary breakwater during April's rough seas has been fully repaired and the cause of the damage is under assessment to implement the necessary corrective measures within a reasonable timeframe.
- The administrative building is 46.6% completed. The construction of buildings in the operating area is scheduled to start in August.
- With regard to the tunnel and access roads, a subsidence occurred on May 16, near Km 80 of the Pan-American Highway, at the entrance of the tunnel. As a result, this work front was suspended. However, the National Port Authority authorized ground support activities on both fronts (shotcrete, drilling for side wall injection, invert construction, and lining) as part of the contingency plan. In the exit tunnel, 398.2 meters have been completed in the left heading, and 371.4 meters in the right heading. Twenty-four sections of lining have been installed, totaling 286.4 m.

Annexes

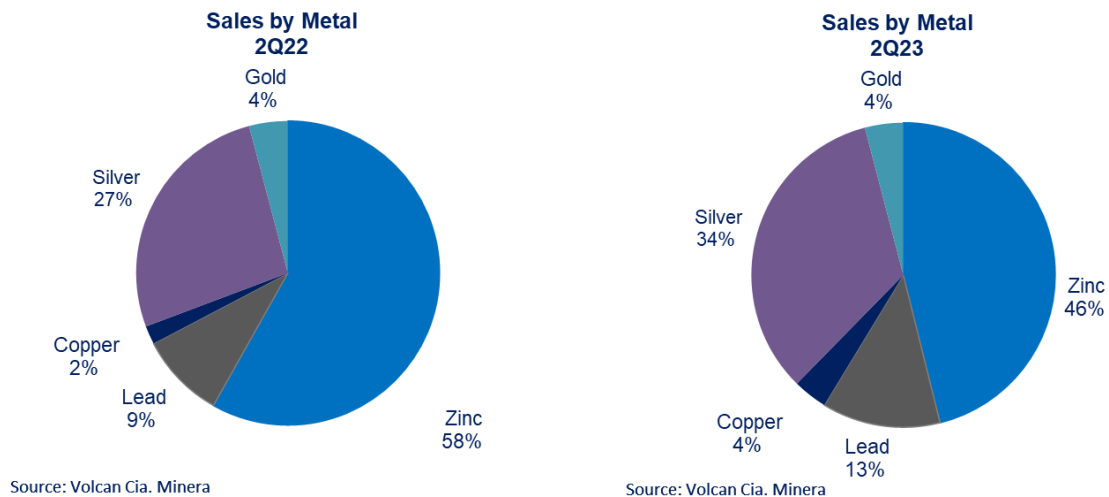
Annex 1: Sales Breakdown

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



The distribution of sales by metal by operating unit in 2Q23 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 2Q22.

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



Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Zinc (USD/MT)	3,130	2,540	3,925	-35.3	2,835	3,834	-26.1
Lead (USD/MT)	2,141	2,118	2,203	-3.8	2,129	2,269	-6.1
Copper (USD/MT)	8,930	8,478	9,526	-11.0	8,704	9,756	-10.8
Silver (USD/Oz)	22.6	24.2	22.6	6.8	23.4	23.3	0.3
Gold (USD/Oz)	1,888	1,978	1,874	5.6	1,933	1,874	3.2

Source: London Metal Exchange

Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2023	Apr-Jun 2023	Apr-Jun 2022	var %	Jan-Jun 2023	Jan-Jun 2022	var %
Exchange Rate (S/ x USD)	3.82	3.71	3.75	-1.1	3.77	3.78	-0.3
Inflation ¹	8.57	7.44	8.81	-15.6	8.00	7.25	10.3

¹ Inflation of the last 12 months

Source: Central Reserve Bank of Peru

Annex 4: Domestic Metal Production

National Production	Jan-Mar 2023	Apr-May 2023	Apr-May 2022	var %	Jan - May 2023	Jan - May 2022	var %
Zinc (FMT)	301,675	257,445	318,748	-19.2	559,120	560,885	-0.3
Lead (FMT)	58,713	43,389	61,309	-29.2	102,102	101,789	0.3
Copper (FMT)	610,230	456,780	542,893	-15.9	1,067,010	898,175	18.8
Silver (thousands Oz)	21,494	15,824	24,337	-35.0	37,318	39,805	-6.2
Gold (thousands Oz)	704	487	747	-34.8	1,191	1,208	-1.4

Source: Ministry of Energy and Mines