

Volcan Compañía Minera S.A.A. and Subsidiaries Management Discussion and Analysis Fourth Quarter 2023

Principal Results:

Consolidated Volcan	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Sales Prices¹									
Zinc (USD/MT)	3,117	2,578	2,415	2,494	3,013	-17.2	2,642	3,449	-23.4
Lead (USD/MT)	2,143	2,110	2,123	2,155	2,048	5.2	2,132	2,116	0.8
Copper (USD/MT)	8,900	8,491	8,162	8,177	7,909	3.4	8,428	8,434	-0.1
Silver (USD/Oz)	22.5	24.0	23.1	23.1	20.9	10.4	23.2	21.8	6.5
Gold (USD/Oz)	1,892	1,976	1,916	1,980	1,713	15.6	1,943	1,822	6.6
Operating Results									
Mineral treatment ² (thousands MT)	2,274	2,404	2,426	2,325	2,365	-1.7	9,429	8,997	4.8
Zinc Production (thousands FMT)	56.5	62.6	60.5	62.4	61.3	1.9	242.0	224.7	7.7
Lead Production (thousands FMT)	13.2	15.3	16.9	15.5	14.8	4.9	60.8	54.9	10.8
Copper Production (thousands FMT)	1.3	1.5	1.3	1.2	1.2	-3.0	5.3	4.3	23.6
Silver Production (millions Oz)	3.5	3.8	4.2	3.7	3.7	0.9	15.2	14.3	6.2
Gold Production (thousands Oz)	3.7	5.5	5.4	3.8	3.3	14.4	18.4	20.8	-11.5
Unit Cost (USD/TM) ³	50.4	51.8	49.8	50.5	54.8	-7.8	50.7	54.0	-6.2
Total Investments (MM USD)	36.2	42.7	0.0	55.4	77.9	-28.8	179.5	242.5	-26.0
Financial Results (MM USD)									
Sales before adjustments	220.7	227.9	224.7	217.3	228.2	-4.8	890.5	969.1	-8.1
Sales Adjustments	0.4	-14.6	5.2	1.6	7.7	-79.8	-7.4	-17.8	-58.5
Settlement of prior period adjustments	8.9	-10.3	-6.1	-2.0	-12.9	-84.4	-9.5	-10.1	-5.8
Adjustments for open positions ⁴	-8.5	-4.7	9.3	2.1	20.6	-90.0	-1.8	-7.8	-76.7
Hedging results	0.0	0.4	1.9	1.5	0.0		3.9	0.0	
Sales after adjustments	221.1	213.3	229.8	218.8	235.9	-7.2	883.1	951.3	-7.2
Net profit before exceptionals	1.5	-10.8	0.8	8.1	0.4		-0.5	16.6	
Exceptional adjustments	-0.7	-1.0	-0.7	-7.1	-77.3	0.0	-9.5	-98.0	-90.3
Net profit	0.8	-11.8	0.1	1.0	-76.9		-10.0	-81.4	-87.7
EBITDA⁵	71.4	49.3	86.1	70.1	59.6	17.5	276.9	298.6	-7.3

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

- The Company's operating results in the fourth quarter maintained a positive trend. Zinc fines production increased by 1.9%, from 61.3 thousand FMT in 4Q22 to 62.4 thousand FMT in 4Q23, lead fines production by 4.9%, from 14.8 thousand FMT to 15.5 thousand FMT, copper fines production decreased by 3.0%, from 1.23 thousand FMT to 1.19 thousand FMT, silver grew by 0.9% from 3.66 MM Oz to 3.69 MM Oz, and gold production by 14.4%, from 3.3 thousand Oz in 4Q22 to 3.8 thousand Oz in 4Q23.
- Consolidated unit cost decreased by 7.8%, from 54.8 USD/MT in 4Q22 to 50.5 USD/MT in 4Q23. This is mainly explained by cost reduction initiatives and continuous efforts to find efficiencies across all operating units.
- Total investments decreased by 28.8%, from USD 77.9 MM in 4Q22 to USD 55.4 MM in 4Q23, because of investment prioritization in the operating units to preserve the Company's liquidity amidst a challenging pricing environment for metals.
- The price of zinc decreased by 17.2%, from 3,013 USD/MT in 4Q22 to 2,494 USD/MT in 4Q23, while lead increased by 5.2%, from 2,048 USD/MT to 2,155 USD/MT, and copper increased by 3.4%, from 7,909 USD/MT to 8,177 USD/MT. Regarding precious metals prices, silver price increased by 10.4%, from 20.9 USD/Oz to 23.1 USD/Oz, and gold by 15.6%, from 1,713 USD/Oz to 1,980 USD/Oz.
- Lower zinc prices led to a 4.8% decrease of total sales before adjustments, from USD 228.2 MM in 4Q22 to USD 217.3 MM in 4Q23, partially offset by better commercial terms in our concentrate sale agreements. Sales adjustments totaled USD 1.6 MM in 4Q23 as compared to USD 7.7 MM in 4Q22, and as a result sales after adjustments decreased by 7.2%, from USD 235.9 MM to USD 218.8 MM.

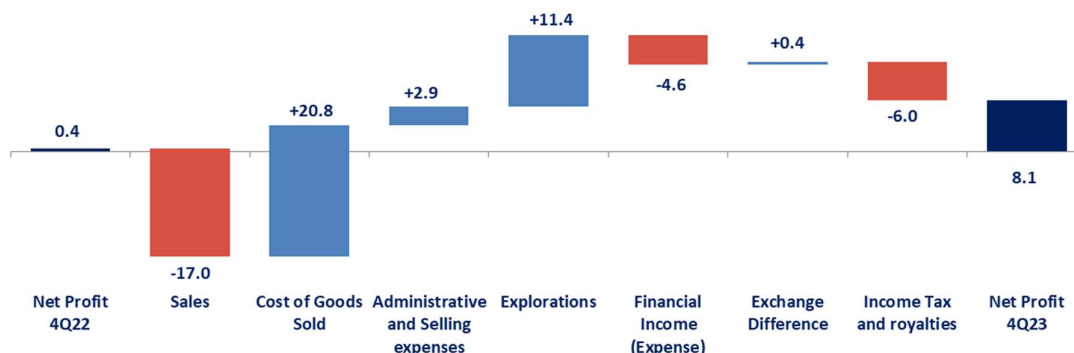
Figure 1: 4Q23 vs 4Q22 variations impact on net sales (USD MM)



Source: Volcan Cía. Minera

- Profit before exceptionals increased from USD 0.4 MM in 4Q22 to USD 8.1 MM in 4Q23, due to lower cost of production, and lower administrative and exploration expenses, partially offset by higher financial expenses, and higher taxes and royalties.

Figure 2: 4Q23 vs 4Q22 variations impact on net profit before exceptionals (USD MM)



Source: Volcan Cía. Minera

- Exceptional expenses totaled USD -7.1 MM, mainly related to the write-off of obsolete inventories and updated accounting provisions. Net profit amounted to USD 1.0 MM in 4Q23 versus USD -76.9 MM in 4Q22.
- EBITDA increased by 17.5%, from USD 59.6 MM in 4Q22 to USD 70.1 MM in 4Q23, resulting from a higher gross margin, reduced operating costs and expenses.
- In annual terms, the 23.4% decrease of the average price of zinc, from 3,449 USD/MT in 2022 to 2,642 USD/MT in 2023, had an impact on the Company's results. However, the efforts to reduce production costs and operating expenses partially offset the negative effect of the lower zinc price. Sales after adjustments decreased by 7.2%, from USD 951.3 MM in 2022 to USD 883.1 MM in 2023, EBITDA decreased by 7.3%, from USD 298.6 MM in 2022 to USD 276.9 MM in 2023. Net profit improved, from USD -81.4 MM in 2022 to USD -10.0 MM in 2023, due to lower exceptional adjustments.

2. Consolidated Results

2.1 Production

Table 1: Consolidated Production

Consolidated Production	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Mineral extraction (thousands MT)	2,149	2,406	2,414	2,413	2,160	11.7	9,383	8,287	13.2
Polymetallic ore	1,911	2,167	2,166	2,181	1,918	13.7	8,425	7,329	15.0
Oxides ore	238	239	248	232	242	-3.9	958	958	0.0
Mineral treatment (thousands MT)	2,274	2,404	2,426	2,325	2,365	-1.7	9,429	8,997	4.8
Concentrator Plants	2,035	2,165	2,177	2,093	2,123	-1.4	8,471	8,039	5.4
Silver Oxides Plant	238	239	248	232	242	-3.9	958	958	0.0
Fine Content									
Zinc (thousands FMT)	56.5	62.6	60.5	62.4	61.3	1.9	242.0	224.7	7.7
Lead (thousands FMT)	13.2	15.3	16.9	15.5	14.8	4.9	60.8	54.9	10.8
Copper (thousands FMT)	1.3	1.5	1.3	1.2	1.2	-3.0	5.3	4.3	23.6
Silver (millions Oz)	3.5	3.8	4.2	3.7	3.7	0.9	15.2	14.3	6.2
Gold (thousands Oz)	3.7	5.5	5.4	3.8	3.3	14.4	18.4	20.8	-11.5

Source: Volcan Cia. Minera

Extracted ore volumes increased by 11.7%, from 2,160 thousand MT in 4Q22 to 2,413 thousand MT in 4Q23, due to higher extracted volumes at Yauli, Cerro de Pasco and Alpamarca. Treated volumes decreased by 1.7%, from 2,365 thousand MT in 4Q22 to 2,325 thousand MT in 4Q23, as a result of lower treated volumes at Chungar, Alpamarca and Oxidos. It is important to note that ore processing at Alpamarca took place only until November, and at Oxidos until mid-December, as both plants reached the maximum volume authorized by their operating permits.

Zinc fines production increased by 1.9%, from 61.3 thousand FMT in 4Q22 to 62.4 thousand FMT in 4Q23 mainly due to higher volumes and grades of the ore treated at Yauli; lead fines production by 4.9%, from 14.8 thousand FMT to 15.5 thousand FMT, also due to higher volumes and grades of the ore treated at Yauli; copper fines production decreased by 3.0%, from 1.23 thousand FMT to 1.19 thousand FMT; silver production grew by 0.9% from 3.66 MM Oz to 3.69 MM Oz, and gold production by 14.4%, from 3.3 thousand Oz in 4Q22 to 3.8 thousand Oz in 4Q23.

In annual terms, extracted volumes increased by 13.2%, from 8,287 thousand MT in 2022 to 9,383 thousand MT in 2023. Similarly, treated volumes increased by 4.8%, from 8,997 thousand MT to 9,429 thousand MT. Regarding fines, zinc production increased by 7.7%, from 224.7 thousand FMT to 242.0 thousand FMT; lead by 10.8%, from 54.9 thousand FMT to 60.8 thousand FMT; copper by 23.6%, from 4.3 thousand FMT to 5.3 thousand FMT; silver by 6.2%, from 14.3 MM Oz to 15.2 MM Oz; and gold decreased by 11.5%, from 20.8 thousand Oz to 18.4 thousand Oz.

2.2 Cost of Production

Table 2: Consolidated Cost of Production

Consolidated Production Cost	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Production Cost¹ (MM USD)									
Mine Cost	67.8	73.3	70.7	70.0	74.5	-6.1	281.9	282.4	-0.2
Plant and Other Cost	28.6	32.4	31.7	31.1	33.9	-8.1	123.8	118.5	4.5
Others	17.9	18.6	18.7	19.0	21.9	-13.4	74.1	84.7	-12.5
Sub total Production Cost (MM USD)	114.3	124.4	121.0	120.1	130.3	-7.8	479.8	485.6	-1.2
Infill drilling cost	2.3	3.4	3.1	3.5	2.0	78.2	12.3	12.5	-1.9
Total Production Cost (MM USD)	116.6	127.7	124.2	123.6	132.3	-6.5	492.2	498.2	-1.2
Unit Cost (USD/MT)									
Mine Cost ²	30.0	30.6	29.1	29.0	31.3	-7.3	29.7	31.4	-5.5
Plant and Other Cost	12.6	13.5	13.1	13.4	14.3	-6.5	13.1	13.2	-0.3
Others	7.9	7.7	7.7	8.2	9.3	-11.9	7.9	9.4	-16.5
Sub total Unitary Cost (USD/MT)	50.4	51.8	49.8	50.5	54.8	-7.8	50.7	54.0	-6.2
Infill drilling cost	1.0	1.4	1.3	1.4	0.8	75.9	1.3	1.4	-7.2
Total Unitary Cost (USD/MT)	51.5	53.2	51.1	52.0	55.7	-6.6	51.9	55.4	-6.2

¹ Distribution update of production cost by areas (mine, plant, others)

² Mine unit cost adjusted using treated tonnage

The absolute cost of production, not considering infill drilling, decreased by 7.8%, from 130.3 USD/MT in 4Q22 to 120.1 USD/MT in 4Q23. This is mainly explained by the execution of improvement initiatives in the operating units, and the suspension of operations at Islay Mine. Unit cost fell by 7.8%, from 54.8 USD/MT in 4Q22 to 50.5 USD/MT in 4Q23.

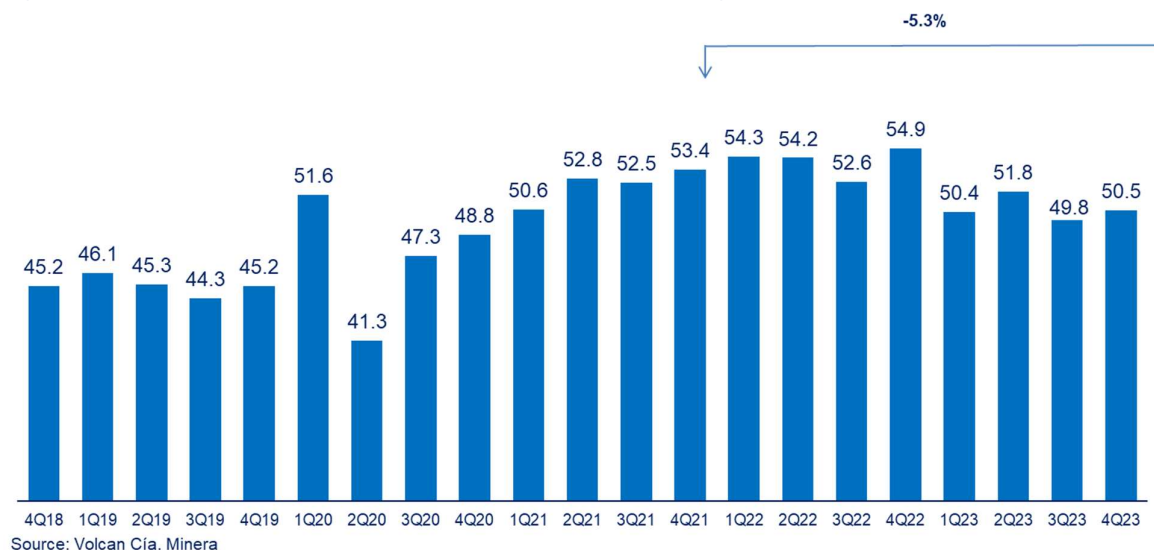
Throughout the year, efforts were made to increase efficiency in the consumption of supplies in all mining cycle activities, in mechanical and electrical maintenance, in the use of reagents in the plant, energy efficiency, changing mining methods, among others.

In annual terms, the absolute cost of production, not considering infill drilling, decreased by 1.2%, from USD 485.6 MM to USD 479.8 MM, while unit cost decreased by 6.2%, from 55.4 USD/MT to 51.9 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 being implemented in Lima and all the operations, upholding our workers' safety as the main value of the Company.

The evolution of the unit cost over the last five years is shown in the figure below. As observed, unit cost in 4Q23 is even lower than in 4Q21.

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



2.3 Investments

Operating unit investments fell by 24.0%, from USD 68.8 MM in 4Q22 to USD 52.3 MM in 4Q23.

Growth investments related to the Romina project totaled USD 2.9 MM in 4Q23, and, accordingly, total investments decreased by 28.8%, from USD 77.9 MM in 4Q22 to USD 55.4 MM in 4Q23.

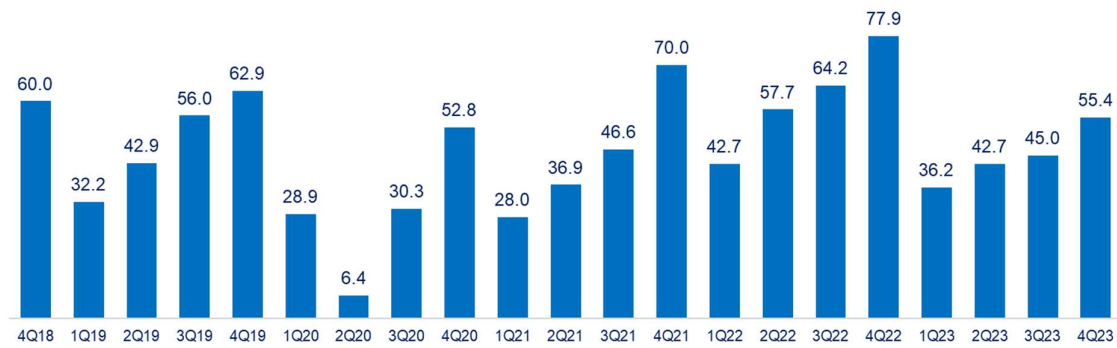
In annual terms, total investments declined by 26.0%, from USD 242.5 MM in 2022 to USD 179.5 MM in 2023, mainly due to investment prioritization to preserve the Company's liquidity when confronted with the sharp decrease of zinc price.

Table 3: Consolidated Investment

Consolidated Investment (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Mining	36.2	42.7	44.7	55.2	77.0	-28.3	178.9	241.3	-25.9
Mining Units	33.4	40.3	42.0	52.3	68.8	-24.0	168.0	224.1	-25.0
Local Exploration	2.6	3.2	3.8	3.5	2.8	22.3	13.1	11.0	18.4
Development	18.4	19.2	19.7	19.1	23.0	-16.9	76.3	82.7	-7.8
Plants and Tailings Facilities	4.1	6.0	7.7	14.3	21.5	-33.6	32.0	62.3	-48.6
Mine and Infrastructure	7.3	9.2	8.3	9.7	12.2	-20.7	34.5	40.7	-15.3
Electrical Infrastructure in Units	0.7	2.2	1.9	3.8	3.4	11.4	8.7	12.8	-32.2
Support and Others	0.3	0.5	0.7	2.0	5.8	-66.3	3.5	14.5	-75.9
Growth and Others	2.9	2.4	2.7	2.9	8.2	-64.8	10.9	17.3	-37.1
Energy	0.0	0.0	0.3	0.2	0.9	-73.3	0.5	1.1	-52.1
Total	36.2	42.7	45.0	55.4	77.9	-28.8	179.5	242.5	-26.0

Source: Volcan Cia. Minera

Figure 4: Evolution of Consolidated Investment



Source: Volcan Cía. Minera

2.4 Income Statement

Table 4: Income Statement

Income Statement (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Sales before adjustments	220.7	227.9	224.7	217.3	228.2	-4.8	890.5	969.1	-8.1
Sett. of prior periods adjustments	8.9	-10.3	-6.1	-2.0	-12.9	0.0	-9.5	-10.1	-5.8
Adj. open positions	-8.5	-4.7	9.3	2.1	20.6	-90.0	-1.8	-7.8	-76.7
Hedging	0.0	0.4	1.9	1.5	0.0		3.9	0.0	
Sales after adjustments	221.1	213.3	229.8	218.8	235.9	-7.2	883.1	951.3	-7.2
Cost of Goods Sold	-174.2	-188.6	-184.3	-178.4	-199.2	-10.4	-725.5	-762.7	-4.9
Gross Profit	46.9	24.7	45.5	40.5	36.7	10.3	157.6	188.5	-16.4
Gross Margin	21%	12%	20%	18%	16%	3 pp	18%	20%	-2 pp
Administrative Expenses	-8.7	-12.8	-9.4	-8.1	-9.0	-10.6	-38.9	-38.7	0.5
Exploration Expenses	-5.0	-5.2	-3.3	-2.7	-14.1	-80.5	-16.3	-30.6	-46.9
Sales Expenses	-7.4	-7.1	-6.8	-9.3	-7.0	32.2	-30.6	-24.9	23.0
Other income (Expenses) ¹	-3.8	-4.0	6.4	-0.6	-4.8	-87.1	-2.1	-20.5	-89.9
Operating Profit	22.0	-4.4	32.5	19.8	1.8	1,015.7	69.8	73.8	-5.5
Operating Margin	10%	-2%	14%	9%	1%	8 pp	8%	8%	0 pp
Financial income (expense)	-15.1	-15.4	-18.3	-16.5	-11.9	38.8	-65.4	-43.0	52.0
Exchange difference (net)	0.1	0.8	-1.6	1.7	1.3	29.7	1.0	0.0	
Royalties	-3.3	-2.3	-2.7	-2.3	-2.9	-21.1	-10.6	-13.5	-21.6
Income Tax	-2.2	10.5	-8.9	5.5	12.1	-54.9	4.8	-0.6	
Net Profit before Exceptionals	1.5	-10.8	0.8	8.1	0.4		-0.5	16.6	
Net Margin	1%	-5%	0%	4%	0%	4 pp	0%	2%	-2 pp
Exceptional adjustments ²	-0.7	-1.0	-0.7	-7.1	-77.3	-90.8	-9.5	-98.0	-90.3
Net Profit	0.8	-11.8	0.1	1.0	-76.9		-10.0	-81.4	-87.7
Net Margin	0%	-6%	0%	0%	-33%	33 pp	-1%	-9%	7 pp
EBITDA³	71.4	49.3	86.1	70.1	59.6	17.5	276.9	298.6	-7.3
EBITDA Margin	32%	23%	37%	32%	25%	7 pp	31%	31%	0 pp

• Sales Analysis

Table 5: Average Sales Prices

Sales Prices	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Zinc (USD/MT)	3,117	2,578	2,415	2,494	3,013	-17.2	2,642	3,449	-23.4
Lead (USD/MT)	2,143	2,110	2,123	2,155	2,048	5.2	2,132	2,116	0.8
Copper (USD/MT)	8,900	8,491	8,162	8,177	7,909	3.4	8,428	8,434	-0.1
Silver (USD/Oz)	22.5	24.0	23.1	23.1	20.9	10.4	23.2	21.8	6.5
Gold (USD/Oz)	1,892	1,976	1,916	1,980	1,713	15.6	1,943	1,822	6.6

Source: Volcan Cia. Minera

The prices shown in the table above are initial and provisional invoice prices and they are adjusted when the final invoice is issued. Open commercial provisions at the end of each period estimate adjustments on open shipments/deliveries 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	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Zinc (thousands FMT)	57.1	63.7	60.7	62.6	62.9	-0.5	244.2	223.7	9.1
Lead (thousands FMT)	12.9	15.8	17.0	15.0	15.1	-0.6	60.8	56.9	6.9
Copper (thousands FMT)	1.3	1.6	1.4	1.3	1.5	-11.7	5.6	5.1	8.8
Silver (millions Oz)	3.4	4.0	4.2	3.7	3.7	0.9	15.3	14.4	6.7
Gold (thousands Oz)	3.7	5.7	5.8	4.0	3.6	12.8	19.3	22.7	-15.0

Source: Volcan Cia. Minera

Table 7: Sales in USD

Sales (millions USD)	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Zinc	123.0	105.1	93.8	105.3	128.5	-18.1	427.2	551.9	-22.6
Lead	24.0	28.7	32.6	28.6	26.2	9.2	113.9	98.9	15.2
Copper	6.4	8.3	7.1	7.4	7.1	4.7	29.1	26.7	9.0
Silver	61.8	2T 2023	82.0	69.7	62.1	12.4	290.1	257.7	12.6
Gold	5.4	9.3	9.2	6.2	4.3	43.1	30.1	34.7	-13.2
Sales before adjustments	220.7	227.9	224.7	217.3	228.2	-4.8	890.5	969.1	-8.1
Sett. of prior period adjust.	8.9	-10.3	-6.1	-2.0	-12.9	-84.4	-9.5	-10.1	-5.8
Adjust. for open positions	-8.5	-4.7	9.3	2.1	20.6	-90.0	-1.8	-7.8	-76.7
Hedging results	0.0	0.4	1.9	1.5	0.0		3.9	0.0	
Sales after adjustments	221.1	213.3	229.8	218.8	235.9	-7.2	883.1	951.3	-7.2

Source: Volcan Cia. Minera

The Company's sales before adjustments decreased by 4.8%, from USD 228.2 MM in 4Q22 to USD 217.3 MM in 4Q23, mainly explained by the significant decrease of zinc price. Sales adjustments increased from USD -7.7 MM in 4Q22 to USD 1.6 MM in 4Q23. In 4Q23, sales adjustments included final settlements of USD -2.0 MM, provisions related to open shipments/deliveries of USD 2.1 MM, and positive silver hedge results of USD 1.5 MM. Sales after adjustments decreased by 7.2%, from USD 235.9 MM in 4Q22 to USD 218.8 MM in 4Q23.

In annual terms, sales after adjustments declined by 7.2%, from USD 951.3 MM in 2022 to USD 883.1 MM in 2023, mainly due to the significant decrease of zinc price.

• Cost of Goods Sold

Table 8: Cost of Goods Sold

Cost of Goods Sold (millions USD)	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Volcan Production	173.0	187.7	184.8	177.6	198.8	-10.7	723.2	757.8	-4.6
Volcan Production Cost	116.6	127.7	124.2	123.6	132.3	-6.5	492.2	498.2	-1.2
D&A from Production Cost	47.6	51.8	51.8	48.4	56.3	-14.1	199.5	218.9	-8.8
Other expenses	6.9	5.8	6.3	5.0	7.4	-32.1	24.0	34.4	-30.1
Inventories variation	1.9	2.4	2.6	0.6	2.8	-80.0	7.4	6.4	16.9
Workers Profit Sharing	1.1	0.9	-0.4	0.7	0.4	106.2	2.4	4.9	-52.3
Total	174.2	188.6	184.3	178.4	199.2	-10.4	725.5	762.7	-4.9

Source: Volcan Cia. Minera

Total cost of goods sold decreased by 10.4%, from USD 199.2 MM in 4Q22 to USD 178.4 MM in 4Q23, mainly explained by a lower absolute cost of production, lower depreciation and amortization, and a decrease of other expenses related to employees' dismissal and suspension of operations.

In annual terms, the total cost of goods sold declined by 4.9%, from USD 762.7 MM in 2022 to USD 725.5 MM in 2023.

• Gross Margin and Gross Profit

The Company's gross margin increased from 16% in 4Q22 to 18% in 4Q23, mainly explained by a lower cost of goods sold and higher silver price, which offset the lower zinc price. Gross profit increased by 10.3%, from USD 36.7 MM in 4Q22 to USD 40.5 MM in 4Q23.

In annual terms, gross margin decreased from 20% in 2022 to 18% in 2023. Gross profit decreased from USD 188.5 MM in 2022 to USD 157.6 MM in 2023, mainly due to the lower zinc price.

- **Administrative Expenses**

Administrative expenses in 4Q23 totaled USD 8.1 MM, 10.6% lower than the USD 9.0 MM recorded in 4Q22, because of the efforts to reduce expenses at all levels. In annual terms, administrative expenses increased from USD 38.7 MM in 2022 to USD 38.9 MM in 2023, resulting from expenses related to employees' dismissal, as part of the optimization initiatives executed in 2023.

- **Exploration Expenses**

Exploration expenses decreased by 80.5%, from USD 14.1 MM in 4Q22 to USD 2.7 MM in 4Q23, in line with the adjusted plan of greenfield and brownfield explorations and a lower liquidity scenario. In annual terms, the exploration expenses decreased from USD 30.6 MM in 2022 to USD 16.3 MM in 2023.

- **Sale Expenses**

Sale expenses increased by 32.2% as compared to the same period of the previous year, amounting to USD 9.3 MM in 4Q23 versus USD 7.0 MM in 4Q22, due to the types of concentrate sale agreements. In annual terms, sale expenses increased from USD 24.9 MM to USD 30.6 MM.

- **Other Income and Expenses**

In 4Q23, the net amount of other income and expenses was USD -0.6 MM versus USD -4.8 MM in 4Q22, mainly explained by lower expenses related to the suspension of operations other non deductible. In annual terms, the net amount of other income and expenses was USD -2.1 MM in 2023 versus USD -20.5 MM in 2022.

- **Financial Expenses and Exchange-Rate Difference**

Net financial expenses increased by 38.8%, from USD 11.9 MM in 4Q22 to USD 16.5 MM in 4Q23, mainly explained by higher interests on the syndicated loan resulting from the increased reference rates. In annual terms, net financial expenses totaled USD 65.4 MM in 2023, as compared to the USD 43.0 MM reported in 2022.

The exchange-rate difference amounted to USD 1.3 MM in 4Q22 and USD 1.7 MM in 4Q23. In annual terms, the exchange-rate effect was USD 1.0 MM in 2023, as compared to the USD 0.0 MM reported in 2022.

- **Royalties and Income Tax**

Royalties decreased from USD -2.9 MM in 4Q22 to USD -2.3 MM in 4Q23 due to lower sales income. Income tax decreased from USD 12.1 MM in 4Q22 to USD 5.5 MM in 4Q23, mainly due to the impact of the national currency appreciation on the deferred income tax.

In annual terms, royalties decreased from USD -13.5 MM in 2022 to USD -10.6 MM in 2023, while income tax decreased from USD -0.6 MM in 2022 to USD 4.8 MM in 2023.

- **Net Profit and EBITDA**

Profit before exceptional items increased from USD 0.4 MM in 4Q22 to USD 8.1 MM in 4Q23, mainly due to higher gross profit, lower exploration costs, and lower expenses related to other income. Exceptional expenses totaled USD -7.1 MM, mainly related to the write-off of obsolete inventories and other accounting provisions. Net profit after exceptional items amounted to USD 1.0 MM in 4Q23 versus USD -76.9 MM in 4Q22.

EBIDTA increased from USD 59.6 MM in 4Q22 to USD 70.1 MM in 4Q23, mainly explained by lower cost of production and lower operating expenses.

In annual terms, profit before exceptional items went from USD 16.6 MM in 2022 to USD -0.5 MM in 2023, net profit after exceptional items from USD -81.4 MM in 2022 to USD -10.0 MM in 2023, and EBITDA decreased from USD 298.6 MM in 2022 to USD 276.9 MM in 2023, mainly explained by the significant decrease of zinc price.

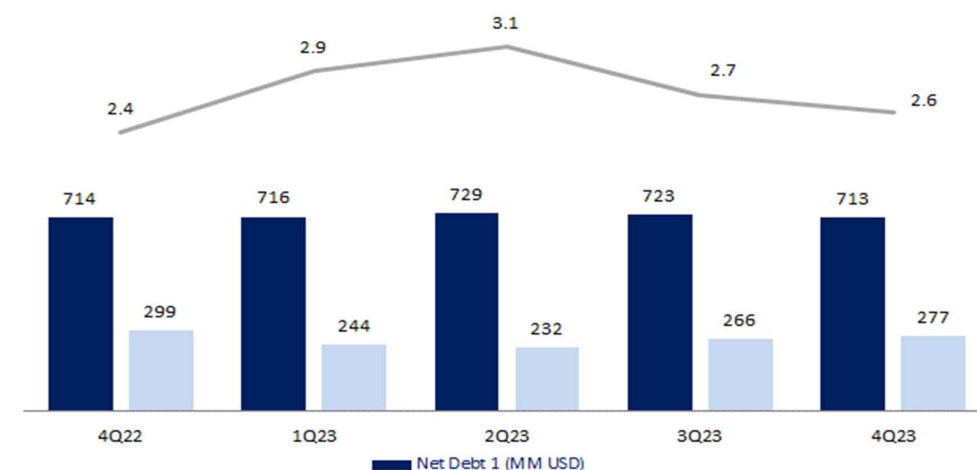
2.5 Liquidity and Creditworthiness

In 4Q23, cash generated by mining operations after operating investments was positive and totaled USD 31.3 MM. Mining growth investments and other investments totaled USD -5.0 MM and the payment of financial obligations and interests amounted to USD -19.2 MM.

Therefore, during 4Q23, the cash flow was positive and amounted to USD 7.1 MM, and the cash balance at the end of 4Q23 totaled USD 61.6 MM.

As of September 31, 2023, the net debt/EBITDA ratio was 2.6, an improvement over 3Q23, mainly due to the higher EBITDA and cash flow 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

In 2023, production objectives were met, regardless of the suspension of operations at Islay Mine, in the Chungar Unit.

3.1 Yauli Unit Operating Results

Table 9: Yauli Production

Yauli Production	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Mineral extraction (thousands MT)	705	792	786	818	802	2.0	3,101	2,913	6.5
Mineral treatment (thousands MT)	713	789	786	818	779	5.0	3,106	2,894	7.3
Fines Content									
Zinc (thousands FMT)	37.2	43.7	42.1	43.9	40.3	9.1	166.9	147.9	12.9
Lead (thousands FMT)	5.1	6.7	8.2	8.4	6.0	38.4	28.4	22.3	27.5
Copper (thousands FMT)	0.6	0.7	0.7	0.7	0.8	-7.0	2.8	2.7	3.5
Silver (millions Oz)	1.5	1.9	2.3	2.1	1.7	25.7	7.8	6.7	17.6
Gold (thousands Oz)	1.4	1.5	1.4	1.2	1.4	-13.6	5.5	5.2	5.5

Source: Volcan Cia. Minera

Ore volumes extracted at the Yauli Unit during 4Q23 grew by 2.0%, and treated volumes by 5.0%, as compared to 4Q22. Zinc, lead and silver production increased by 9.1%, 38.4% and 25.7%, respectively, due to increased treated volumes and better grades of the processed ore. In turn, copper fines production decreased by 7.0% due to lower grades at Ticlio, and gold production decreased by 13.6%, due to lower grades at Ticlio and Andaychagua.

In annual terms, ore extraction grew by 6.5% and treated ore increased by 7.3% as compared to the previous year. Regarding zinc, lead, copper, silver and gold fines, production increased by 12.9%, 27.5%, 3.5%, 17.6% and 5.5%, respectively.

Table 10: Yauri Cost of Production

Yauli Production Cost	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Production Cost* (MM USD)									
Extraction Cost	42.3	45.9	45.0	47.4	46.0	3.2	180.7	173.5	4.2
Treatment Cost	7.7	8.9	8.3	8.0	8.4	-5.0	32.9	30.7	6.9
Others	9.1	9.5	9.7	10.7	11.8	-8.9	39.0	44.2	-11.7
Sub total Production Cost (MM USD)	59.1	64.3	63.0	66.1	66.1	0.0	252.6	248.4	1.7
Infill drilling cost	1.9	2.4	2.1	2.1	1.1	98.2	8.5	7.6	12.0
Total Production Cost (MM USD)	61.0	66.7	65.1	68.2	67.2	1.5	261.0	256.0	2.0
Unit Cost (USD/MT)									
Extraction Cost	60.0	57.9	57.2	58.0	57.4	1.2	58.3	59.5	-2.2
Treatment Cost	10.7	11.3	10.5	9.7	10.8	-9.5	10.6	10.6	-0.4
Others	12.7	12.1	12.4	13.1	15.1	-13.2	12.6	15.3	-17.7
Sub total Unitary Cost (USD/MT)	83.5	81.3	80.1	80.9	83.2	-2.8	81.4	85.4	-4.7
Infill drilling cost	2.7	3.0	2.6	2.6	1.3	94.4	2.7	2.6	5.2
Total Unitary Cost (USD/MT)	86.2	84.3	82.8	83.5	84.6	-1.3	84.1	88.0	-4.4

* Distribution update of production cost by areas (mine, plant, others)
Source: Volcan Cia. Minera

The absolute cost of production, not considering infill drilling, declined from USD 66.14 MM in 4Q22 to USD 66.13 MM in 4Q23 despite the higher treated volume (+5%), and as a result of continuous efforts to optimize costs (ground support, transport, consumables, others). Accordingly, unit cost fell from 83.2 USD/MT in 4Q22 to 80.9 USD/MT in 4Q23.

In 4Q23, infill drilling costs totaled USD 2.1 MM. Infill drilling is used to increase the certainty of reserves and reduce risk in mining plans.

In annual terms, the absolute cost of production, without infill drilling, rose by 1.7%, from USD 248.4 MM in 2022 to USD 252.6 MM in 2023, due to higher extracted and treated volumes. The unit cost of production decreased by 4.7%, from 85.4 USD/MT to 81.4 USD/MT because of reduction and optimization initiatives.

Table 11: Yauli Operating Investments

Yauli Operating Investment (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Local Exploration ¹	2.2	2.5	2.6	2.4	2.0	19.4	9.7	5.6	72.6
Mine Development	14.7	15.4	17.1	15.7	18.8	-16.5	62.9	67.1	-6.2
Plants and Tailings Dams	3.2	4.5	6.3	7.5	9.7	-22.9	21.4	31.1	-31.0
Mine and Infrastructure	5.4	2.0	5.9	5.9	8.1	-27.7	23.4	24.7	-5.1
Electrical Infrastructure	0.6	1.8	1.8	2.3	2.9	-21.1	6.6	11.8	-44.3
Support and Others	0.2	0.3	0.5	1.1	3.8	-70.0	2.2	9.9	-77.9
Total	26.3	30.9	34.2	34.8	45.3	-23.1	126.2	150.1	-15.9

Source: Volcan Cia. Minera

In 4Q23, operating investments at Yauli Unit totaled USD 34.8 MM, 23.1% lower than the USD 45.3 MM figure for 4Q22, mainly explained by lower investments in development, cost optimization in tailings dams and energy-related constructions, partially offset by higher investment in local exploration.

In annual terms, operating investments fell by 15.9%, from USD 150.1 MM in 2022 to USD 126.2 MM in 2023.

3.2 Chungar Unit Operating Results

Table 12: Chungar Production

Chungar Production	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Mineral extraction (thousands MT)	320	331	304	295	335	-12.0	1,250	1,224	2.1
Mineral treatment (thousands MT)	325	341	298	297	340	-12.6	1,261	1,246	1.2
Fines Content									
Zinc (thousands FMT)	12.8	13.0	11.6	12.5	13.9	-9.6	49.9	46.6	7.0
Lead (thousands FMT)	5.5	5.8	5.2	4.6	5.8	-20.8	21.0	19.4	8.1
Copper (thousands FMT)	0.3	0.4	0.3	0.2	0.4	-37.7	1.2	1.3	-5.2
Silver (millions Oz)	0.6	0.7	0.5	0.4	0.7	-37.4	2.2	2.1	7.7
Gold (thousands Oz)	0.3	0.5	0.4	0.3	0.5	-27.5	1.5	1.8	-18.5

Source: Volcan Cia. Minera

In 4Q23, ore volumes extracted at Chungar decreased by 12.0%, and treated ore by 12.6%, as compared to 4Q22, due to operations at the Islay Mine being suspended since July 2023. With regard to zinc, lead, copper, silver and gold, production decreased by 9.6%, 20.8%, 37.7%, 37.4% and 27.5%, respectively, as a result of lower volumes and grades during this period.

In annual terms, ore extraction grew by 2.1% and treated ore increased by 1.2%. The production of zinc, lead and silver fines increased by 7.0%, 8.1% and 7.7%, respectively, while copper and gold production decreased by 5.2% and 18.5%, respectively.

It is worth mentioning that on July 20, 2023, the SMV was informed about the Company's decision to suspend operations at Islay Mine, due to the low metal prices and operational difficulties related to the increased presence of water in the mine-deepening zone, leading to higher costs that make it economically non-viable.

Table 13: Chungar Cost of Production

Chungar Production Cost	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Production Cost¹ (MM USD)									
Extraction Cost	19.9	21.7	19.8	16.9	22.5	-24.7	78.2	85.5	-8.6
Treatment Cost	3.8	5.3	5.7	5.8	5.3	10.4	20.6	16.7	23.3
Others	4.5	4.7	4.4	4.3	5.4	-20.3	17.9	21.5	-16.8
Sub total Production Cost (MM USD)	28.1	31.6	29.9	27.1	33.2	-18.4	116.7	123.7	-5.7
Infill drilling cost	0.4	1.0	1.0	1.4	0.9	54.1	3.8	5.0	-23.1
Total Production Cost (MM USD)	28.6	32.6	30.9	28.4	34.1	-16.5	120.5	128.7	-6.4
Unit Cost (USD/MT)									
Extraction Cost	62.1	65.4	65.0	57.4	67.1	-14.4	62.6	69.9	-10.5
Treatment Cost	11.8	15.4	19.0	19.6	15.5	26.3	16.3	13.4	21.8
Others	13.8	13.7	14.8	14.5	15.9	-8.8	14.2	17.3	-17.8
Sub total Unitary Cost (USD/MT)	87.6	94.6	98.9	91.5	98.5	-7.1	93.1	100.5	-7.4
Infill drilling cost	1.4	3.0	3.4	4.6	2.6	75.2	3.1	4.1	-24.7
Total Unitary Cost (USD/MT)	89.0	97.5	102.3	96.1	101.2	-4.9	96.1	104.6	-8.1

¹ Distribution update of production cost by areas (mine, plant, others)

Source: Volcan Cia. Minera

The absolute cost of production, not considering infill drilling, decreased by 18.4%, from USD 33.2 MM in 4Q22 to USD 27.1 MM in 4Q23, due to the suspension of operations at the Islay Mine and the increased use of the long drill hole mining method at the Animón Mine, which resulted in a unit cost reduction of 7.1%, from 98.5 USD/MT in 4Q22 to 91.5 USD/MT in 4Q23.

In annual terms, the absolute cost of production, without infill drilling, declined by 5.7%, from USD 123.7 MM in 2022 to USD 116.7 MM in 2023. The unit cost of production decreased by 7.4%, from 100.5 USD/MT to 93.1 USD/MT.

Table 14: Chungar Operating Investments

Chungar Operating Investment (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Local Exploration	0.5	0.6	1.2	1.0	0.8	24.0	3.3	2.6	29.8
Mine Development	3.7	3.8	2.5	3.4	4.2	-19.0	13.4	15.6	-14.3
Plants and Tailings Dams	0.2	0.6	0.5	1.4	1.3	9.9	2.7	5.3	-48.4
Mine and Infrastructure	1.6	2.7	2.2	3.0	3.7	-19.4	9.5	13.6	-30.6
Electrical Infrastructure	0.1	0.3	0.1	1.5	0.5	195.4	2.0	1.0	97.8
Support and Others	0.1	0.2	0.2	0.6	1.6	-60.0	1.1	3.1	-65.5
Total	6.1	8.1	6.7	11.0	12.1	-9.3	31.9	41.2	-22.4

Source: Volcan Cia. Minera

Operating investments at Chungar decreased by 9.3%, from USD 12.1 MM in 4Q22, to USD 11.0 MM in 4Q23, mainly explained by lower investments in developments, mine and infrastructure, and ground support, partially offset by higher investment in electric infrastructure.

In annual terms, operating investments fell by 22.4%, from USD 41.2 MM in 2022 to USD 31.9 MM in 2023.

3.3 Alpamarca Unit Operating Results

Table 15: Alpamarca Production

Alpamarca Production	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Mineral extraction (thousands MT)	132	270	263	171	0		837	250	234.1
Mineral treatment (thousands MT)	244	260	281	174	224	-22.6	958	958	0.0
Fines Content									
Zinc (thousands FMT)	1.8	1.4	1.7	0.9	1.3	-26.9	5.8	5.8	0.7
Lead (thousands FMT)	0.7	0.9	1.5	0.9	0.7	23.9	4.0	4.0	-0.5
Copper (thousands FMT)	0.1	0.1	0.1	0.0	0.1	-39.6	0.3	0.2	34.2
Silver (millions Oz)	0.2	0.3	0.3	0.1	0.2	-28.2	1.0	0.7	34.6

Source: Volcan Cia. Minera

The maximum volume authorized by the operating permit of Alpamarca Plant was reached in November, and no ore was processed in December. Harnessing this opportunity, maintenance works were performed on heavy machinery and plant equipment. Accordingly, treated volumes decreased by 22.6%, from 224 thousand MT in 4Q22 to 174 thousand MT in 4Q23. In January 2024, ore treatment was resumed normally.

The production of lead fines increased by 23.9% in 4Q23, as compared to 4Q22, while the production of zinc, copper and silver fines decreased by 26.9%, 39.6% and 28.2%, respectively, as a result of lower volumes and grade of the processed ore.

In annual terms, ore extraction grew by 234.1% in 2023 and treated ore maintained a similar level to the one recorded in 2022. The production of lead fines decreased by 0.5%, while the production of zinc, copper and silver fines increased by 0.7%, 34.2% and 34.6%, respectively.

Table 16: Alparamarca Cost of Production

Alparamarca Production Cost	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Production Cost¹ (MM USD)									
Extraction Cost	1.5	1.7	1.7	1.2	1.1	1.8	6.1	7.1	-13.5
Treatment Cost	1.6	1.7	1.8	1.1	1.8	-37.8	6.3	7.6	-17.4
Others	1.4	1.3	1.2	0.7	1.2	-38.2	4.7	6.0	-21.4
Total Production Cost (MM USD)	4.5	4.8	4.7	3.1	4.2	-27.1	17.1	20.7	-17.2
Unit Cost (USD/MT)									
Extraction Cost ²	6.3	6.6	6.0	6.7	5.1	31.4	6.4	7.4	-13.5
Treatment Cost	6.6	6.7	6.5	6.6	8.2	-19.7	6.6	8.0	-17.4
Others	5.7	5.1	4.4	4.3	5.4	-20.2	4.9	6.2	-21.4
Total Unitary Cost (USD/MT)	18.6	18.4	16.9	17.6	18.7	-5.8	17.9	21.6	-17.2

¹ Distribution update of production cost by areas (mine, plant, others)

² Mine unit cost adjusted using treated tonnage

Source: Volcan Cia. Minera

The absolute cost of production declined by 27.1%, from USD 4.2 MM in 4Q22 to USD 3.1 MM, explained by ore being treated only until November. The unit cost decreased by 5.8%, from 18.7 USD/MT in 4Q22 to 17.6 USD/MT in 4Q23.

In annual terms, the absolute cost of production decreased by 17.2%, from USD 20.7 MM to USD 14.0 MM. The unit cost of production decreased by 20.2%, from 22.4 USD/MT to 17.9 USD/MT.

Table 17: Alparamarca Operating Investments

Alparamarca Operating Inv. (MM USD)	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Local Exploration	0.0	0.0	0.0	0.1	0.0	299.8	0.1	0.6	-88.5
Plants and Tailings Dams	0.0	0.1	0.1	0.1	4.6	-98.8	0.2	8.5	-97.5
Mine and Infrastructure	0.2	0.2	0.2	0.2	0.2	-29.9	0.7	1.2	-40.5
Energy	0.0	0.0	0.0	0.0	0.0		0.0	0.1	-100.0
Support and Others	0.0	0.0	0.0	0.0	0.1	-94.2	0.0	0.3	-97.1
Total	0.2	0.2	0.3	0.3	5.0	-94.3	1.0	10.6	-90.8

Source: Volcan Cia. Minera

Operating investments decreased by 94.3%, from USD 5.0 MM in 4Q22 to USD 0.3 MM in 4Q23, due to lower investments in the tailings dam.

In annual terms, operating investments fell from USD 10.6 MM in 2022 to USD 1.0 MM in 2023.

3.4 Cerro de Pasco Unit Operating Results

Table 18: Cerro de Pasco Production

Producción Cerro de Pasco	Ene-Mar 2023	Abr-Jun 2023	Jul-Sep 2023	Oct-Dic 2023	Oct-Dic 2022	var %	Ene-Dic 2023	Ene-Dic 2022	var %
Extracción de mineral (miles TM)	754	775	812	897	781	14.9	3,238	2,941	10.1
Tratamiento de mineral (miles TM)	754	775	812	805	781	3.0	3,146	2,941	7.0
Contenido de Finos									
Zinc (miles TMF)	4.8	4.5	5.0	5.0	5.8	-13.9	19.4	24.5	-20.9
Plomo (miles TMF)	1.9	1.9	2.0	1.6	2.2	-26.0	7.5	9.2	-19.0
Cobre (miles TMF)	0.2	0.3	0.2	0.2	0.0		0.9	0.0	
Plata (millones Oz)	0.4	0.4	0.4	0.4	0.3	18.6	1.5	1.3	13.6

Fuente: Volcan Cia. Minera

Ore volumes from stockpiles processed at Cerro de Pasco increased by 14.9% from 781 thousand MT in 4Q22 to 897 thousand MT in 4Q23, resulting from a series of improvements performed at the concentrator plant to increase its processing capacity.

However, in 4Q23, zinc and lead fines production decreased by 13.9% and 26.0%, respectively, as compared to 4Q22, due to lower metallurgical recoveries resulting from the presence of iron and copper in the processed ore. Conversely, silver production increased by 18.6% as compared to 4Q22, due to the treatment of new areas with better silver grades in the stockpiles.

In annual terms, the volume of treated ore grew by 10.1% in 2023, as compared to the previous year. The production of zinc and lead fines decreased by 20.9% and 19.0%, respectively, while silver production increased by 13.6%.

Table 19: Cerro de Pasco Cost of Production

Cerro de Pasco	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Oct-Dec	var %	Jan-Dec	Jan-Dec	var %
Production Cost	2023	2023	2023	2023	2022		2023	2022	
Production Cost* (MM USD)									
Extraction Cost	2.6	2.4	2.0	2.6	2.0	29.0	9.6	5.8	64.0
Treatment Cost	6.4	7.9	7.3	7.8	8.3	-5.8	29.3	28.5	2.8
Others	1.5	1.5	1.7	1.7	1.6	2.1	6.4	6.0	7.1
Total Production Cost (MM USD)	10.5	11.8	11.0	12.1	12.0	1.2	45.3	40.4	12.3
Unit Cost (USD/MT)									
Extraction Cost	3.4	3.1	2.4	2.9	2.6	12.3	3.0	2.0	48.9
Treatment Cost	8.4	10.2	9.0	9.7	10.6	-8.6	9.3	9.7	-3.9
Others	2.0	1.9	2.1	2.1	2.1	-0.9	2.0	2.0	0.1
Total Unitary Cost (USD/MT)	13.9	15.2	13.5	14.7	15.3	-4.0	14.3	13.7	4.4

*Distribution update of production cost by areas (mine, plant, others)
Source: Volcan Cia. Minera

Absolute cost remained similar, USD 12.1 MM in 4Q23 as compared to USD 12.0 MM in 4Q22, despite higher extracted and treated volumes.

In annual terms, the absolute cost of production rose by 12.3%, from USD 40.4 MM in 2022 to USD 45.3 MM in 2023. The unit cost of production increased by 4.4%, from 13.7 USD/MT in 2022 to 14.3 USD/MT in 2023.

Table 20: Cerro de Pasco Operating Investments

Cerro de Pasco Operating Inv.	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Oct-Dec	var %	Jan-Dec	Jan-Dec	var %
(MM USD)	2023	2023	2023	2023	2022		2023	2022	
Local Exploration	0.0	0.0	0.0	0.0	0.0	-100.0	0.0	1.4	-100.0
Plants and Tailings Dams	0.7	0.8	0.7	3.8	5.8	-34.6	6.0	18.6	-68.0
Mine and Infrastructure	0.1	0.1	0.1	0.1	0.1	11.5	0.3	0.2	8.3
Support and Others	0.0	0.0	0.0	0.0	0.0	-8.2	0.0	0.1	-72.1
Total	0.7	1.0	0.8	3.9	5.9	-34.0	6.4	20.3	-68.4

Source: Volcan Cia. Minera

Operating investments decreased by 34.0%, from USD 5.9 MM in 4Q22 to USD 3.9 MM in 4Q23, due to lower investments in the tailings dam during the period.

Operating investments fell from USD 20.3 MM in 2022 to USD 6.4 MM in 2023.

3.5 Oxides Plant Operating Results

Table 21: Oxides Plant Production

Oxides Plant Production	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Mineral extraction (thousands MT)	238	239	248	232	242	-3.9	958	958	0.0
Mineral treatment (thousands MT)	238	239	248	232	242	-3.9	958	958	
Fines Content									
Silver (millions Oz)	0.7	0.6	0.7	0.7	0.8	-17.1	2.7	3.6	-24.1
Gold (Oz)	2,069	3,557	3,599	2,200	1,400	57.1	11,425	13,764	-17.0

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant decreased by 3.9%, from 242 thousand MT in 4Q22 to 232 thousand MT in 4Q23. The production of silver declined by 17.1%, explained by lower grades of the processed ore. Conversely, gold production increased by 57.1%, explained by higher gold grades in the processed ore.

In annual terms, treated ore volumes in 2023 were similar to 2022. Silver and gold production decreased by 24.1% and 17.0%, respectively, as compared to the previous year, due to lower grades of the treated ore.

Table 22: Oxides Plant Cost of Production

Oxides Plant Production Cost	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Production Cost¹ (MM USD)									
Extraction Cost	1.6	1.7	2.3	1.9	2.9	-35.3	7.4	10.5	-29.9
Treatment Cost	9.1	8.6	8.6	8.4	10.0	-16.7	34.7	34.9	-0.5
Others	1.4	1.6	1.5	1.6	1.9	-18.8	6.1	7.1	-13.7
Total Production Cost (MM USD)	12.1	11.9	12.4	11.8	14.8	-20.6	48.2	52.5	-8.1
Unit Cost (USD/MT)									
Extraction Cost	6.6	7.0	9.1	8.0	11.9	-32.6	7.7	11.0	-29.9
Treatment Cost	38.2	36.1	34.7	36.0	41.5	-13.3	36.3	36.4	-0.5
Others	5.8	6.7	6.2	6.7	7.9	-15.5	6.4	7.4	-13.7
Total Unitary Cost (USD/MT)	50.6	49.9	50.0	50.7	61.3	-17.4	50.3	54.8	-8.2

¹ Distribution update of production cost by areas (mine, plant, others)

Source: Volcan Cia. Minera

In 4Q23, the absolute cost of production totaled USD 11.8 MM, 20.6% lower than the USD 14.8 MM figure in 4Q22, because of fewer contaminants in the processed ore leading to lower reagent consumption. Unit cost fell by 17.4%, from 61.3 USD/MT in 4Q22 to 50.7 USD/MT in 4Q23.

In annual terms, the absolute cost of production decreased by 8.1%, from USD 52.5 MM in 2022 to USD 48.2 MM in 2023. The unit cost decreased by 8.2%, from 54.8 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	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Plants and Tailings Dams	0.0	0.0	0.1	1.5	0.1	1279.5	1.7	-1.2	
Mine and Infrastructure	0.0	0.0	0.0	0.6	0.1	580.1	0.7	1.0	-35.5
Support and Others	0.0	0.0	0.0	0.2	0.3	-44.4	0.2	1.2	-80.9
Total	0.1	0.1	0.1	2.3	0.5	341.5	2.5	1.9	35.0

Source: Volcan Cia. Minera

Operating investments during 4Q23 totaled USD 2.31 MM, 341.5% higher than the USD 0.52 MM figure for 4Q22, mainly due to implementation of plant infrastructure, works at the tailings dam, and investment related to environmental components.

In annual terms, operating investments grew by 35.0%, from USD 1.88 MM in 2022 to USD 2.54 MM in 2023.

4. Energy

Table 24: Volcan's Electric Power Balance

Electric Balance (GWh)	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Energy generation	124.4	95.6	92.5	112.3	92.7	21.1	424.8	418.6	1.5
Chungar	40.0	35.4	30.7	39.1	35.4	10.5	141.6	143.1	-1.1
Tingo	1.6	1.7	1.7	1.7	1.7	0.0	6.7	6.7	0.6
Huanchor	40.3	31.2	38.2	36.0	31.2	15.4	142.5	149.3	-4.6
Rucuy	42.5	24.4	21.9	35.5	24.4	45.5	134.0	119.5	12.2
Energy consumption	208.1	217.9	212.9	204.3	209.1	-2.3	843.2	819.5	2.9
Energy purchase	166.5	184.4	180.5	163.5	171.9	-4.9	694.9	669.7	3.8

During 4Q23, Volcan's total consumption of electric power reached 204.3 GWh, with a maximum demand of 103 MW.

The 10 hydroelectric plants that belong to the Chungar Unit generated 39.1 GWh for 4Q23, 10.5% higher than power generated in 4Q22 due to greater water availability. Self-generation accounted for 19% of the Company's total consolidated consumption, at an average cost of 27 USD/MWh, including operating, maintenance and transmission costs, as compared to the average energy purchase price of the period which amounted to 66 USD/MWh.

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

Volcan purchased 163.5 GWh from the national central grid system (the SEIN) in order to meet its total consumption demand, 4.9% less as compared to the same period of the previous year, as a result of higher self-generation at Chungar and the suspension of Islay Mine.

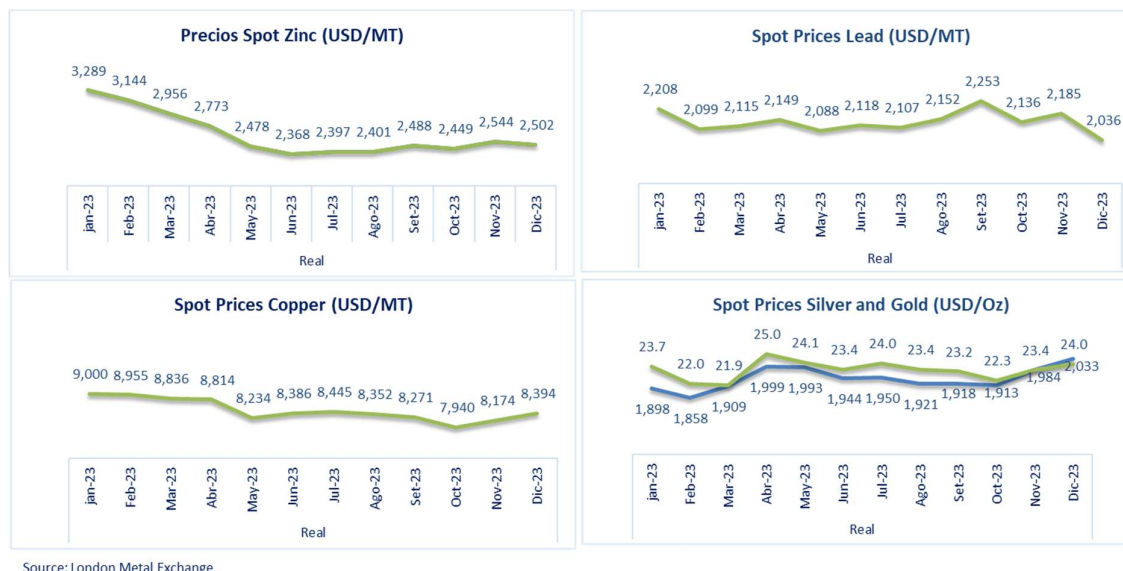
In 4Q23, the Huanchor Hydroelectric Plant produced 36 GWh, a 15.4% increase as compared 4Q22, resulting from increased water availability. This energy was sold to third parties and the spot market.

The Rucuy Hydroelectric Plant produced 35.5 GWh in 4Q23, an increase of 45.5% as compared to 4Q22 resulting from higher water availability, and the power was used to meet the commitments set forth in its renewable energy agreement (RER).

5. Final Comments

- In 4Q23, operating results were better than in the same period of the previous year. Zinc, lead, silver and gold fines production increased by 1.9%, 4.9%, 0.9% and 14.4%, respectively. Unit cost decreased by 7.8% because of cost reduction initiatives across all operating units, and investments decreased by 28.8%, due to their prioritization to preserve the Company's liquidity amidst a challenging pricing environment resulting from the low price of zinc.
- The Company obtained better financial results in 4Q23 as compared to 4Q22, explained by reduced cost of production, lower administrative expenses, and lower exploration expenses. EBITDA increased from USD 59.6 MM in 4Q22 to USD 70.1 MM in 4Q23 and net profit increased from USD -76.9 MM in 4Q22 to USD 1.0 MM in 4Q23.
- The outlook for base metals prices, particularly zinc, is still subject to China's performance and a weakened real estate sector in the wake of the pandemic. As for precious metals prices, there is a lingering uncertainty regarding future reductions of interest rates by the main central banks around the world. Moreover, geopolitical tensions persist regarding the war between Russia and Ukraine and the conflict in the Middle East.

Figure 6: Metals prices trend



- Faced with an unfavorable price scenario, the Company continues to implement cost reduction measures, assessing alternatives to ensure the financing of the Romina project, and the observance of its financial commitments.
- For this purpose, the Company has hired BofA Securities, Inc., Moelis & Company LLC and Shearman & Sterling LLP as advisors, who will help during the process and allow for a constructive dialogue with lenders and bondholders. Volcan expects to continue its normal business operations while exploring these alternatives.

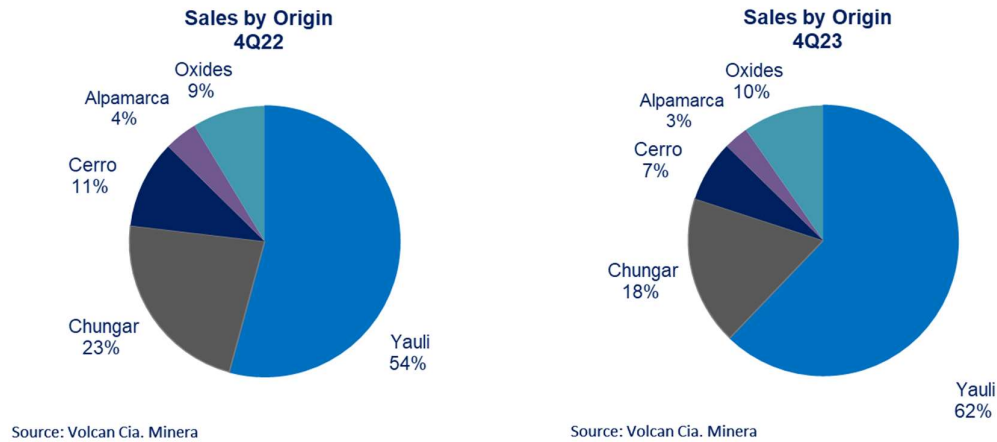
6. Chancay Port Project:

- 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.
- The Shareholders' Meeting held on August 24, 2023, approved the segregation of the equity block comprising 40% of shares owned by Volcan in Cosco Shipping Ports Chancay Peru S.A. The incorporation of Inversiones Portuarias Chancay S.A.A., company who receives the segregated equity block, was recorded under Entry No. 15416224 of the Registry Office of Lima of the Superintendency of Public Records on October 03, 2023.
- Significant progress has been made on several work fronts of the operating area and entrance complex. To date, the progress made in the dredging operations is as follows: basin and channel for dock 1 (10.8% completed), basin and channel for docks 2, 3 and 4 (42.9% completed), and dredging of jetties (100% completed).
- Geotube installation for beach protection is 86.6% completed at El Puerto beach, and 26.1% completed at Chorrillos beach.
- The current length of the main breakwater is 2435 m at an elevation of +4.8 m. In addition, 14328 accropodes have been installed. Simultaneously, the construction of the crown wall is still underway and 58.7% completed.
- The damage suffered by 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 56.03% completed. The construction of buildings in the operating area is 12.83% completed in the frontal operation building.
- In the access roads, work was resumed in axes 3, 4 and 9 of the entrance complex. In the tunnel, excavation works were resumed in August in the operating area, while recovery works are still underway in the entrance complex. Completion on the side of the entrance complex is 284.60 m, while on the side of the operating area, 412.95 m have been completed in the left heading, and 398.2 m in the right heading.

Annexes

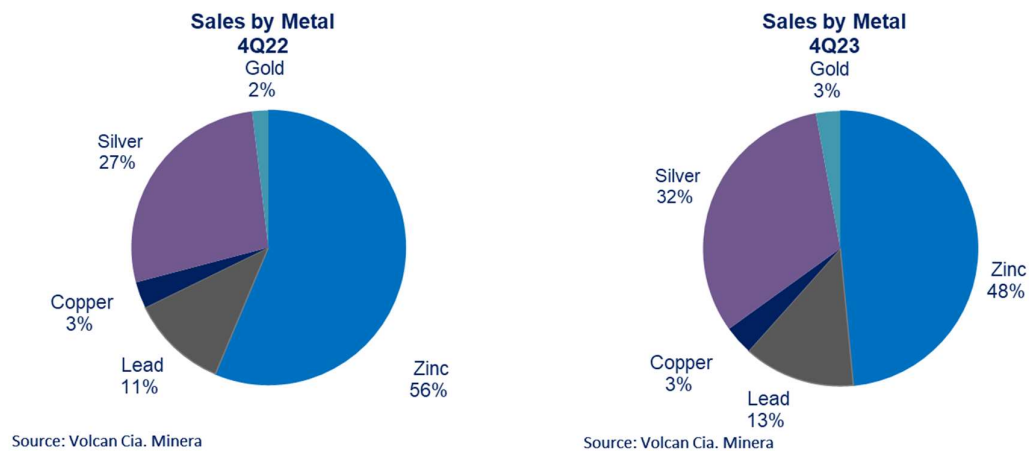
Annex 1: Sales Breakdown

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



The distribution of sales per operating unit in 4Q23, as compared to 4Q22, reflects the increased participation of Yauli and Oxidos, and a decreased participation of Chungar, Cerro de Pasco and Alpamarca.

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



The distribution of sales by metal in 4Q23, compared to 4Q22, reflects the growth in the contribution of silver, lead and gold, and a decrease of the contribution of zinc, as a result of its significantly lower price.

Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Zinc (USD/MT)	3,130	2,540	2,429	2,498	3,004	-16.8	2,649	3,485	-24.0
Lead (USD/MT)	2,141	2,118	2,170	2,119	2,100	0.9	2,137	2,153	-0.7
Copper (USD/MT)	8,930	8,478	8,356	8,169	8,006	2.0	8,483	8,815	-3.8
Silver (USD/Oz)	22.6	24.2	23.6	23.2	21.2	9.6	23.4	21.8	7.5
Gold (USD/Oz)	1,888	1,978	1,930	1,977	1,728	14.4	1,943	1,802	7.9

Source: London Metal Exchange

Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Exchange Rate (S/ x USD)	3.82	3.71	3.67	3.79	3.90	-3.0	3.75	3.84	-2.3
Inflation ¹	8.67	6.71	5.27	3.41	8.56	-60.2	3.41	8.56	-60.2

¹ Inflation of the last 12 months considering the last month of the quarter

Source: Central Reserve Bank of Peru

Annex 4: Domestic Metal Production

National Production	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Oct-Dec 2022	var %	Jan-Dec 2023	Jan-Dec 2022	var %
Zinc (FMT)	301,675	392,285	381,665	391,590	351,613	11.4	1,467,215	1,368,023	7.3
Lead (FMT)	58,713	68,475	71,577	73,663	66,448	10.9	272,428	253,923	7.3
Copper (FMT)	610,230	698,581	688,084	748,822	709,185	5.6	2,745,717	2,438,789	12.6
Silver (thousands Oz)	21,494	24,641	24,560	26,906	25,955	3.7	97,602	98,955	-1.4
Gold (thousands Oz)	704	747	827	911	829	10.0	3,189	3,063	4.1

Source: Ministry of Energy and Mines