



Lima, 27 de mayo de 2025

Señores
Superintendencia del Mercado de Valores - SMV
Av. Santa Cruz 315
Miraflores
Presente.-

De nuestra consideración:

De conformidad con la Resolución SMV N° 005-2014-SMV/01, comunicamos a ustedes, como “**Hecho de Importancia**” que el día de hoy, la calificadora de riesgo Moody's Ratings, ha emitido un informe de opinión crediticia, en el que se indica que la calificación de riesgo crediticio para Volcan Compañía Minera S.A.A. y Subsidiarias se modifica de Caa1 a B3, la de los bonos con vencimiento en el año 2030 se modifica de Caa1 a B3 y la de los bonos con vencimiento en el año 2026 se modifica de Caa2 a Caa1. Asimismo, cambió la perspectiva de positiva a estable.

Acompañamos copia del documento emitido por la mencionada clasificadora de riesgo para conocimiento del mercado en general.

Atentamente,

VOLCAN COMPAÑÍA MINERA S.A.A.

Anahi Com Argüelles
Representante Bursátil Suplente



Rating Action: Moody's Ratings upgrades Volcan's CFR to B3; stable outlook

27 May 2025

New York, May 27, 2025 -- Moody's Ratings (Moody's) has upgraded today Volcan Compania Minera S.A.A. y Subsidiarias ("Volcan")'s Corporate Family Rating ("CFR") and its 8.75% Senior Secured notes to B3 from Caa1. We have also upgraded Volcan's 4.375% Senior Unsecured notes to Caa1 from Caa2. The outlook was changed to stable from positive.

RATINGS RATIONALE

The rating action reflects a reduction in refinancing risk due to better than expected cash flow generation ahead of the \$96 million in debt maturing in 2026 (outstanding). During the last twelve months ended March 2025, Volcan generated \$97 million in free cash flow (FCF) as adjusted by us, taking cash balance to \$154 million, up from \$62 million in December 2023. During 2024, cash strengthened given: 1) stable cost and production, 2) hedging strategy and 3) strong silver prices.

These factors support FCF generation, which we expect now to be neutral on average in the 2025-2026 period considering \$108 million in growth capex related to the expansion of its Romina project and around \$200 million per year in sustained capex in the same period. The startup of Romina project, which the company expects by June 2026, will benefit the consolidated cost structure as Romina's production cost is estimated at \$45/MT (metric ton), compared with Volcan's consolidated cost in Q1 2025 of \$51.7/MT. Romina is a polymetallic project in the Alparamarca unit with a LOM average estimated production per year of 40,000 MT of zinc, 20,000 MT of lead and 1 million ounces of silver. As of December 2024, the company also reported a 56% increase in its reserves due to the inclusion of Romina in the reserve inventory.

The company's 2026 maturities include \$68 million due in February related to its senior unsecured notes (outstanding), \$20 million related to its syndicated loan (unrated) and \$8 million related to prepaids.

Volcan's B3 CFR considers its relatively high cost structure coupled with debt levels which increase the volatility through commodities cycles. The B3 also incorporates a track record of tolerance to refinancing risk, as well as geographic concentration in Peru and Volcan's modest scale compared with that of its global peers.

Conversely, Volcan's B3 CFR reflects the balanced portfolio of zinc and silver, adequate credit metrics for the rating category and adequate liquidity.

As of March 2025, the company's capital structure includes a \$342 million term loan (unrated) and \$300 million secured notes (outstanding), which benefit from a collateral package including a trust over receivables, shares of subsidiaries and mortgages over most of the company's assets. The term loan also benefits from a cash sweep mechanism that allow excess cash above \$70 million -after restricted cash and debt service (including interests and principal) of the next quarter- to be directed 50% to the repayment of the term loan and 50% directed to fund the expansion of Romina.

The Caa1 rating of the \$68 million in senior unsecured notes due February 2026 (outstanding), one notch below CFR, reflects its senior unsecured nature and subordination in the payment

waterfall.

The stable outlook incorporates our view that the company will sustain its cash flow generation through a combination of a stable cost structure, hedges and strong silver prices. The stable outlook also considers that Volcan will be able to ramp up Romina on budget and on time.

The upgrade also reflects governance considerations as key drivers of the rating action including and improved credit metrics and liquidity, which is reflected now in the company's Financial Strategy and Risk Management assessment that was changed to 4 from 5, and the overall exposure to governance risks (Issuer Profile Score or "IPS") to 4 (G-4) and Volcan's Credit Impact Score to 4 (CIS-4), from 5. The ESG Credit Impact Score is CIS-4, revised from CIS-5, since ESG considerations are a constraint for the rating.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

A rating upgrade would require a track record of consistent adequate liquidity through the cycle. An upgrade will be subject to the maintenance of Moody's adjusted leverage below 4x and retained cash flow / debt above 15% at different price points. Longer term, positive pressure could arise should the company improve its cost position, increase its size or geographic diversification.

Lower than expected cash flow generation due to soft commodity prices, decline in production, higher costs or delays in the startup of Romina that result in additional investments, could lead to a downgrade. Additionally, downgrade pressure could emerge if debt/EBITDA is maintained above 5.0x.

The principal methodology used in these ratings was Mining published in April 2025 and available at <https://ratings.moodys.com/rmc-documents/440607>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Volcan Compania Minera S.A.A. y Subsidiarias (Volcan) is a Peruvian mining company that primarily produces zinc and lead concentrate and some copper concentrate, all with high silver content. The company operates through four operating units including six mines (four underground mines and two open pits), five concentrator plants and one leaching plant. All of Volcan's operations are located in Peru, and it reported revenue of \$1,062 million for the 12 months that ended March 2025. Volcan is a holding company listed on the stock exchanges of Lima, Santiago and Madrid. Since May 2024 Transition Metals AG, subsidiary of Integra Capital, holds a controlling stake of 63% in Volcan's Class A voting shares, which is equivalent to a 23.3% economic interest in Volcan.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at <https://ratings.moodys.com/rmc-documents/435880>.

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