

# Volcan Compañía Minera

4Q2023 Results

February 22<sup>nd</sup>, 2024



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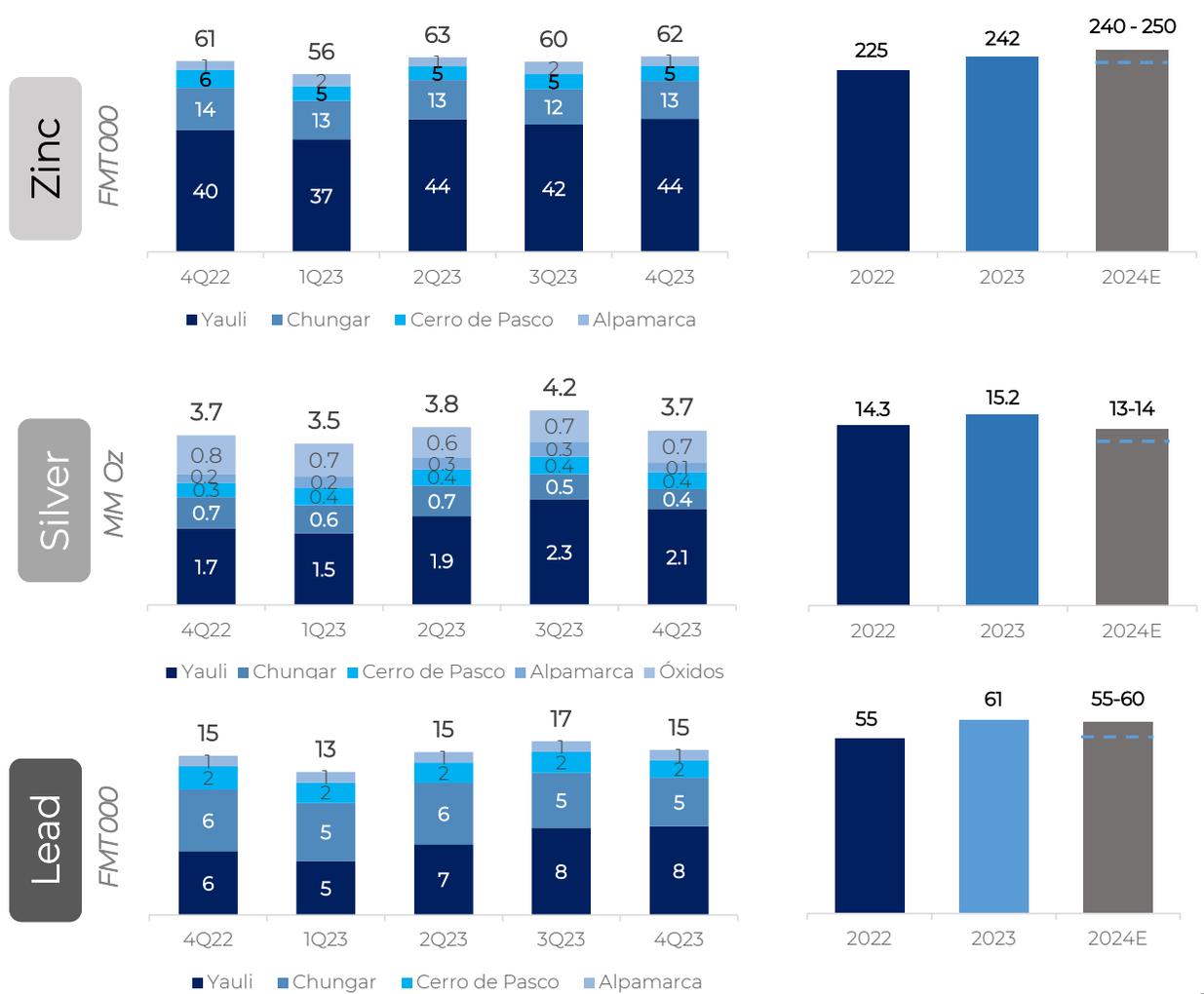
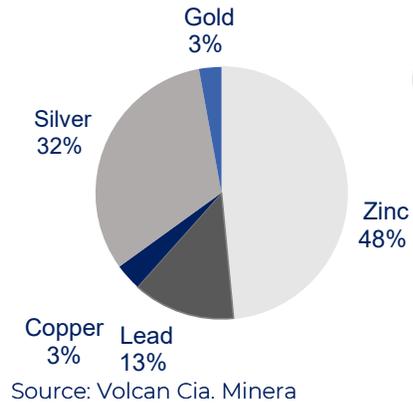
Financial Results

# 4Q 2023 Highlights

## Safety Indicators



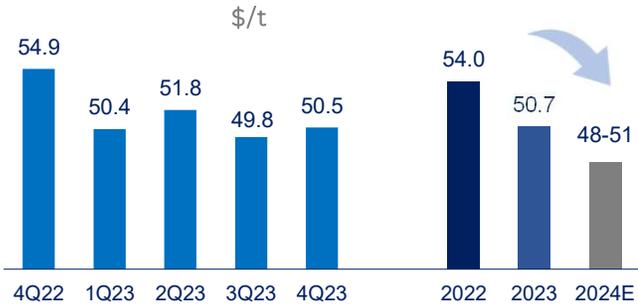
## Sales by Metal



\*LTIFR: Lost Time Injury Frequency Rate, DISR: Disabling Injury Severity Rate, TRIFR: Total Recordable Injury Frequency Rate

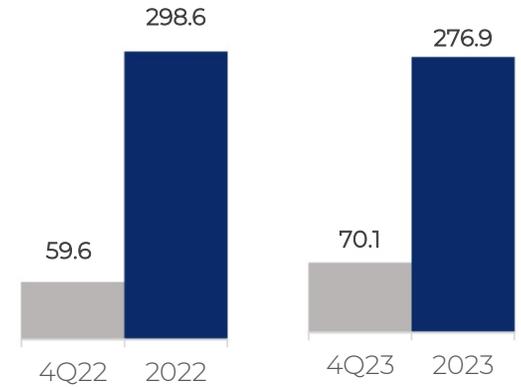
# 4Q 2023 Highlights

## Unitary Cost



Focus on cost reduction  
- 7.8% from 4Q22 to 4Q23

## EBITDA

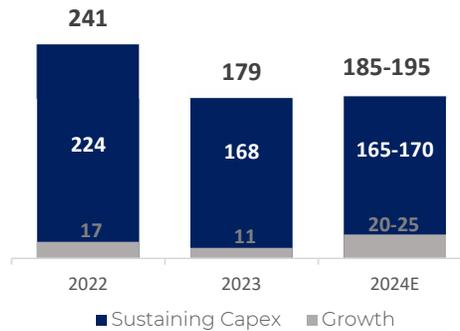


## CAPEX

- Local Exploration
- Development
- Plants and Tailings Facilities
- Mine and Infrastructure
- Electrical Infrastructure in Units
- Support and Others
- Regional Explorations
- Growth

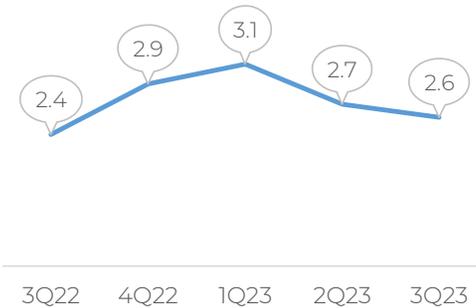


Prioritization and control  
- 28% from 4Q22 to 4Q23



Cash Position USD 61.6 MM // Net Debt USD 713 MM

## Net Debt/EBITDA Ratio



# 4Q2023 Highlights

## ➤ Romina Project development:



## ➤ 2 JVs agreements executed by Volcan and AMSA for the development of explorations projects for copper. There are capex commitments for 2024 and 2025 in charge of AMSA. These projects are:

1. Puy Puy Project north of Ticlio.
2. Group of six pool projects: Taulish and Anticona located in Ticlio; Garacuhuaman and Piñicocha located in Río Pallanga; Rondoni located in Huánuco, and Esperanza de Iray located in Ica.

## ➤ Spinoff Inversiones Portuarias Chancay (IPCH)<sup>1</sup> in progress. Tentative date to distribute IPCH shares: May/June 2024



<sup>1</sup>Inversiones Portuarias Chancay: New owner of Chancay Port Investment.

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# Consolidated Operating Results

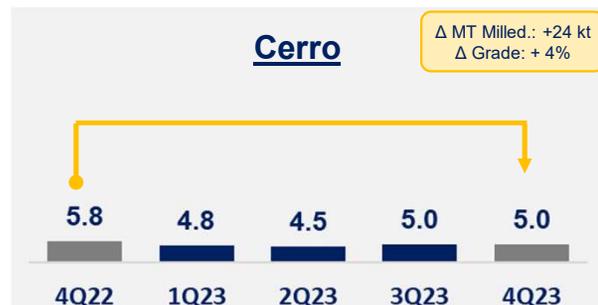
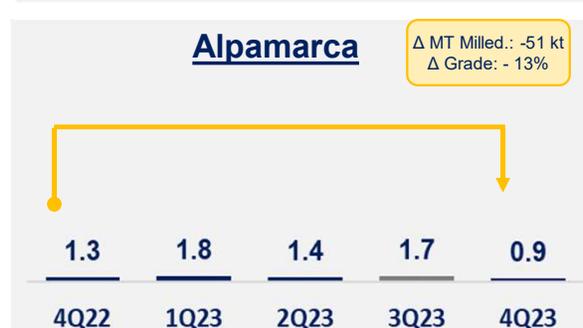
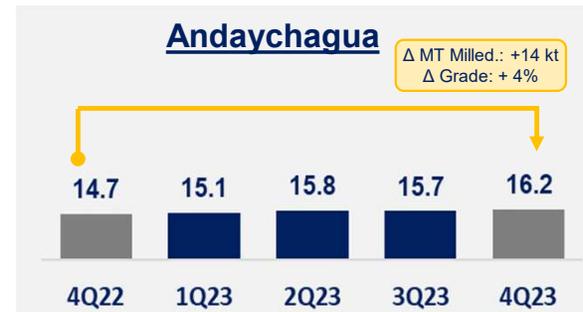


Consolidated Operating Results	1Q23	2Q23	3Q23	4Q23	4Q23	4Q22	var %	Jan - Dic 2023	Jan - Dic 2022	var %
Mineral treatment (thousands MT)	2,274	2,404	2,426	2,325	2,325	2,365	-1.7	9,429	8,997	4.8
<b>Fine Content</b>										
Zinc (FMT Thousands)	56.5	62.6	60.5	62.4	62.4	61.3	1.9	242.0	224.7	7.7
Lead (FMT Thousands)	13.2	15.3	16.9	15.5	15.5	14.8	4.9	60.8	54.9	10.8
Copper (FMT Thousands)	1.3	1.5	1.3	1.2	1.2	1.2	-3.0	5.3	4.3	23.6
Silver (Oz Millions)	3.5	3.8	4.2	3.7	3.7	3.7	0.9	15.2	14.3	6.2
Gold (thousand Oz)	3.7	5.5	5.4	3.8	3.8	3.3	14.4	18.4	20.8	-11.5
<b>Production Cost (MM USD)</b>	<b>114.3</b>	<b>124.4</b>	<b>121.0</b>	<b>120.1</b>	<b>120.1</b>	<b>130.3</b>	<b>-7.8</b>	<b>479.8</b>	<b>485.6</b>	<b>-1.2</b>
<b>Unitary Cost (USD/MT)1</b>	<b>50.4</b>	<b>51.8</b>	<b>49.8</b>	<b>50.5</b>	<b>50.5</b>	<b>54.8</b>	<b>-7.8</b>	<b>50.7</b>	<b>54.0</b>	<b>-6.2</b>
<b>Total Capex (MM USD)</b>	<b>36.2</b>	<b>42.7</b>	<b>45.0</b>	<b>55.4</b>	<b>55.4</b>	<b>77.9</b>	<b>-28.8</b>	<b>179.5</b>	<b>242.5</b>	<b>-26.0</b>

Source: Volcan Cia. Minera

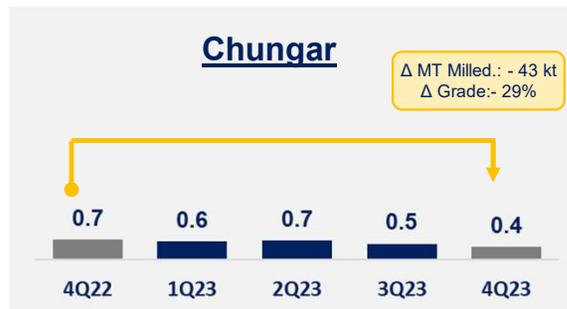
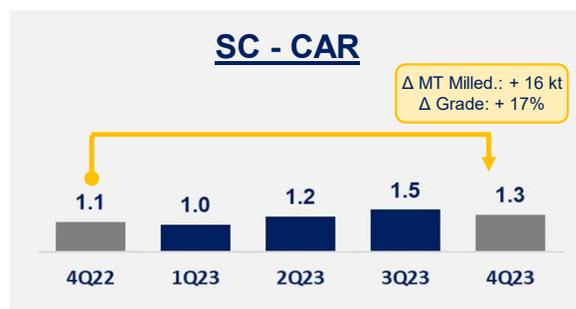


# Quarterly Evolution of Zinc Production (thousand FMT)



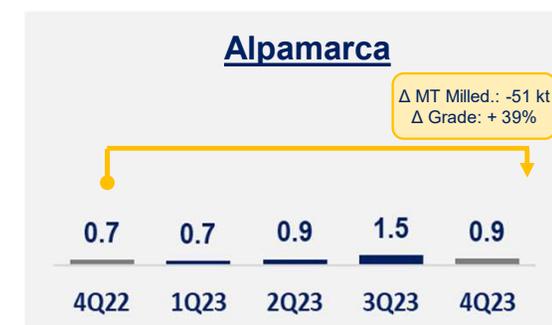
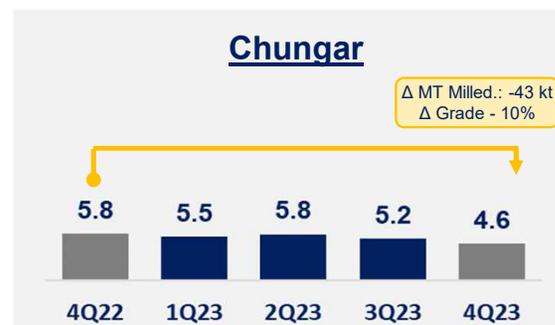
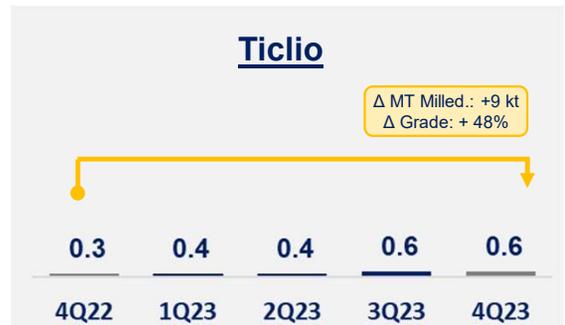
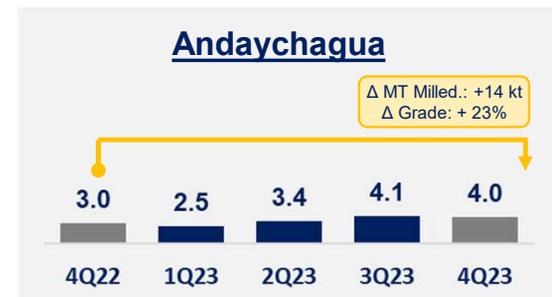
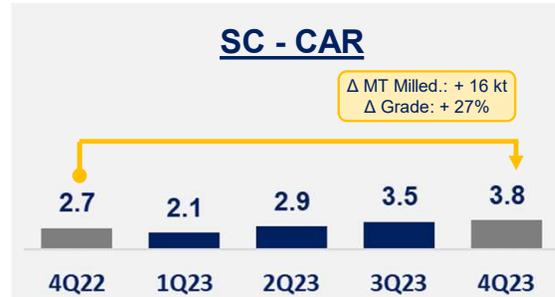
- **San Cristóbal – Carahuacra:** Higher production resulting from increased treated volumes (vein 658 and vein 722)
- **Andaychagua:** Higher production due to increased treated volumes resulting from the implementation of the Zinc flotation cell in late October and better grades (Salvadora, Salvadora Norte and Prosperidad Techo veins).
- **Ticlio:** Higher production resulting from increased volume and higher grade ore contributions (Reemplazamiento body).
- **Chungar:** Lower production due to the suspension of operations at Islay Mine since July. In addition, problems in the pumping system at the deep of mine
- **Alpamarca:** Lower quarterly production due to reaching the maximum authorized annual treatment limit.
- **Cerro:** Lower metallurgical recoveries resulting from the increased presence of iron and copper in the processed ore.

# Quarterly Evolution of Silver Production (MM Oz)



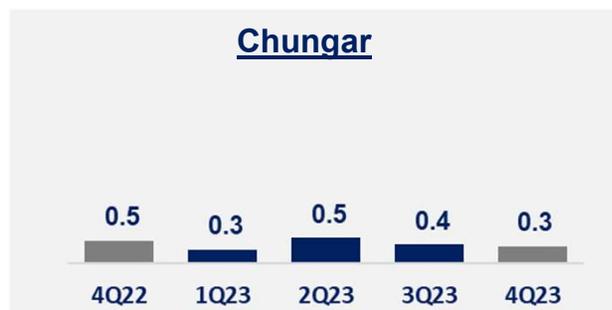
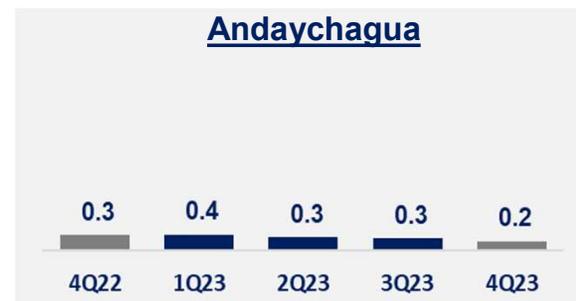
- **San Cristóbal – Carahuacra:** Higher production resulting from the ore contributed by vein 658, Sheila and vein K with higher silver grade.
- **Andaychagua:** Higher production due to increased treated volumes and better grades (Salvadora, Salvadora Norte and Prosperidad Techo veins).
- **Ticlio:** Higher production resulting from increased volumes and higher grade ore contributions (Reemplazamiento body).
- **Chungar:** Lower production due to the suspension of operations at Islay Mine since July. In addition, problems in the pumping system at the deep of mine
- **Óxidos:** Lower production resulting from replacing in situ ore at Óxidos by Hanancocha stockpiles, which have lower silver grade and contain iron oxide, affecting recovery. Óxidos operated until December 20, when it reached its authorized production limit.

# Quarterly Evolution of Lead Production (thousand FMT)



- **San Cristóbal – Carahuacra:** Higher production resulting from the ore contributed by vein 658, Sheila and vein K with higher lead grade.
- **Andaychagua:** Higher production due to increased treated volume and better grades (Salvadora, Salvadora Norte and Prosperidad Techo veins).
- **Ticlio:** Higher production resulting from increased volume and higher grade ore contributions (Reemplazamiento body).
- **Chungar:** Lower production due to the suspension of operations at Islay Mine since July. In addition, problems in the pumping system at the deep of mine
- **Alpamarca:** Higher production resulting from higher contribution by Tajo Centro (banco minero) despite the lower volumes treated.
- **Cerro:** Lower metallurgical recoveries resulting from the increased presence of oxides of Fe and Cu in the processed ore.

# Quarterly Evolution of Gold Production (thousand Oz)



- **Óxidos:** Lower quarterly production due to reaching the maximum authorized annual treatment limit.

# Production Costs



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 %
<b>Production Cost<sup>1</sup> (MM USD)</b>									
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
<b>Sub total Production Cost (MM USD)</b>	<b>114.3</b>	<b>124.4</b>	<b>121.0</b>	<b>120.1</b>	<b>130.3</b>	<b>-7.8</b>	<b>479.8</b>	<b>485.6</b>	<b>-1.2</b>
Infill drilling cost	2.3	3.4	3.1	3.5	2.0	78.2	12.3	12.5	-1.9
<b>Total Production Cost (MM USD)</b>	<b>116.6</b>	<b>127.7</b>	<b>124.2</b>	<b>123.6</b>	<b>132.3</b>	<b>-6.5</b>	<b>492.2</b>	<b>498.2</b>	<b>-1.2</b>
<b>Unit Cost (USD/MT)</b>									
Mine Cost <sup>2</sup>	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
<b>Sub total Unitary Cost (USD/MT)</b>	<b>50.4</b>	<b>51.8</b>	<b>49.8</b>	<b>50.5</b>	<b>54.8</b>	<b>-7.8</b>	<b>50.7</b>	<b>54.0</b>	<b>-6.2</b>
Infill drilling cost	1.0	1.4	1.3	1.4	0.8	75.9	1.3	1.4	-7.2
<b>Total Unitary Cost (USD/MT)</b>	<b>51.5</b>	<b>53.2</b>	<b>51.1</b>	<b>52.0</b>	<b>55.7</b>	<b>-6.6</b>	<b>51.9</b>	<b>55.4</b>	<b>-6.2</b>

<sup>1</sup> Distribution update of production cost by areas (mine, plant, others)

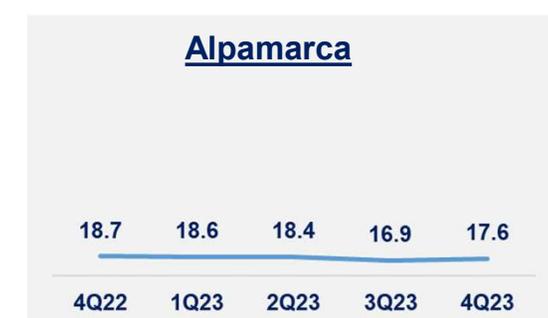
<sup>2</sup> Mine unit cost adjusted using treated tonnage

Source: Volcan Cia. Minera

## 4Q23 vs 4Q22 Variation:

- ✓ Lower absolute and unit cost explained by:
  - ✓ Execution of improvement initiatives at operating units. For example: improving supply consumption efficiency across all mining cycle activities, mechanic and electric maintenance, use of plant reagents, energy efficiency, and change of mining methods, among others.
  - ✓ Suspension of operations at Islay Mine.
  - ✓ Higher volume treated at Yauli and Cerro.

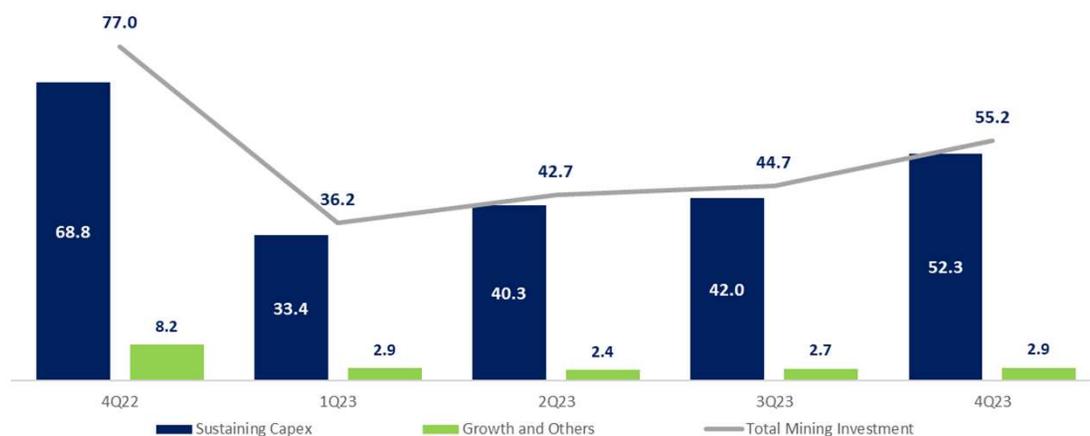
# Production Unit Cost per Unit



- **Chungar:** The growth trend was reverted due to the energy cost decrease resulting from a lower spot price. More efficient shotcrete consumption, production contribution by long drill holes, and shorter preparation (delay in delivering equipment, and pump issues).
- **San Cristóbal-Carahuacra:** Increased mine service cost and higher costs due to decreased use of Victoria Tunnel for ore haulage
- **Andaychagua:** Reduced unit cost due to tonnage effect and continued saving initiatives (cemented rockfill and plant inputs).
- **Ticlio:** Decreased preparation in December due to energy supply issues caused by climate events.

Unit costs do not consider infill drilling.

# Evolution of Mining Investments



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 %
<b>Mining</b>	36.2	42.7	44.7	55.2	77.0	-28.3	178.9	241.3	-25.9
<b>Mining Units</b>	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
<b>Growth and Others</b>	2.9	2.4	2.7	2.9	8.2	-64.8	10.9	17.3	-37.1
<b>Energy</b>	0.0	0.0	0.3	0.2	0.9	-73.3	0.5	1.1	-52.1
<b>Total</b>	36.2	42.7	45.0	55.4	77.9	-28.8	179.5	242.5	-26.0

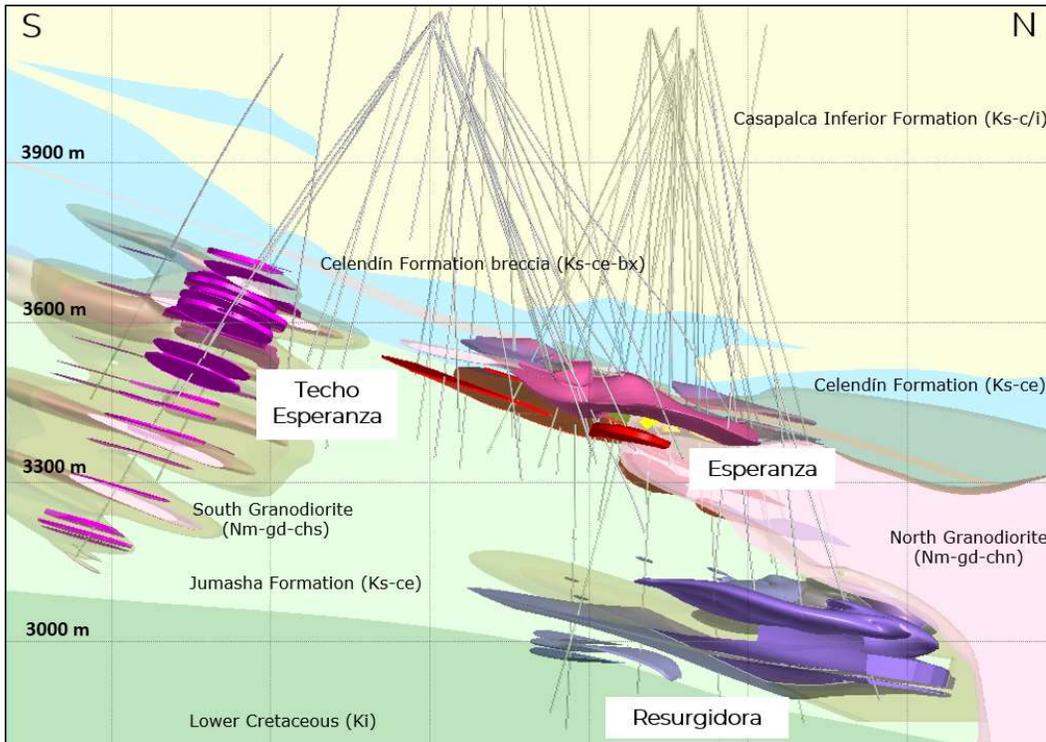
Source: Volcan Cia. Minera

## 4Q23 vs 4Q22 Variation

### Variation in Operating Units (-28.3%):

- **Plants and Tailings Facilities (USD -7.2 MM):** lower investment in plants due to completion of flotation cell upgrade at Victoria Plant and Cerro de Pasco, and lower investment in tailings facilities.
- **Development (USD -3.9 MM):** Lower investment in Yauli due to completion of main infrastructure construction. At Animón, work was postponed due to restrictions of the pumping system.
- **Mine and Infrastructure (USD -2.5 MM):** Lower investment in Animón Mine and Andaychagua, mainly explained by the completion of infrastructure works in pumping systems.
- **Support and others (USD -3.9 MM):** lower investments in human resources management projects, laboratory, technology and environment.

# Brownfield Explorations



**Esperanza Body (Zn-Cu) and New Resurgidora Discovery (Cu)**  
**Animón**

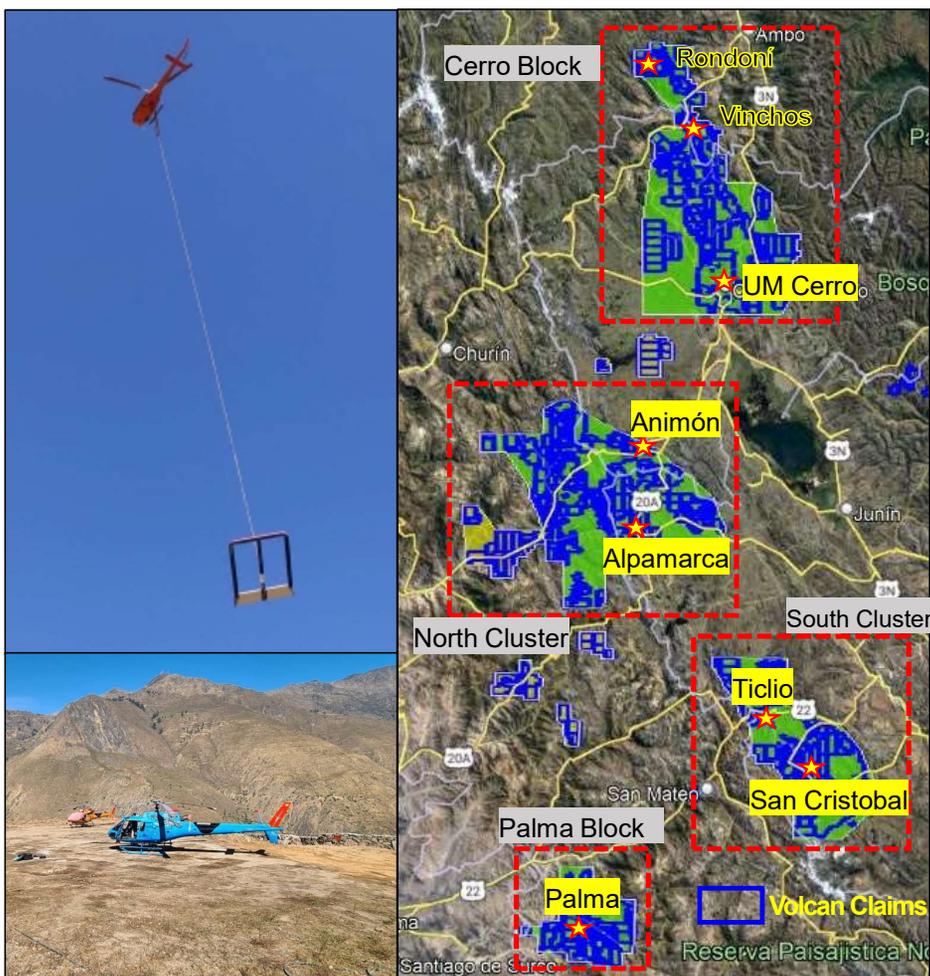
## • Animón:

- In 2023, 18 km of additional diamond drilling were performed with positive results increasing resources at **Esperanza**; and the discovery of Cu mineralization was consolidated at **Resurgidora**.
- In 4Q, geological models were fully updated to block models for resource estimation.
- A total of 50 Mt were estimated with grades of 7.54% Zn Eq at Esperanza, and 44 Mt with grades of 1.58% Cu Eq at Resurgidora. Both mineralization zones are still open.
- The first impressions of the geological environment and mineralization type in Resurgidora suggest a skarn deposit similar to Antamina.

## • Yauli

- Exploration started at two prospects (J Body and San Martín Body) with high likelihood of finding new mineral resources near the San Cristóbal mining operation, a work still in progress.

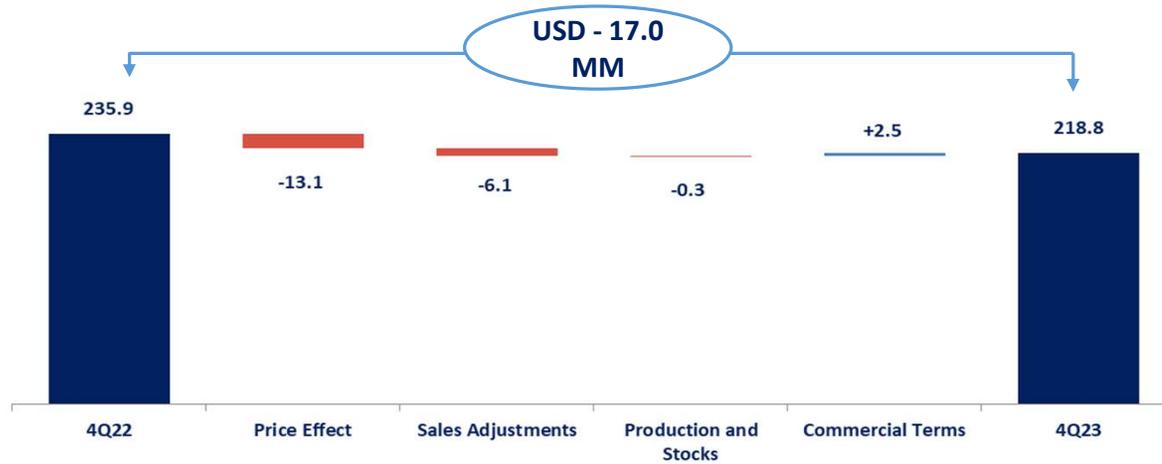
## Greenfield Explorations



- In 2023, we strengthened Volcan's project portfolio and future targets by fully processing the information generated in 2022 based on greenfield prospection, which covered almost all of the Company's mining concessions using aerial and land geophysical exploration, and wells.
- During the fourth quarter of 2023, geological prospection campaigns were carried out on geophysical anomalies. This allowed to generate duly identified prospects to be used as basis for developing joint ventures to generate value while sharing the exploration risk.
- At the end of 4Q, the inspection of the **Romina – Don Miguel Corridor** was completed. This is a highly prospective area and a more detailed roadmap was defined, focused on two prospects:
  - **Zn – Cu – Ag at Santa**, with over 10 Mt of potential ore that would increase Romina's value and
  - **Cu – Zn – Pb – Ag at Romina Central** (old Chungar Mine)

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# Net Sales Variation 4Q23 vs 4Q22 (MM USD)



Source: Volcan Cía. Minera

## Evolution and prices curves



# Profit & Loss Statement



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	24	23	23	21	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

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 %
<b>Sales before adjustments</b>	<b>220.7</b>	<b>227.9</b>	<b>224.7</b>	<b>217.3</b>	<b>228.2</b>	<b>-4.8</b>	<b>890.5</b>	<b>969.1</b>	<b>-8.1</b>
<i>Sett. of prior periods adjustments</i>	8.9	-10.3	-6.1	-2.0	-12.9	0.0	-9.5	-10.1	-5.8
<i>Adj. open positions</i>	-8.5	-4.7	9.3	2.1	20.6	-90.0	-1.8	-7.8	-76.7
<i>Hedging</i>	0.0	0.4	1.9	1.5	0.0		3.9	0.0	
<b>Sales after adjustments</b>	<b>221.1</b>	<b>213.3</b>	<b>229.8</b>	<b>218.8</b>	<b>235.9</b>	<b>-7.2</b>	<b>883.1</b>	<b>951.3</b>	<b>-7.2</b>
<b>Cost of Goods Sold</b>	<b>-174.2</b>	<b>-188.6</b>	<b>-184.3</b>	<b>-178.4</b>	<b>-199.2</b>	<b>-10.4</b>	<b>-725.5</b>	<b>-762.7</b>	<b>-4.9</b>
<b>Gross Profit</b>	<b>46.9</b>	<b>24.7</b>	<b>45.5</b>	<b>40.5</b>	<b>36.7</b>	<b>10.3</b>	<b>157.6</b>	<b>188.5</b>	<b>-16.4</b>
<i>Gross Margin</i>	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) <sup>1</sup>	-3.8	-4.0	6.4	-0.6	-4.8	-87.1	-2.1	-20.5	-89.9
<b>Operating Profit</b>	<b>22.0</b>	<b>-4.4</b>	<b>32.5</b>	<b>19.8</b>	<b>1.8</b>	<b>1,015.7</b>	<b>69.8</b>	<b>73.8</b>	<b>-5.5</b>
<i>Operating Margin</i>	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	
<b>Net Profit before Exceptionals</b>	<b>1.5</b>	<b>-10.8</b>	<b>0.8</b>	<b>8.1</b>	<b>0.4</b>		<b>-0.5</b>	<b>16.6</b>	
<i>Net Margin</i>	1%	-5%	0%	4%	0%	4 pp	0%	2%	-2 pp
Exceptional adjustments <sup>2</sup>	-0.7	-1.0	-0.7	-7.1	-77.3	-90.8	-9.5	-98.0	-90.3
<b>Net Profit</b>	<b>0.8</b>	<b>-11.8</b>	<b>0.1</b>	<b>1.0</b>	<b>-76.9</b>		<b>-10.0</b>	<b>-81.4</b>	<b>-87.7</b>
<i>Net Margin</i>	0%	-6%	0%	0%	-33%	33 pp	-1%	-9%	7 pp
<b>EBITDA<sup>3</sup></b>	<b>71.4</b>	<b>49.3</b>	<b>86.1</b>	<b>70.1</b>	<b>59.6</b>	<b>17.5</b>	<b>276.9</b>	<b>298.6</b>	<b>-7.3</b>
<i>EBITDA Margin</i>	32%	23%	37%	32%	25%	7 pp	31%	31%	0 pp

## 4Q23 vs 4Q22 Variations

**Cost of Goods Sold:** Lower production cost, lower depreciation and amortization, and lower paralyzation costs related mainly to Mahr Túnel Plant and old Cerro de Pasco.

**Administrative Expenses:** Reduced administrative expenses in line with the Company's optimization plan.

**Exploration Expenses:** Decrease in line with the Company's expenses streamlining plan.

**Sales Expenses:** Increased due to a higher volume of sales abroad under the CIF modality, but with better commercial terms.

**Other Income/Expense (net):** Mainly explained by lower expenses related to non-operating units and other non-deductible expenses.

**Financial Expenses:** Higher interests on the syndicated loan due to the increase of the reference rate.

**Adjustments for exceptional items:** Mainly due to mine closure and communities related liabilities updates.

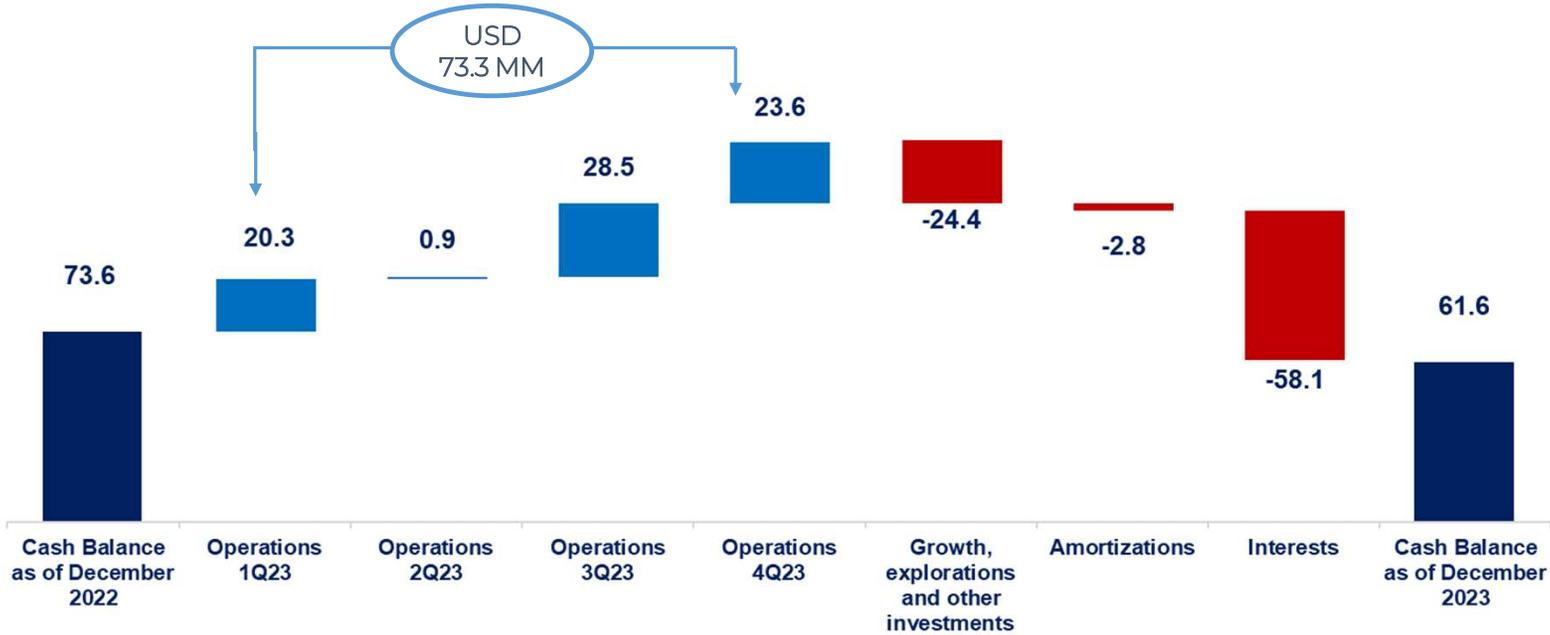
<sup>1</sup> Includes sales and cost of sales of the energy division

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

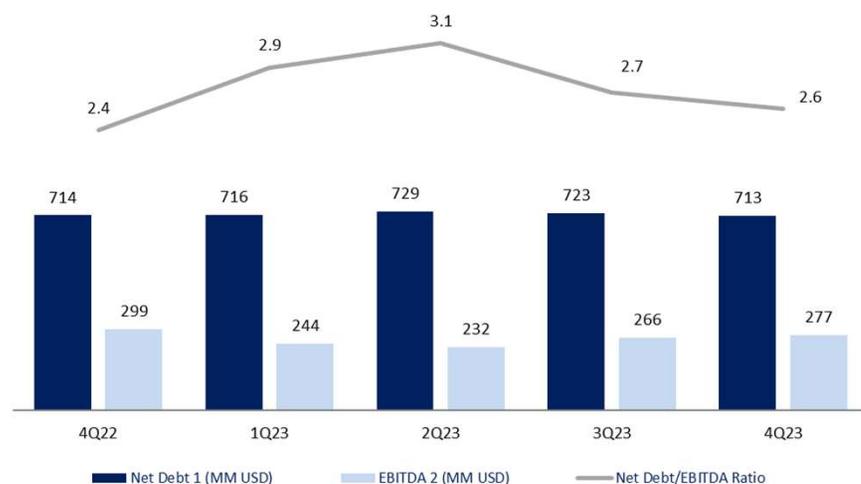
<sup>3</sup> Does not consider exceptional adjustments

Source: Volcan Cia. Minera

# Cash Flow Variation (MM USD)



# Evolution of Net Debt / EBITDA Ratio



<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

Net Debt/EBITDA Ratio	4Q22	1Q23	2Q23	3Q23	4Q23
Gross Debt (MM USD)	788	783	779	777	775
Cash Balance (MM USD)	74	67	50	55	62
Net Debt <sup>1</sup> (MM USD)	714	716	729	723	713
EBITDA <sup>2</sup> (MM USD)	299	244	232	266	277
Net Debt/EBITDA Ratio	2.4	2.9	3.1	2.7	2.6

<sup>1</sup> Debt does not include operating leases associated with IFRS 16 or current interest

<sup>2</sup> Corresponds to EBITDA accumulated in the last 12 months

Source: Volcan Cia. Minera

## 4Q23 vs 3Q23 Variation

Decreased Net Debt / EBITDA ratio due to:

- Higher EBITDA related to reduction of the Company's costs and expenses.
- Lower net debt due to the Company's higher cash balance.

