

## Volcan Compañía Minera S.A.A. and Subsidiaries

### Management Discussion and Analysis

### Third Quarter 2022

#### Principal Results:

Consolidated Volcan	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Sales Prices<sup>1</sup></b>								
Zinc (USD/MT)	3,684	3,920	3,299	2,972	11.0	3,620	2,871	26.1
Lead (USD/MT)	2,310	2,162	1,959	2,328	-15.9	2,140	2,173	-1.5
Copper (USD/MT)	9,815	9,325	7,210	8,120	-11.2	8,646	7,940	8.9
Silver (USD/Oz)	23.8	23.0	19.6	24.6	-20.5	22.1	26.2	-15.7
Gold (USD/Oz)	1,879	1,885	1,729	1,790	-3.4	1,843	1,817	1.4
<b>Operating Results</b>								
Mineral treatment <sup>2</sup> (thousands MT)	2,085	2,195	2,352	2,088	12.6	6,631	6,161	7.6
Zinc Production (thousands FMT)	52.7	52.3	58.4	56.1	4.1	163.5	160.4	1.9
Lead Production (thousands FMT)	13.6	13.3	13.2	14.5	-9.2	40.1	40.1	0.1
Copper Production (thousands FMT)	1.1	0.8	1.2	1.3	-6.0	3.0	3.4	-10.3
Silver Production (millions Oz)	3.6	3.4	3.6	3.6	1.0	10.7	11.4	-6.6
Gold Production (thousands Oz)	8.0	5.3	4.2	5.1	-17.4	17.5	17.1	2.5
Unitary Cost (USD/MT) <sup>3</sup>	55.5	55.7	55.5	52.3	6.1	55.6	51.7	7.5
Total Investments (MM USD)	41.8	57.6	64.0	46.6	37.2	163.4	111.6	46.4
<b>Financial Results (MM USD)</b>								
<b>Sales before adjustments</b>	<b>263.6</b>	<b>244.8</b>	<b>232.5</b>	<b>230.6</b>	<b>0.8</b>	<b>740.9</b>	<b>670.3</b>	<b>10.5</b>
<b>Sales Adjustments</b>	<b>15.8</b>	<b>-31.6</b>	<b>-9.7</b>	<b>-8.5</b>	<b>14.4</b>	<b>-25.5</b>	<b>-7.3</b>	<b>250.0</b>
Settlement of prior period adjustments	6.6	13.8	-17.6	1.4		2.9	7.6	-62.5
Adjustment for open positions <sup>4</sup>	9.2	-45.4	7.8	-6.5		-28.4	-6.6	332.1
Hedging results	0.0	0.0	0.0	-3.4	-100.0	0.0	-8.4	-100.0
<b>Sales after adjustments</b>	<b>279.4</b>	<b>213.2</b>	<b>222.8</b>	<b>222.1</b>	<b>0.3</b>	<b>715.4</b>	<b>663.0</b>	<b>7.9</b>
<b>Utility before Income Tax</b>	<b>52.8</b>	<b>-5.8</b>	<b>-18.0</b>	<b>21.5</b>		<b>29.0</b>	<b>63.5</b>	<b>-54.3</b>
Income tax	-12.1	-0.6	-0.1	-15.9	-99.5	-12.8	-40.1	
<b>Net profit before exceptionals</b>	<b>40.7</b>	<b>-6.4</b>	<b>-18.1</b>	<b>5.5</b>		<b>16.3</b>	<b>23.4</b>	<b>-30.6</b>
Exceptional adjustments	-2.6	-5.8	-12.3	-4.8		-20.7	-4.8	329.7
<b>Net profit after exceptionals</b>	<b>38.2</b>	<b>-12.2</b>	<b>-30.4</b>	<b>0.7</b>		<b>-4.5</b>	<b>18.6</b>	
<b>EBITDA<sup>5</sup></b>	<b>125.6</b>	<b>61.3</b>	<b>52.1</b>	<b>88.4</b>	<b>-41.1</b>	<b>239.0</b>	<b>275.2</b>	<b>-13.2</b>

<sup>1</sup> These prices are the initial billing prices, which are provisional, as the adjustments are made when settlements of prior periods are received from customers

<sup>2</sup> Includes treated tons at Oxides Plant

<sup>3</sup> Unit cost does not include infill drilling costs

<sup>4</sup> The open commercial positions refer to shipments that don't have final settlements yet, therefore they are exposed to adjustments due to metal prices variations in the future. The financial provisions and sales adjustments reflects the sensitivity to a determined future price curve

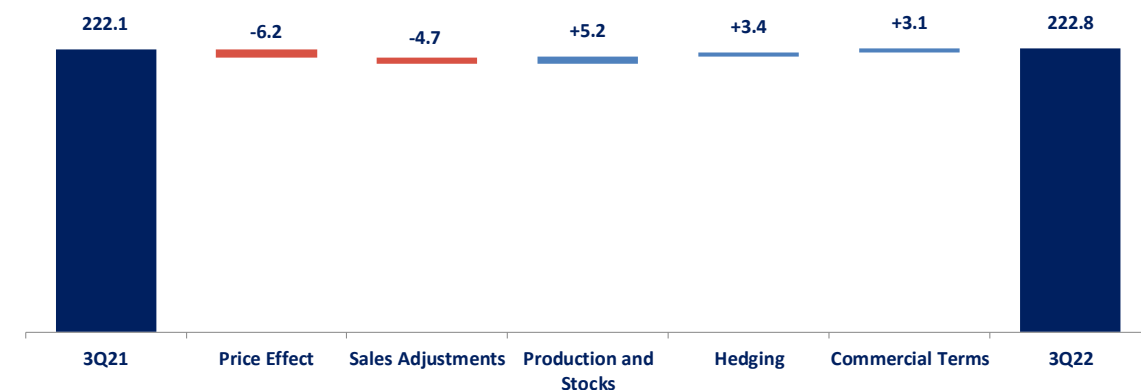
<sup>5</sup> Does not consider exceptional adjustments

Source: Volcan Cia. Minera

## 1. Executive Summary

- The Company's sales before adjustments increased by 0.8%, from USD 230.6 MM in 3Q21 to USD 232.5 MM in 3Q22, explained by greater production and better prices of zinc, and more favorable commercial terms. However, sales were also impacted by the lower prices of other metals produced by the Company, which resulted in sales adjustments in the amount of USD -9.7 MM.

**Chart 1: 3Q22 vs 3Q21 variations impact on net sales (USD MM)**

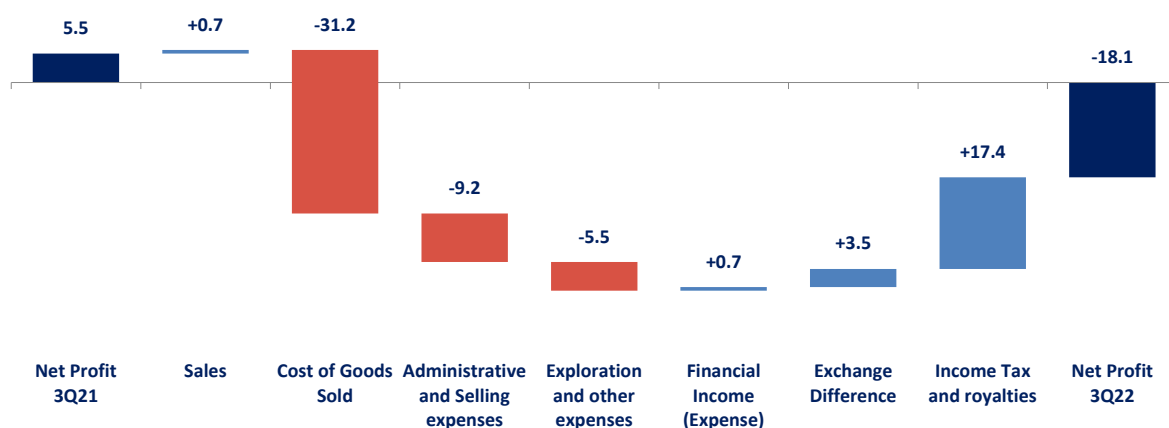


Source: Volcan Cía. Minera

- The price of lead decreased by 15.9%, from 2,328 USD/MT in 3Q21 to 1,959 USD/MT in 3Q22; copper by 11.2%, from 8,120 USD/MT to 7,210 USD/MT; silver by 20.5%, from 24.6 USD/Oz to 19.6 USD/Oz; and gold by 3.4%, from 1,790 USD/Oz to 1,729 USD/Oz. Conversely, the price of zinc increased by 11.0%, from 2,972 USD/MT in 3Q21 to 3,299 USD/MT in 3Q22.
- Total treated volumes increased by 12.6%, mainly due to greater volumes processed at Cerro de Pasco, Yauli and Alpamarca. The production of zinc fines increased by 4.1%, from 56.1 thousand FMT in 3Q21 to 58.4 thousand FMT in 3Q22; while the production of silver increased by 1%, from 3.56 MM Oz in 3Q21 to 3.60 MM Oz in 3Q22. The production of lead decreased by 9.2%, from 14.5 thousand FMT in 3Q21 to 13.2 thousand FMT in 3Q22; and copper by 6.0%, from 1.3 thousand FMT in 3Q21 to 1.2 thousand FMT in 3Q22, mainly due to lower grades of these metals in the ore processed at the Yauli and Alpamarca concentrator plants. Gold production decreased by 17.4%, from 5.1 thousand Oz in 3Q21 to 4.2 thousand Oz in 3Q22, mainly explained by lower grades of the ore processed at the Oxides Plant.
- Consolidated unit cost increased by 6.1%, from 52.3 USD/MT in 3Q21 to 55.5 USD/MT in 3Q22, explained by the inflation that affects the main supplies and services, the rehabilitation of the Victoria tunnel in Yauli and higher shotcrete costs at Chungar.
- Net profit before exceptional items decreased from USD 5.5 MM in 3Q21 to USD -18.1 MM in 3Q22, mainly explained by a higher cost of production, increased depreciation and amortization, increased greenfield and brownfield exploration expenses, closure assessments, improved standards at non-operational tailings dams, and inventory

adjustments. Exceptional expenses during the period amounted to USD -12.3 MM, mainly related to an increase of provisions for the closure of non-operational units, devaluation of investments in Cerro de Pasco, and provisions for personnel expenses from previous periods, which amounted to a USD -30.4 MM loss in 3Q22 as compared to USD 0.7 MM in 3Q21.

**Chart 2: 3Q22 vs 3Q21 variations impact on net profit before exceptional items (USD MM)**



Source: Volcan Cía. Minera

- EBITDA decreased by 41.1%, from USD 88.4 MM in 3Q21 to USD 52.1 MM in 3Q22, as a result of the lower operating margin.
- Total investments increased by 37.2%, from USD 46.6 MM in 3Q21 to USD 64.0 MM in 3Q22, mainly due to the increased execution of developments and infrastructure investments at Yauli, and the expansion of tailings dams at Yauli, Alpamarca and Cerro de Pasco.
- Year-to-date (Jan-Sept), sales after adjustments increased by 7.9%, from USD 663.0 MM in 2021 to USD 715.4 MM in 2022; EBITDA decreased by 13.2%, from USD 275.2 MM in 2021 to USD 239.0 MM in 2022; net profit before exceptional items decreased by 30.6%, from USD 23.4 MM in 2021 to USD 16.3 MM in 2022; and, finally, net profit decreased from USD 18.6 MM in 2021 to USD -4.5 MM in 2022.

## 2. Consolidated Results

### 2.1 Production

**Table 1: Consolidated Production**

Consolidated Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Mineral extraction (thousands MT)</b>	<b>1,981</b>	<b>2,054</b>	<b>2,092</b>	<b>2,097</b>	<b>-0.2</b>	<b>6,127</b>	<b>6,224</b>	<b>-1.6</b>
Polymetallic ore	1,755	1,814	1,842	1,955	-5.8	5,411	5,636	-4.0
Oxides ore	226	241	249	141	76.3	716	588	21.8
<b>Mineral treatment (thousands MT)</b>	<b>2,085</b>	<b>2,195</b>	<b>2,352</b>	<b>2,088</b>	<b>12.6</b>	<b>6,631</b>	<b>6,161</b>	<b>7.6</b>
Concentrator Plants	1,859	1,954	2,102	1,947	8.0	5,915	5,573	6.2
Silver Oxides Plant	226	241	249	141	76.3	716	588	21.8
<b>Fine Content</b>								
Zinc (thousands FMT)	52.7	52.3	58.4	56.1	4.1	163.5	160.4	1.9
Lead (thousands FMT)	13.6	13.3	13.2	14.5	-9.2	40.1	40.1	0.1
Copper (thousands FMT)	1.1	0.8	1.2	1.3	-6.0	3.0	3.4	-10.3
Silver (millions Oz)	3.6	3.4	3.6	3.6	1.0	10.7	11.4	-6.6
Gold (thousands Oz)	8.0	5.3	4.2	5.1	-17.4	17.5	17.1	2.5

Source: Volcan Cia. Minera

Extracted ore volumes decreased by 0.2%, from 2,097 MM MT in 3Q21 to 2,092 MM MT in 3Q22, due to extraction being completed at the Alparmarca open pit, offset by greater volumes extracted at Yauli, Cerro de Pasco and the Oxides Plant. However, treated volumes increased by 12.6%, from 2,088 MM MT in 3Q21 to 2,352 MM MT in 3Q22, as a result of the ore from stockpiles that continued being processed at Alparmarca.

The production of zinc fines increased by 4.1%, from 56.1 thousand FMT in 3Q21 to 58.4 thousand FMT in 3Q22; while the production of silver increased by 1%, from 3.56 MM Oz in 3Q21 to 3.60 MM Oz in 3Q22. The production of lead decreased by 9.2%, from 14.5 thousand FMT in 3Q21 to 13.2 thousand FMT in 3Q22; and copper by 6.0%, from 1.3 thousand FMT in 3Q21 to 1.2 thousand FMT in 3Q22, mainly due to lower grades of these metals in the ore processed at the Yauli and Alparmarca concentrator plants. Gold production decreased by 17.4%, from 5.1 thousand Oz in 3Q21 to 4.2 thousand Oz in 3Q22, mainly explained by lower grades of the ore processed at the Oxides Plant.

Year-to-date (Jan-Sept), the extraction volume decreased by 1.6% as compared to the same period in the previous year, from 6,224 MM MT to 6,127 MM MT. The treated volume increased by 7.6%, from 6,161 MM MT in to 6,631 MM MT, explained by the use of ore from stockpiles. With regard to fines, zinc production grew by 1.9%, from 160.4 thousand FMT to 163.5 thousand FMT; lead production by 0.1%, from 40.10 thousand FMT to 40.15 thousand FMT; copper production decreased by 10.3%, from 3.4 thousand FMT to 3.0 thousand FMT; silver by 6.6% from 11.4 MM Oz to 10.7 MM Oz; and gold production grew by 2.5%, from 17.1 thousand Oz to 17.5 thousand Oz.

## 2.2 Cost of Production

**Table 2: Consolidated Cost of Production**

Consolidated Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Production Cost (MM USD)</b>								
Mine Cost	51.8	52.5	55.2	52.9	4.3	159.5	152.9	4.3
Plant and Other Cost	61.2	66.2	68.4	56.5	21.2	195.8	167.0	17.2
<b>Sub total Production Cost (MM USD)</b>	<b>113.0</b>	<b>118.7</b>	<b>123.6</b>	<b>109.4</b>	<b>13.0</b>	<b>355.3</b>	<b>319.9</b>	<b>11.1</b>
Infill drilling cost	2.9	4.2	3.6	0.0		10.6	0.0	
<b>Total Production Cost (MM USD)</b>	<b>115.9</b>	<b>122.8</b>	<b>127.2</b>	<b>109.4</b>	<b>16.2</b>	<b>365.9</b>	<b>319.9</b>	<b>14.4</b>
<b>Unit Cost (USD/MT)</b>								
Mine Cost	26.2	25.6	26.4	25.2	4.5	26.0	24.6	6.0
Plant and Other Cost	29.4	30.2	29.1	27.0	7.6	29.5	27.1	8.9
<b>Sub total Unitary Cost (USD/MT)</b>	<b>55.5</b>	<b>55.7</b>	<b>55.5</b>	<b>52.3</b>	<b>6.1</b>	<b>55.6</b>	<b>51.7</b>	<b>7.5</b>
Infill drilling cost	1.5	2.0	1.7	0.0	0.0	1.7	0.0	
<b>Total Unitary Cost (USD/MT)</b>	<b>57.0</b>	<b>57.7</b>	<b>57.2</b>	<b>52.3</b>	<b>9.4</b>	<b>57.3</b>	<b>51.7</b>	<b>10.9</b>

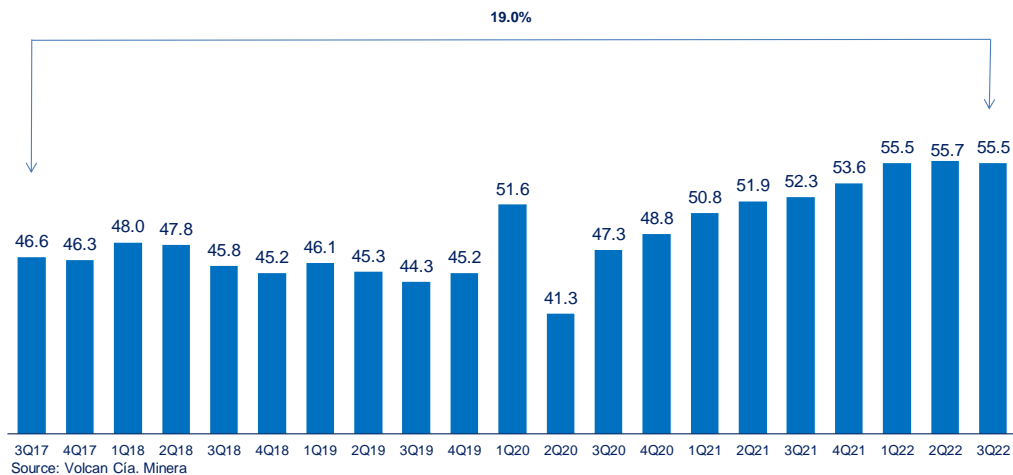
Source: Volcan Cia. Minera

Since 2022, infill drilling costs are considered a production cost. Infill drilling is carried out to increase the certainty of the reserves and reduce risk in mining plans. In 3Q22, this cost amounted to USD 3.6 MM. It is important to note that infill drilling was previously reported under local exploration investments at the operating units.

The absolute cost of production, excluding infill drilling, increased by 13.0%, from USD 109.4 MM in 3Q21 to USD 123.6 MM in 3Q22, while unit cost grew by 6.1%, from 52.3 USD/MT in 3Q21 to 55.5 USD/MT in 3Q22. This increase is mainly explained by the inflation that affects the main supplies and services, the rehabilitation of the Victoria tunnel in Yauli and higher shotcrete costs at Chungar. The Company is doubling its efforts to control and lower costs through different initiatives organized systematically through the "Volcan Avanza" project. As a result, it can be observed that the unit cost in 3Q22 is slightly lower than in 2Q22.

Year-to-date, the absolute cost of production, excluding infill drilling, increased by 11.1%, from USD 319.9 MM to USD 355.3 MM, while unit cost grew by 7.5%, from 51.7 USD/MT to 55.6 USD/MT.

**Chart 3: Evolution of the Unit Cost of Production excluding Infill Drilling (USD/MT) in the last five years**



## 2.3 Total Investments

**Table 3: Consolidated Investment**

Consolidated Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Mining</b>	<b>41.8</b>	<b>57.6</b>	<b>63.8</b>	<b>46.6</b>	<b>36.9</b>	<b>163.2</b>	<b>111.3</b>	<b>46.6</b>
<b>Mining Units</b>	<b>40.0</b>	<b>53.3</b>	<b>60.8</b>	<b>44.8</b>	<b>35.8</b>	<b>154.1</b>	<b>106.8</b>	<b>44.2</b>
Local Exploration <sup>1</sup>	1.7	2.5	4.0	5.7	-29.7	8.2	13.4	-39.0
Development	15.3	22.5	21.9	16.2	34.7	59.8	40.9	46.0
Plants and Tailings Facilities	9.2	13.2	17.2	9.1	88.4	39.6	22.4	76.9
Mine and Infrastructure <sup>1</sup>	7.9	9.7	10.9	7.8	39.4	28.5	20.7	37.5
Electrical Infrastructure in Units	3.4	2.4	3.7	1.9	93.8	9.4	2.9	228.3
Support and Others	2.5	3.0	3.1	3.9	-22.3	8.6	6.5	32.5
<b>Growth and Others</b>	<b>1.8</b>	<b>4.3</b>	<b>3.0</b>	<b>1.8</b>	<b>65.3</b>	<b>9.1</b>	<b>4.5</b>	<b>102.5</b>
<b>Energy</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>344.3</b>	<b>0.3</b>	<b>0.3</b>	<b>-4.9</b>
<b>Total</b>	<b>41.8</b>	<b>57.6</b>	<b>64.0</b>	<b>46.6</b>	<b>37.2</b>	<b>163.4</b>	<b>111.6</b>	<b>46.4</b>

<sup>1</sup> Since 2022, local exploration does not include the infill drilling cost, which becomes part of the production cost 1Q22 USD 2.9 MM, 2Q22 USD 4.2 MM, 3Q22 USD 3.6 MM and in the accumulated USD 10.6 MM.

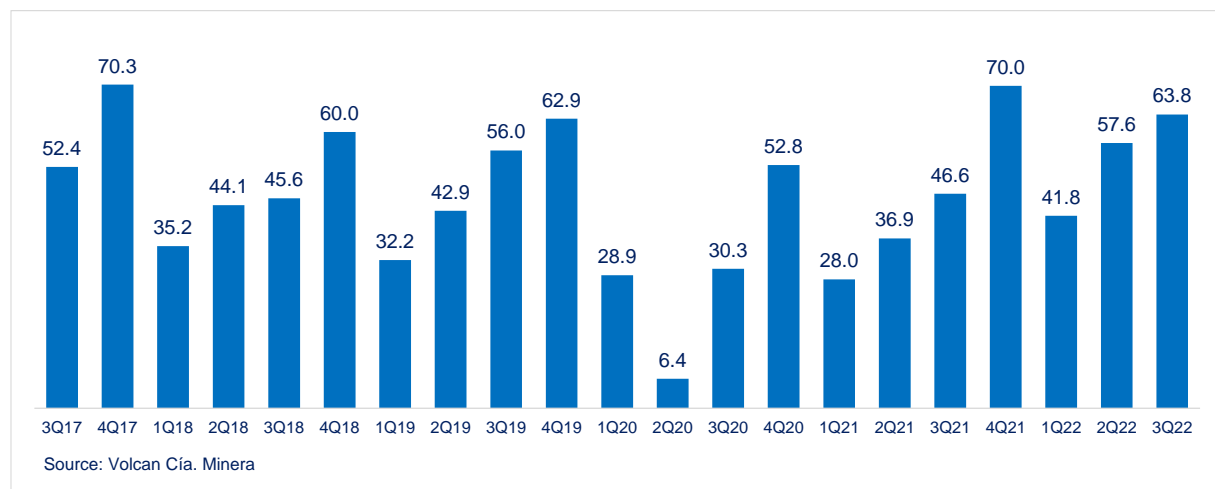
Source: Volcan Cia. Minera

Investments at operating units increased by 35.8% from USD 44.8 MM in 3Q21 to USD 60.8 MM in 3Q22, mainly due to the increased execution of investments in developments and infrastructure at Yauli, and the expansion of tailings dams at Cerro de Pasco, Yauli and Alpamarca. Local exploration investments decreased from USD 5.7 MM in 3Q21 to USD 4.0 MM in 3Q22, mainly explained by infill drilling being reported as a production cost since 2022. Growth investments increased by 65.3%, from USD 1.8 MM in 3Q21 to USD 3.0 MM in 3Q22, mainly due to higher investments related to the Romina project.

Accordingly, total investments increased by 37.2%, from USD 46.6 MM in 3Q21 to USD 64.0 MM in 3Q22.

Year-to-date (Jan-Sept), total investments increased by 46.4%, from USD 111.6 MM to USD 163.4 MM.

**Chart 4: Evolution of Consolidated Investment in the last five years**



## 2.4 Income Statement

**Table 4: Income Statement**

Income Statement (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Sales before adjustments</b>	<b>263.6</b>	<b>244.8</b>	<b>232.5</b>	<b>230.6</b>	<b>0.8</b>	<b>740.9</b>	<b>670.3</b>	<b>10.5</b>
<i>Sett. of prior periods adjustments</i>	6.6	13.8	-17.6	1.4		2.9	7.6	-62.5
<i>Adj. open positions</i>	9.2	-45.4	7.8	-6.5		-28.4	-6.6	332.1
<i>Hedging</i>	0.0	0.0	0.0	-3.4	-100.0	0.0	-8.4	-100.0
<b>Sales after adjustments</b>	<b>279.4</b>	<b>213.2</b>	<b>222.8</b>	<b>222.1</b>	<b>0.3</b>	<b>715.4</b>	<b>663.0</b>	<b>7.9</b>
<b>Cost of Goods Sold</b>	<b>-186.9</b>	<b>-185.1</b>	<b>-191.6</b>	<b>-160.4</b>	<b>19.4</b>	<b>-563.6</b>	<b>-477.4</b>	<b>18.0</b>
<b>Gross Profit</b>	<b>92.5</b>	<b>28.2</b>	<b>31.2</b>	<b>61.7</b>	<b>-49.4</b>	<b>151.8</b>	<b>185.6</b>	<b>-18.2</b>
<b>Gross Margin</b>	<b>33%</b>	<b>13%</b>	<b>14%</b>	<b>28%</b>	<b>-14 pp</b>	<b>21%</b>	<b>28%</b>	<b>-7 pp</b>
Administrative Expenses	-13.3	-6.9	-9.5	-8.9	6.1	-29.7	-28.8	3.0
Exploration Expenses	-3.7	-4.4	-8.4	-3.0	184.2	-16.6	-8.2	102.0
Sales Expenses	-5.4	-5.9	-6.5	-5.3	23.2	-17.9	-14.2	25.9
Other Income (expenses) <sup>1</sup>	-0.6	-5.4	-9.7	-2.2	336.0	-15.7	-3.5	350.9
<b>Operating Profit</b>	<b>69.4</b>	<b>5.6</b>	<b>-2.9</b>	<b>42.2</b>		<b>72.0</b>	<b>130.9</b>	<b>-45.0</b>
<b>Operating Margin</b>	<b>25%</b>	<b>3%</b>	<b>-1%</b>	<b>19%</b>	<b>-20 pp</b>	<b>10%</b>	<b>20%</b>	<b>-10 pp</b>
Financial Income (expense)	-12.2	-6.8	-12.1	-12.8	-5.5	-31.1	-47.6	-34.6
Exchange Difference (net)	-0.3	-0.3	-0.6	-4.1	-84.8	-1.3	-9.4	-86.4
Royalties	-4.2	-4.2	-2.3	-3.9	-40.0	-10.6	-10.5	1.4
Income Tax	-12.1	-0.6	-0.1	-15.9	-99.5	-12.8	-40.1	-68.2
<b>Net Profit before Exceptionals</b>	<b>40.7</b>	<b>-6.4</b>	<b>-18.1</b>	<b>5.5</b>		<b>16.3</b>	<b>23.4</b>	<b>-30.6</b>
<b>Net Margin</b>	<b>15%</b>	<b>-3%</b>	<b>-8%</b>	<b>2%</b>	<b>-11 pp</b>	<b>2%</b>	<b>4%</b>	<b>-1 pp</b>
Exceptional adjustments <sup>2</sup>	-2.6	-5.8	-12.3	-4.8	155.7	-20.7	-4.8	329.7
<b>Net Profit after Exceptionals</b>	<b>38.2</b>	<b>-12.2</b>	<b>-30.4</b>	<b>0.7</b>		<b>-4.5</b>	<b>18.6</b>	
<b>Net Margin</b>	<b>14%</b>	<b>-6%</b>	<b>-14%</b>	<b>0%</b>	<b>-14 pp</b>	<b>0.0</b>	<b>0.0</b>	<b>-3 pp</b>
<b>EBITDA<sup>3</sup></b>	<b>125.6</b>	<b>61.3</b>	<b>52.1</b>	<b>88.4</b>	<b>-41.1</b>	<b>239.0</b>	<b>275.2</b>	<b>-13.2</b>
<b>EBITDA Margin</b>	<b>45%</b>	<b>29%</b>	<b>23%</b>	<b>40%</b>	<b>-16 pp</b>	<b>33%</b>	<b>42%</b>	<b>-8 pp</b>

<sup>1</sup> Includes sales and cost of sales of the energy division

<sup>2</sup> Long term assets deterioration in Cerro de Pasco

<sup>3</sup> Does not consider exceptional adjustments

Source: Volcan Cia. Minera

### • Sales Analysis

**Table 5: Average Sales Prices**

Sales Prices	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Zinc (USD/MT)	3,684	3,920	3,299	2,972	11.0	3,620	2,871	26.1
Lead (USD/MT)	2,310	2,162	1,959	2,328	-15.9	2,140	2,173	-1.5
Copper (USD/MT)	9,815	9,325	7,210	8,120	-11.2	8,646	7,940	8.9
Silver (USD/Oz)	23.8	23.0	19.6	24.6	-20.5	22.1	26.2	-15.7
Gold (USD/Oz)	1,879	1,885	1,729	1,790	-3.4	1,843	1,817	1.4

Source: Volcan Cia. Minera

The prices shown in the table above are initial invoice prices, provisional in nature, and they are adjusted when the final liquidation is received from the clients. Open commercial provisions at the end of each period estimate adjustments on open shipments resulting from future metals prices variations, using a specific forward price curve.

**Table 6: Fine Contents Sales Volumes**

Fines Sales	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Zinc (thousands FMT)	54.6	49.1	57.1	55.6	2.6	160.8	160.2	0.4
Lead (thousands FMT)	14.0	13.0	14.7	15.0	-1.7	41.7	40.8	2.2
Copper (thousands FMT)	1.3	0.9	1.5	1.3	16.5	3.7	3.2	13.8
Silver (millions Oz)	3.6	3.4	3.7	3.5	3.7	10.7	11.3	-5.4
Gold (thousands Oz)	8.1	6.2	4.9	5.2	-6.8	19.2	16.7	14.7

Source: Volcan Cia. Minera

**Table 7: Sales in USD**

Sales (millions USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Zinc	144.2	142.4	136.8	115.7	18.2	423.3	308.2	37.3
Lead	27.2	22.4	23.1	29.8	-22.5	72.7	74.6	-2.5
Copper	8.0	4.8	6.8	7.2	-5.6	19.6	18.2	7.9
Silver	71.2	65.1	59.3	70.2	-15.5	195.6	243.3	-19.6
Gold	13.6	10.1	6.7	7.6	-12.6	30.3	25.6	18.3
<b>Sales before adjustments</b>	<b>263.6</b>	<b>244.8</b>	<b>232.5</b>	<b>230.6</b>	<b>0.8</b>	<b>740.9</b>	<b>670.3</b>	<b>10.5</b>
Sett. of prior period adjust.	6.6	13.8	-17.6	1.4		2.9	7.6	-62.5
Adjust. for open positions	9.2	-45.4	7.8	-6.5		-28.4	-6.6	332.1
Hedging results	0.0	0.0	0.0	-3.4	-100.0	0.0	-8.4	-100.0
<b>Sales after adjustments</b>	<b>279.4</b>	<b>213.2</b>	<b>222.8</b>	<b>222.1</b>	<b>0.3</b>	<b>715.4</b>	<b>663.0</b>	<b>7.9</b>

Source: Volcan Cia. Minera

The Company's sales before adjustments increased by 0.8%, from USD 230.6 MM in 3Q21 to USD 232.5 MM in 3Q22, explained by greater production and better prices of zinc, and more favorable commercial terms, partially offset by lower prices, mainly lead, silver and gold. Sales adjustments amounted to USD -8.5 MM in 3Q21 and USD -9.7 MM in 3Q22. In 3Q22, the adjustments included final settlements worth USD -17.6 MM, and provisions related to open shipments worth USD 7.8 MM. As a result, total sales after adjustments increased by 0.3%, from USD 222.1 MM in 3Q21 to USD 222.8 MM in 3Q22.

Year-to-date (Jan-Sept), sales after adjustments grew by 7.9%, from USD 663.0 MM in 2021 to USD 715.4 MM in 2022.

- Cost of Goods Sold**

**Table 8: Cost of Goods Sold**

Cost of Goods Sold (millions USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Volcan Production</b>	<b>182.9</b>	<b>183.9</b>	<b>192.2</b>	<b>160.3</b>	<b>19.9</b>	<b>559.0</b>	<b>475.2</b>	<b>17.6</b>
Volcan Production Cost	115.9	122.8	127.2	109.4	16.2	365.9	319.9	14.4
D&A from Production Cost	54.8	54.2	53.5	44.5	20.4	162.5	138.9	17.0
Other expenses	6.7	9.9	10.3	9.1	13.2	26.9	21.0	28.3
Inventories variation	5.5	-3.1	1.2	-2.7		3.6	-4.6	166.0
<b>Workers Profit Sharing</b>	<b>4.1</b>	<b>1.1</b>	<b>-0.6</b>	<b>0.2</b>		<b>4.6</b>	<b>2.2</b>	<b>109.9</b>
<b>Total</b>	<b>186.9</b>	<b>185.1</b>	<b>191.6</b>	<b>160.4</b>	<b>19.4</b>	<b>563.6</b>	<b>477.4</b>	<b>18.0</b>

Source: Volcan Cia. Minera



The total cost of goods sold increased by 19.4%, from USD 160.4 MM in 3Q21 to USD 191.6 MM in 3Q22, mainly due to greater costs of production, higher depreciation and amortization as a result of the increased depreciable basis, and greater processed volumes.

Year-to-date (Jan-Sept), the total cost of goods sold increased by 18.0%, from USD 477.4 MM in 2021 to USD 563.6 MM in 2022.

- **Gross Margin and Gross Profit**

The Company's gross margin decreased from 28% in 3Q21 to 14% in 3Q22, mainly due to the higher cost of goods sold, resulting in a decrease of gross profit from USD 61.7 MM in 3Q21 to USD 31.2 MM in 3Q22.

Year-to-date (Jan-Sept), gross margin decreased from 28% in 2021 to 21% in 2022. Gross profit decreased from USD 185.6 MM in 2021 to USD 151.8 MM in 2022.

- **Administrative Expenses**

Administrative expenses increased by 6.1%, from USD 8.9 MM in 3Q21 to USD 9.5 MM in 3Q22, mainly explained by higher personnel expenses provisions. Year-to-date (Jan-Sept), administrative expenses increased from USD 28.8 MM to USD 29.7 MM.

- **Exploration Expenses**

Exploration expenses increased by 184.2%, from USD 3.0 MM in 3Q21 to USD 8.4 MM in 3Q22, in line with the Company's brownfield and greenfield explorations plans being increased. Year-to-date (Jan-Sept), exploration expenses increased from USD 8.2 MM to USD 16.6 MM.

- **Sale Expenses**

Sale expenses increased by 23.2%, from USD 5.3 MM in 3Q21 to USD 6.5 MM in 3Q22, mainly due to increased land and maritime freight costs resulting from the increased fuel cost and global logistical restrictions. Year-to-date (Jan-Sept), sale expenses increased from USD 14.2 MM to USD 17.9 MM.

- **Other Income and Expenses**

In 3Q22, the net amount of other income and expenses was USD -9.7 MM versus USD -2.2 MM in 3Q21. The increase in other expenses is mainly due to greater maintenance and standard improvement expenses at non-operational tailings dams, closure assessments, and inventory obsolescence adjustments. Year-to-date (Jan-Sept), the net amount of other income and expenses was USD -15.7 MM in 2022 versus USD -3.5 MM in 2021.

It is important to note that the main items reported under this category of the income statement were the energy business, expenses at non-operational units, non-deductible expenses and expenses from previous years, and contributions to OEFA and OSINERGMIN.

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

Net financial expenses decreased by 5.5%, from USD 12.8 MM in 3Q21 to USD 12.1 MM in 3Q22, mainly explained by the total debt reduction resulting from the partial buyback of bonds performed in June of this year. Year-to-date (Jan-Sept), net financial expenses totaled USD 31.1 MM in 2022, as compared to the USD 47.6 MM reported in 2021.

An exchange-rate loss totaling USD -0.6 MM was registered in 3Q22, as compared to the USD -4.1 MM loss reported in 3Q21. Year-to-date (Jan-Sept), an exchange-rate loss totaling USD -1.3 MM was registered in 2022, as compared to the USD -9.4 MM exchange-rate loss reported in 2021.

- **Royalties and Income Tax**

Royalties decreased from USD 3.9 MM in 3Q21 to USD 2.3 MM in 3Q22, while income tax decreased from USD 15.9 MM in 3Q21 to USD 0.1 MM in 3Q22 due to lower results during this period.

Year-to-date (Jan-Sept), royalties increased from USD 10.5 MM in 2021 to USD 10.6 MM in 2022, while income tax decreased from USD 40.1 MM in 2021 to USD 12.8 MM in 2022.

- **Net Profit and EBITDA**

Net profit before exceptional items decreased from USD 5.5 MM in 3Q21 to USD -18.1 MM in 3Q22, mainly due to reduced gross profit, and higher exploration and other expenses. Exceptional expenses during the period amounted to USD -12.3 MM, mainly related to an increase of provisions for the closure of non-operational units, devaluation of investments in Cerro de Pasco, and provisions for personnel expenses from previous periods. Net profit amounted to USD -30.4 MM in 3Q22 as compared USD 0.7 MM in 3Q21, while EBITDA decreased from USD 88.4 MM in 3Q21 to USD 52.1 MM in 3Q22.

Year-to-date (Jan-Sept), profit before exceptional items decreased from USD 23.4 MM in 2021 to USD 16.3 MM in 2022, net profit decreased from USD 18.6 MM in 2021 to USD -4.5 MM in 2022, while EBITDA decreased from USD 275.2 MM in 2021 to USD 239.0 MM in 2022.

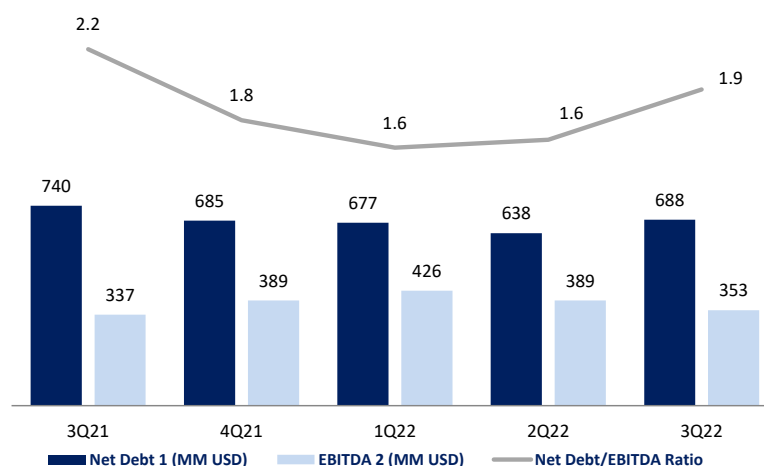
## **2.5 Liquidity and Creditworthiness**

In 3Q22, cash generated by mining operations after investments totaled USD -24.7 MM. Growth investments and flow from other businesses totaled USD -3.1 MM and the payment of financial obligations and interests amounted to USD -22.6 MM.

Therefore, during 3Q22, the cash flow was negative and amounted to USD -50.4 MM, and the cash balance at the end of 3Q22 totaled USD 105.8 MM.

As of September 31, 2022, the net debt/EBITDA ratio was 1.9, a significant improvement over the 2.2 ratio recorded at the end of 3Q21, due to the reduction of the net debt. However, this indicator has deteriorated in 3Q22 as compared to 2Q22, due to the higher net debt resulting from the reduction of cash flow, and lower EBITDA caused by lower metals prices and higher operating expenses.

**Chart 5: Net Debt / EBITDA Ratio Evolution**



<sup>1</sup> Debt does not include the operating leases fee according to NIIF16 nor the current interest

<sup>2</sup> Last twelve month EBITDA

Source: Volcan Cia. Minera

### 3. Results per Operating Unit

#### 3.1 Yauli Unit Operating Results

**Table 9: Yauli Production**

Yauli Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Mineral extraction (thousands MT)	690	648	773	727	6.2	2,111	2,107	0.2
Mineral treatment (thousands MT)	686	662	768	721	6.5	2,115	2,082	1.6
<b>Fines Content</b>								
Zinc (thousands FMT)	34.2	33.5	39.9	35.7	11.8	107.6	100.6	6.9
Lead (thousands FMT)	5.8	5.3	5.1	6.1	-16.1	16.2	16.8	-3.7
Copper (thousands FMT)	0.7	0.4	0.8	0.8	-2.0	1.9	2.0	-5.0
Silver (millions Oz)	1.8	1.6	1.6	1.9	-13.9	5.0	5.5	-9.6
Gold (thousands Oz)	1.3	1.2	1.3	1.1	18.6	3.7	3.7	0.9

Source: Volcan Cia. Minera

Ore volumes extracted at the Yauli Unit during 3Q22 grew by 6.2%, as compared to the same quarter of the previous year. Similarly, treated ore volumes increased by 6.5% as compared to 3Q21, and the production of zinc and gold fines increased by 11.8% and 18.6%, respectively, while lead, copper and silver fines production decreased by 16.1%, 2.0% and 13.9%, respectively, due to lower grades of these metals in the processed ore.

Year-to-date (Jan-Sept), ore extraction grew by 0.2%, as compared to the same period in the previous year, while the volume of treated ore grew by 1.6%. The production of zinc and gold fines increased by 6.9% and 0.9%, respectively, while the production of silver, copper and lead decreased by 9.6%, 5.0% and 3.7%, respectively.

**Table 10: Yauli Cost of Production**

Yauli Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Production Cost (MM USD)</b>								
Extraction Cost	31.9	31.3	34.1	31.4	8.5	97.3	90.6	7.4
Treatment Cost	27.5	27.9	29.6	26.7	10.7	85.0	78.1	8.8
<b>Sub total Production Cost (MM USD)</b>	<b>59.5</b>	<b>59.2</b>	<b>63.6</b>	<b>58.1</b>	<b>9.5</b>	<b>182.3</b>	<b>168.7</b>	<b>8.0</b>
Infill drilling cost	1.8	2.6	2.1	0.0		6.5	0.0	
<b>Total Production Cost (MM USD)</b>	<b>61.3</b>	<b>61.7</b>	<b>65.7</b>	<b>58.1</b>	<b>13.0</b>	<b>188.7</b>	<b>168.7</b>	<b>11.9</b>
<b>Unit Cost (USD/MT)</b>								
Extraction Cost	46.3	48.3	44.1	43.1	2.1	46.1	43.0	7.2
Treatment Cost	40.1	42.1	38.5	37.1	3.9	40.2	37.5	7.1
<b>Sub total Unitary Cost (USD/MT)</b>	<b>86.4</b>	<b>90.4</b>	<b>82.6</b>	<b>80.2</b>	<b>3.0</b>	<b>86.2</b>	<b>80.5</b>	<b>7.1</b>
Infill drilling cost	2.7	4.0	2.7			3.1		
<b>Total Unitary Cost (USD/MT)</b>	<b>89.1</b>	<b>94.4</b>	<b>85.3</b>	<b>80.2</b>	<b>6.3</b>	<b>89.3</b>	<b>80.5</b>	<b>11.0</b>

Source: Volcan Cia. Minera

In 3Q22, the absolute cost of production, excluding infill drilling, increased by 9.5%, from USD 58.1 MM in 2021 to USD 63.6 MM in 2022. This is mainly explained by the rehabilitation of the Victoria tunnel, and inflation of services and supplies costs. The unit cost increased by 3%, from 80.2 USD/MT in 3Q21 to 82.6 USD/MT in 3Q22.

In 3Q22, infill drilling costs amounted to USD 2.1 MM. Infill drilling is carried out to increase the certainty of the reserves and reduce risk in mining plans. This item was previously reported as local exploration investment.

Year-to-date (Jan-Sept), the absolute cost of production, excluding infill drilling, increased by 11.9%, from USD 168.7 MM to USD 182.3 MM in 2022. The unit cost of production increased by 7.1%, from 80.5 USD/MT to 86.2 USD/MT.

**Table 11: Yauli Operating Investments**

Yauli Operating Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Local Exploration <sup>1</sup>	0.7	1.1	1.7	3.2	-46.7	3.6	8.6	-58.0
Mine Development	12.1	18.3	17.9	12.9	39.0	48.4	31.6	52.9
Plants and Tailings Dams	4.4	7.0	9.9	5.6	78.9	21.4	12.8	67.1
Mine and Infrastructure	4.3	6.1	6.2	5.0	22.7	16.5	13.6	21.2
Electrical Infrastructure	3.2	2.3	3.3	1.8	83.1	8.9	2.8	217.8
Support and Others	1.9	2.5	1.7	2.6	-37.5	6.1	4.9	24.2
<b>Total</b>	<b>26.7</b>	<b>37.4</b>	<b>40.7</b>	<b>31.2</b>	<b>30.7</b>	<b>104.9</b>	<b>74.3</b>	<b>41.0</b>

<sup>1</sup> Since 2022 local exploration does not include the infill drilling cost, which becomes part of the production cost 1Q22 USD 1.8 MM, 2Q22 USD 2.6 MM, 3Q22 USD 2.1 MM and in the accumulated USD 6.5 MM.

Source: Volcan Cia. Minera

In 3Q22, operating investments at Yauli amounted to USD 40.7 MM, 30.7% higher than the USD 31.2 MM recorded in 3Q21, mainly due to increased mine developments, the expansion of tailings dams, and greater investments in electric and mine infrastructure.

Year-to-date (Jan-Sept), as compared to the previous year, operating investments increased by 41.0%, from USD 74.3 MM to USD 104.9 MM.

## 3.2 Chungar Unit Operating Results

**Table 12: Chungar Production**

Chungar Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Mineral extraction (thousands MT)	274	300	316	310	1.7	889	867	2.6
Mineral treatment (thousands MT)	285	301	320	323	-1.0	906	902	0.4
<b>Fines Content</b>								
Zinc (thousands FMT)	10.6	11.0	11.2	12.3	-8.7	32.8	36.6	-10.3
Lead (thousands FMT)	4.5	4.3	4.9	4.9	-1.0	13.7	13.2	3.8
Copper (thousands FMT)	0.3	0.3	0.3	0.3	0.3	0.9	1.0	-3.7
Silver (millions Oz)	0.5	0.4	0.5	0.6	-16.3	1.4	1.8	-22.3
Gold (thousands Oz)	0.5	0.5	0.4	0.5	-19.9	1.4	1.2	14.8

Source: Volcan Cia. Minera

In 3Q22, ore volumes extracted at Chungar increased by 1.7%, while treated volumes decreased by 1%, as compared to 3Q21. Copper production increased by 0.3%, but zinc, lead, silver and gold production decreased by 8.7%, 1.0%, 16.3% and 19.9%, respectively, due to lower grades of these metals in the processed ore.

Year-to-date (Jan-Sept), ore extraction grew by 2.6%, as compared to the same period in the previous year, while the volume of treated ore grew by 0.4%. The production of zinc, copper and silver fines decreased by 10.3%, 3.7% and 22.3%, respectively, while lead and gold increased by 3.8% and 14.8%, respectively.

**Table 13: Chungar Cost of Production**

Chungar Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Production Cost (MM USD)</b>								
Extraction Cost	15.1	16.0	16.5	16.0	3.5	47.6	45.3	5.0
Treatment Cost	13.3	14.6	15.1	13.3	12.9	43.0	36.1	19.0
<b>Sub total Production Cost (MM USD)</b>	<b>28.4</b>	<b>30.6</b>	<b>31.6</b>	<b>29.3</b>	<b>7.7</b>	<b>90.6</b>	<b>81.4</b>	<b>11.2</b>
Infill drilling cost	1.0	1.6	1.5			4.1		
<b>Total Production Cost (MM USD)</b>	<b>29.4</b>	<b>32.2</b>	<b>33.1</b>	<b>29.3</b>	<b>12.8</b>	<b>94.7</b>	<b>81.4</b>	<b>16.2</b>
<b>Unit Cost (USD/MT)</b>								
Extraction Cost	55.0	53.5	52.4	51.5	1.8	53.6	52.3	2.4
Treatment Cost	46.8	48.4	47.1	41.3	14.0	47.4	40.0	18.5
<b>Sub total Unitary Cost (USD/MT)</b>	<b>101.8</b>	<b>101.8</b>	<b>99.5</b>	<b>92.8</b>	<b>7.2</b>	<b>101.0</b>	<b>92.3</b>	<b>9.4</b>
Infill drilling cost	3.8	5.2	4.7			4.6		
<b>Total Unitary Cost (USD/MT)</b>	<b>105.6</b>	<b>107.0</b>	<b>104.2</b>	<b>92.8</b>	<b>12.3</b>	<b>105.6</b>	<b>92.3</b>	<b>14.4</b>

Source: Volcan Cia. Minera

The absolute cost of production, excluding infill drilling, increased by 7.7%, from USD 29.3 MM in 3Q21 to USD 31.6 MM in 3Q22. This is mainly explained by higher shotcrete costs, disposal of filtered tailings, and inflation of services and supplies costs. The unit cost increased by 7.2%, from 92.8 USD/MT in 3Q21 to 99.5 USD/MT in 3Q22.

In 3Q22, infill drilling costs amounted to USD 1.5 MM. Infill drilling is carried out to increase the certainty of the reserves and reduce risk in mining plans. This item was previously reported as local exploration investment.

Year-to-date (Jan-Sept), as compared to the previous year, the absolute cost of production, excluding infill drilling, increased by 11.2%, from USD 81.4 MM to USD 90.6 MM. The unit cost of production increased by 9.4%, from 92.3 USD/MT to 101.0 USD/MT.

**Table 14: Chungar Operating Investments**

Chungar Operating Investment (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Local Exploration <sup>1</sup>	0.5	0.3	0.9	1.2	-23.5	1.7	2.9	-39.3
Mine Development	3.2	4.2	4.0	3.4	18.6	11.4	9.3	22.7
Plants and Tailings Dams	1.5	0.8	1.7	1.9	-7.5	4.0	7.0	-42.5
Mine and Infrastructure	3.1	2.7	4.1	2.1	96.9	9.9	5.8	69.3
Electrical Infrastructure	0.1	0.1	0.3	0.1	368.1	0.5	0.1	548.5
Support and Others	0.4	0.2	1.0	1.0	-3.3	1.5	1.1	42.7
<b>Total</b>	<b>8.7</b>	<b>8.2</b>	<b>12.1</b>	<b>9.6</b>	<b>25.7</b>	<b>29.0</b>	<b>26.1</b>	<b>11.2</b>

<sup>1</sup> Since 2022, local exploration does not include the cost of infill drilling, which becomes part of the production cost 1Q22 USD 1.0 MM, 2Q22 USD 1.6 MM, 3Q22 USD 1.5 MM and in the accumulated USD 4.1 MM.

Source: Volcan Cia. Minera

Operating investments increased by 25.7%, from USD 9.6 MM in 3Q21 to USD 12.1 MM in 3Q22, mainly due to higher investments in mine developments and infrastructure, partially offset by lower investments in tailings dams and local exploration.

Year-to-date (Jan-Sept), operating investments increased by 11.2%, from USD 26.1 MM to USD 29.0 MM.

### 3.3 Alparmarca Unit Operating Results

**Table 15: Alparmarca Production**

Alparmarca Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Mineral extraction (thousands MT)	130	120	0	260	-100.0	250	777	-67.8
Mineral treatment (thousands MT)	227	246	261	245	6.4	734	703	4.4
<b>Fines Content</b>								
Zinc (thousands FMT)	1.9	1.5	1.1	2.1	-47.7	4.5	6.6	-32.4
Lead (thousands FMT)	1.3	1.2	0.7	1.6	-54.4	3.3	5.2	-36.9
Copper (thousands FMT)	0.1	0.0	0.0	0.1	-59.2	0.2	0.4	-58.9
Silver (millions Oz)	0.2	0.2	0.2	0.3	-55.9	0.5	1.2	-56.0

Source: Volcan Cia. Minera

In 3Q22, no ore was extracted at the Alparmarca open pit due to the suspension of activities since mid-May, in order to assess the best operating alternatives for its final operational stage. However, the treated volume increased by 6.4%, due to the use of ore from stockpiles.

In 3Q22, zinc, lead, copper and silver fines production decreased by 47.7%, 54.4%, 59.2%, and 55.9%, respectively, as compared to 3Q21, due to lower grades of the processed ore from stockpiles.

Year-to-date (Jan-Sept), ore extraction decreased by 67.8%, as compared to the previous year, while the volume of treated ore grew by 4.4%. With regard to zinc, lead, copper and silver fines, production decreased by 32.4%, 36.9%, 58.9% and 56.0%, respectively.

**Table 16: Alparamarca Cost of Production**

Alparamarca Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Production Cost (MM USD)</b>								
Extraction Cost	2.2	2.2	1.0	2.6	-61.6	5.3	7.3	-26.7
Treatment Cost	3.5	3.8	3.8	3.5	7.6	11.1	10.8	3.0
<b>Total Production Cost (MM USD)</b>	<b>5.7</b>	<b>6.0</b>	<b>4.8</b>	<b>6.1</b>	<b>-21.5</b>	<b>16.5</b>	<b>18.1</b>	<b>-9.0</b>
<b>Unit Cost (USD/MT)</b>								
Extraction Cost	16.5	18.2	0.0	9.8	-100.0	21.3	9.4	127.2
Treatment Cost	15.6	15.5	14.6	14.4	1.2	15.2	15.4	-1.4
<b>Total Unitary Cost (USD/MT)</b>	<b>32.1</b>	<b>33.7</b>	<b>14.6</b>	<b>24.2</b>	<b>-39.9</b>	<b>36.4</b>	<b>24.8</b>	<b>47.3</b>

Source: Volcan Cia. Minera

In 3Q22, the absolute cost of production totaled USD 4.8 MM, 21.5% lower than the USD 6.1 MM figure for the same quarter of the previous year, mainly explained by the absence of extractive activities in the open pit. In line with this, the unit cost decreased by 39.9%, from 24.2 USD/MT in 3Q21 to 14.6 USD/MT in 3Q22.

Year-to-date (Jan-Sept), the cost of production in absolute terms decreased by 9.0%, from USD 18.1 MM to USD 16.5 MM, while the unit cost of production increased by 47.3%, from 24.8 USD/MT to 36.4 USD/MT.

**Table 17: Alparamarca Operating Investments**

Alparamarca Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Local Exploration	0.4	0.2	0.0	0.1	-89.1	0.6	0.6	-5.8
Plants and Tailings Dams	0.3	1.8	1.8	1.0	91.1	3.9	1.6	150.3
Mine and Infrastructure	0.4	0.3	0.3	0.3	0.3	0.9	0.7	38.9
Support and Others	0.0	0.0	0.1	0.1	-6.9	0.1	0.2	-12.2
<b>Total</b>	<b>1.1</b>	<b>2.3</b>	<b>2.2</b>	<b>1.4</b>	<b>55.2</b>	<b>5.6</b>	<b>3.0</b>	<b>85.6</b>

Source: Volcan Cia. Minera

Operating investments increased by 55.2%, from USD 1.4 MM in 3Q21 to USD 2.2 MM in 3Q22 mainly due to the investment to expand the tailings dam.

Year-to-date (Jan-Sept), as compared to the previous year, operating investments increased from USD 3.0 MM to USD 5.6 MM.



### 3.4 Cerro de Pasco Unit Operating Results

**Table 18: Cerro de Pasco Production**

Cerro de Pasco Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Mineral extraction (thousands MT)	660	745	754	658	14.7	2,160	1,885	14.6
Mineral treatment (thousands MT)	660	745	754	658	14.7	2,160	1,885	14.6
<b>Fines Content</b>								
Zinc (thousands FMT)	6.1	6.4	6.2	6.0	2.7	18.7	16.6	12.1
Lead (thousands FMT)	2.0	2.5	2.4	1.9	31.6	7.0	4.9	41.7
Silver (millions Oz)	0.3	0.4	0.3	0.3	22.9	1.0	0.7	44.6

Source: Volcan Cia. Minera

In 3Q22, ore volumes from stockpiles processed at Cerro de Pasco increased by 14.7% compared to the same quarter of the previous year, from 658 thousand MT in 3Q21 to 754 thousand MT in 3Q22, due to several improvements made to the concentrator plant.

With regard to zinc, lead and silver fines, in 3Q22, production increased by 2.7%, 31.6%, and 22.9%, respectively, as compared to 3Q21.

Year-to-date (Jan-Sept), as compared to the previous year, treated ore volumes increased by 14.6%, and the production of zinc, lead and silver fines increased by 12.1%, 41.7%, and 44.6%, respectively.

**Table 19: Cerro de Pasco Cost of Production**

Cerro de Pasco Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Production Cost (MM USD)</b>								
Extraction Cost	1.1	1.2	1.5	1.4	6.6	3.8	4.3	-12.2
Treatment Cost	7.4	8.8	8.4	7.3	15.3	24.6	20.4	20.8
<b>Total Production Cost (MM USD)</b>	<b>8.5</b>	<b>10.0</b>	<b>9.9</b>	<b>8.7</b>	<b>13.9</b>	<b>28.4</b>	<b>24.7</b>	<b>15.0</b>
<b>Unit Cost (USD/MT)</b>								
Extraction Cost	1.6	1.6	2.0	2.2	-7.0	1.8	2.3	-23.3
Treatment Cost	11.2	11.8	11.2	11.1	0.5	11.4	10.8	5.4
<b>Total Unitary Cost (USD/MT)</b>	<b>12.9</b>	<b>13.4</b>	<b>13.2</b>	<b>13.3</b>	<b>-0.7</b>	<b>13.1</b>	<b>13.1</b>	<b>0.4</b>

Source: Volcan Cia. Minera

Absolute cost increased by 13.9%, from USD 8.7 MM in 3Q21 to USD 9.9 MM in 3Q22, mainly due to higher production volumes, improvements at the Paragsha plant, and increased reagent and supplies prices. The unit cost decreased by 0.7%, from 13.3 USD/MT in 3Q21 to 13.2 USD/MT in 3Q22.

Year-to-date (Jan-Sept), the absolute cost of production increased by 15.0%, from USD 24.7 MM to USD 28.4 MM. The unit cost of production increased by 0.4%, from 13.10 USD/MT to 13.14 USD/MT.



**Table 20: Cerro de Pasco Operating Investments**

Cerro de Pasco Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Local Exploration <sup>1</sup>	0.1	0.6	0.7	1.2	-0.4	1.4	1.4	1.0
Plants and Tailings Dams	2.8	4.4	4.4	0.7	5.6	11.6	0.9	1261.1
Mine and Infrastructure	0.0	0.1	0.1	0.1	0.1	0.2	0.2	17.0
Support and Others	0.0	0.0	0.0	0.1	-0.7	0.1	0.2	-68.7
<b>Total</b>	<b>2.9</b>	<b>5.1</b>	<b>5.3</b>	<b>2.0</b>	<b>1.6</b>	<b>13.2</b>	<b>2.6</b>	<b>415.8</b>

Source: Volcan Cia. Minera

Operating investments increased from USD 2.0 MM in 3Q21 to USD 5.3 MM in 3Q22, mainly due to higher investments in the Ocroyoc tailings dam and the Paragsha plant, and the drilling to increase resources and certainty of the ore from stockpiles.

Year-to-date (Jan-Sept), operating investments increased from USD 2.6 MM to USD 13.2 MM.

### 3.5 Oxides Plant Operating Results

**Table 21: Oxides Plant Production**

Oxides Plant Production	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Mineral extraction (thousands MT)	226	241	249	141	76.3	716	588	21.8
Mineral treatment (thousands MT)	226	241	249	141	76.3	716	588	21.8
<b>Fines Content</b>								
Silver (millions Oz)	0.8	0.9	1.0	0.5	107.5	2.8	2.2	25.0
Gold (Oz)	6,182	3,677	2,505	3,498	-28.4	12,364	12,149	1.8

Source: Volcan Cia. Minera

Ore volumes treated at the Oxides Plant increased by 76.3%, from 141 thousand MT in 3Q21 to 249 thousand MT in 3Q22 due to the suspension of operations for almost four weeks while works were performed at the Ocroyoc tailings dam in 3Q21.

Silver production increased by 107.5%; however, gold production decreased by 28.4% due to the grade variations of the ore processed at the plant.

Year-to-date (Jan-Sept), as compared to the previous year, treated ore volumes increased by 21.8%, and the production of silver and gold ounces increased by 25.0% and 1.8%, respectively.

**Table 22: Oxides Plant Cost of Production**

Oxides Plant Production Cost	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Production Cost (MM USD)</b>								
Extraction Cost	1.6	1.8	2.1	1.6	33.3	5.5	5.3	2.5
Treatment Cost	9.4	11.2	11.6	5.6	107.6	32.2	21.7	48.4
<b>Total Production Cost (MM USD)</b>	<b>11.0</b>	<b>13.0</b>	<b>13.7</b>	<b>7.2</b>	<b>91.2</b>	<b>37.6</b>	<b>27.0</b>	<b>39.4</b>
<b>Unit Cost (USD/MT)</b>								
Extraction Cost	7.0	7.5	8.4	11.1	-24.4	7.6	9.1	-15.8
Treatment Cost	41.5	46.5	46.5	39.5	17.7	44.9	36.8	21.9
<b>Total Unitary Cost (USD/MT)</b>	<b>48.5</b>	<b>53.9</b>	<b>54.9</b>	<b>50.6</b>	<b>8.5</b>	<b>52.6</b>	<b>45.9</b>	<b>14.5</b>

Source: Volcan Cia. Minera

In 3Q22, the absolute cost of production totaled USD 13.7 MM, 91.2% higher than the USD 7.2 MM figure of 3Q21, due to greater treated volumes and the increased cost of main reagents. Unit cost increased by 8.5%, from 50.6 USD/MT in 3Q21 to 54.9 USD/MT in 3Q22.

Year-to-date (Jan-Sept), the cost of production in absolute terms increased by 39.4%, from USD 27.0 MM to USD 37.6 MM, while the unit cost of production increased from 45.9 USD/MT to 52.6 USD/MT.

**Table 23: Oxides Plant Operating Investments**

Oxides Plant Operating Inv. (MM USD)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Plants and Tailings Dams	0.2	-0.8	-0.7	0.1		-1.3	0.2	
Mine and Infrastructure	0.1	0.6	0.2	0.3	-28.5	0.9	0.4	135.4
Support and Others	0.2	0.3	0.3	0.1	259.7	0.8	0.2	332.6
<b>Total</b>	<b>0.5</b>	<b>0.3</b>	<b>0.5</b>	<b>0.5</b>	<b>-3.8</b>	<b>1.4</b>	<b>0.8</b>	<b>73.7</b>

Source: Volcan Cia. Minera

In 3Q22, operating investments amounted to USD 0.51 MM, 3.8% lower than the USD 0.53 MM recorded in 3Q21, mainly due to a portion of the investment in the Ocroyoc tailings dam being reclassified to Cerro de Pasco.

Year-to-date (Jan-Sept), operating investments increased by 73.7%, from USD 0.8 MM to USD 1.4 MM.

### 3. Energy

**Table 24: Volcan's Electric Power Balance**

Electric Balance (GWh)	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
<b>Energy generation</b>	<b>120.7</b>	<b>113.0</b>	<b>92.2</b>	<b>99.7</b>	<b>-7.5</b>	<b>325.9</b>	<b>334.2</b>	<b>-2.5</b>
Chungar	40.0	36.7	30.9	33.4	-7.2	107.7	114.0	-5.5
Tingo	1.6	1.6	1.7	1.7	0.6	5.0	5.0	-0.8
Huanchor	40.3	40.5	37.3	37.6	-0.9	118.1	109.8	7.6
Rucuy	38.7	34.1	22.3	27.0	-17.4	95.1	105.5	-9.8
<b>Energy consumption</b>	<b>195.3</b>	<b>203.6</b>	<b>211.6</b>	<b>193.8</b>	<b>9.1</b>	<b>610.4</b>	<b>567.9</b>	<b>7.5</b>
<b>Energy purchase</b>	<b>153.6</b>	<b>165.2</b>	<b>178.9</b>	<b>158.8</b>	<b>12.7</b>	<b>497.8</b>	<b>448.9</b>	<b>10.9</b>

Source: Volcan Cia. Minera

During 3Q22, Volcan's total consumption of electric power reached 211.6 GWh, with a maximum demand of 107 MW. The 10 hydroelectric plants in Chungar generated 30.9 GWh, 7.2% less than in the same period of 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 178.9 GWh from the national central grid system (the SEIN) in order to meet its total consumption demand, at an average cost of 65 USD/MWh.

In 3Q22, the Huanchor Hydroelectric Plant produced 37.3 GWh, a 0.9% reduction as compared to the same period of the previous year, resulting from the reduced availability of water. The power of Huanchor Hydroelectric Plant was entirely sold to third parties.

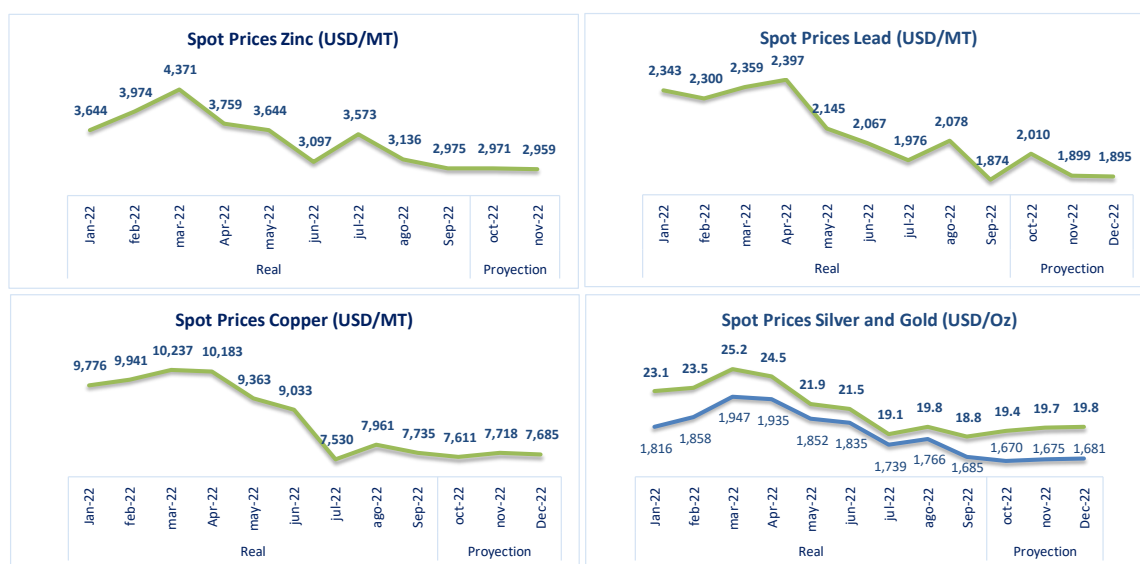
In 3Q22, the Rucuy Hydroelectric Plant produced 22.3 GWh, a 17.4% reduction as compared to the same period of the previous year, resulting from the restriction to the lagoons discharge issued by the water user committee. The power was used to meet the commitments set forth in its renewable energy agreement (RER).

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

## 4. Final Comments

- The USD -30.4 MM economic result obtained in 3Q22 is mainly explained by a lower gross margin arising from the negative evolution of metals prices, which led to negative sales adjustments worth USD 9.7 MM, and a high cost of production resulting from local and global inflation. Moreover, greenfield and brownfield expenses were higher during this period, as were the extraordinary expenses related to non-operational units and Cerro de Pasco which amounted to USD 12.3 MM.
- The outlook for base metals prices is now less favorable, in the wake of global concerns regarding a potential recession in the United States and Europe, a slowdown of China's growth resulting from its Zero Covid policy, and logistical problems worldwide. The tables below show the monthly price evolution throughout the year and the LME projection for October-December.

**Chart 6: Monthly Price Evolution (Zn, Pb, Cu and Au)**



Source: London Metal Exchange

- As of September 31, 2022, the net debt/EBITDA ratio was 1.9, a significant improvement over the 2.2 ratio recorded at the end of 3Q21. However, this indicator has deteriorated in 3Q22 as compared to 2Q22, due to the higher net debt resulting from the reduction of cash flow, and lower EBITDA caused by lower metals prices and higher operating expenses.

**Table 25: Net Debt / EBITDA Ratio**

Net Debt/EBITDA Ratio	3Q21	4Q21	1Q22	2Q22	3Q22
Gross Debt (MM USD)	916	916	903	795	794
Cash Balance (MM USD)	177	231	226	156	106
Net Debt (MM USD)	740	685	677	638	688
<b>EBITDA (MM USD)</b>	<b>337</b>	<b>389</b>	<b>426</b>	<b>389</b>	<b>353</b>
<b>Net Debt/EBITDA Ratio</b>	<b>2.2</b>	<b>1.8</b>	<b>1.6</b>	<b>1.6</b>	<b>1.9</b>

Source: Volcan Cía. Minera

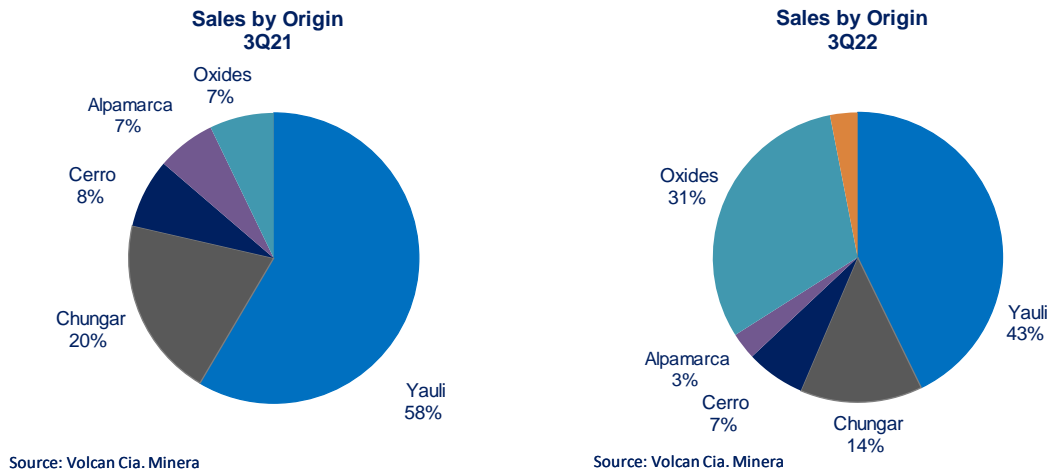
- 
- Cosco Shipping Ports Chancay Perú S.A. (CSPCP), the company where Volcan holds a participation of 40% of shares and Cosco Shipping Ports Ltd. holds the remaining 60%, continues the construction of the first stage of the Chancay Port Multi-Purpose Terminal, with an investment of USD 1,300 MM. In the underground viaduct tunnel, 450 meters have been completed. In the entrance complex, earthworks and compaction are underway, and construction of the first buildings has started. The port operating zone is 20% completed.

The main breakwater is under construction and 49% completed (1,300 meters), while the secondary, 230-meter breakwater is already completed. The construction of the electric power transmission line was started at the substation, as were the earthworks associated to the alignment of the 200 Kv line.

## Annexes

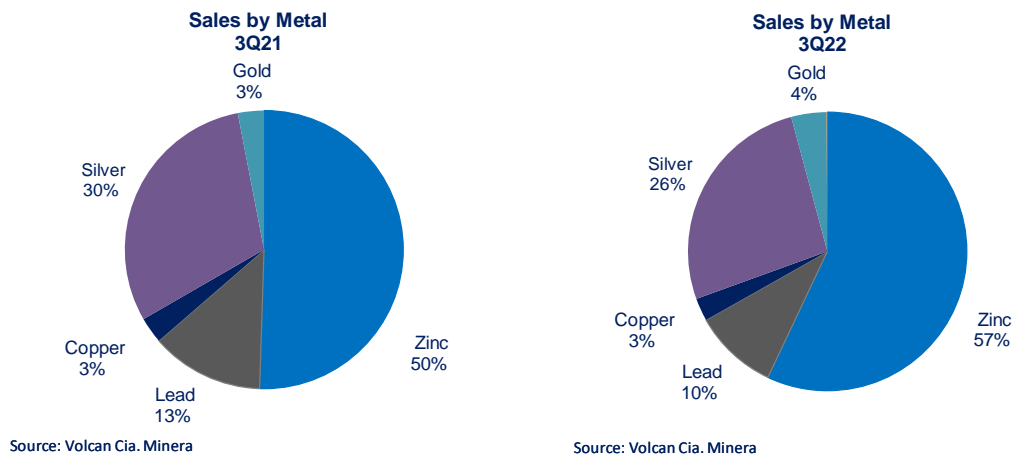
### Annex 1: Sales Breakdown

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



The distribution of sales by operating unit in 3Q22 reflects the growth in the contribution of the Oxides Plant to total sales, as a result of the increase in the ore volumes extracted and processed, as compared to 3Q21.

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



The distribution of sales by metal in 3Q22 reflects the growth in the contribution of zinc to total sales, as a result of the significant increase in its price, and the reduction in the price of other metals produced by the Company, as compared to 3Q21.

## Annex 2: Average Spot Prices

Spot Prices	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Zinc (USD/MT)	3,743	3,925	3,269	2,991	9.3	3,645	2,885	26.4
Lead (USD/MT)	2,334	2,203	1,976	2,341	-15.6	2,171	2,163	0.4
Copper (USD/MT)	9,985	9,526	7,742	9,372	-17.4	9,084	9,187	-1.1
Silver (USD/Oz)	23.9	22.6	19.2	24.4	-21.1	21.9	25.8	-14.9
Gold (USD/Oz)	1,874	1,874	1,730	1,790	-3.4	1,826	1,802	1.3

Source: London Metal Exchange

## Annex 3: Macroeconomic Indicators

Macroeconomic Indicators	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Jul-Sep 2021	var %	Jan-Sep 2022	Jan-Sep 2021	var %
Exchange Rate (S/ x USD)	3.81	3.75	3.88	4.05	-4.0	3.81	3.83	-0.5
Inflation <sup>1</sup>	6.82	3.25	8.40	5.23	60.6	8.40	5.23	60.6

<sup>1</sup> Inflation of the last 12 months

Source: Central Reserve Bank of Peru

## Annex 4: Domestic Peruvian Metal Production

National Production	Jan-Mar 2022	Apr-Jun 2022	Jul- Ago 2022	Jul- Ago 2021	var %	Jan-Ago 2022	Jan-Ago 2021	var %
Zinc (FMT)	344,512	318,748	243,184	249,586	-2.6	906,444	1,042,334	-13.0
Lead (FMT)	61,668	61,309	45,219	45,441	-0.5	168,196	175,815	-4.3
Copper (FMT)	553,749	542,893	402,972	393,263	2.5	1,499,614	1,476,204	1.6
Silver (thousands Oz)	23,758	24,330	16,722	18,616	-10.2	64,810	70,555	-8.1
Gold (thousands Oz)	718	747	515	520	-0.8	1,980	3,101	-36.1

Source: Ministry of Energy and Mines