

2013

Annual Report

70 YEARS



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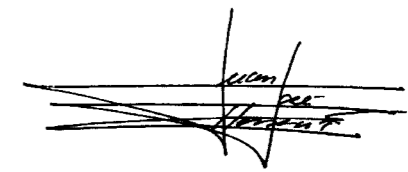
1. Disclaimer

"This document contains accurate and sufficient information about Volcan Compañía Minera S.A.A.'s business activities in 2013. Regardless of the issuer's liability, the undersigned are responsible for the content herein, in accordance with applicable laws."

March 2014



José Picasso Salinas
Chairman of the Board



Juan José Herrera Távara
General Manager

2. Letter to the shareholders



Dear Shareholders,

This past year represented a milestone in the Company's history, as Volcan celebrated its 70th year since beginning operations in the Ticlio pass in 1943. That's seven decades of investment in mining development in our country's central highlands, with a commitment to sustainable growth in harmony with surrounding communities and the environment. This hasn't been an easy undertaking, however. We have faced numerous challenges, and thanks to the hard work of our founders and those who have enabled the Company to continue to grow—workers, engineers, executives and shareholders—we have successfully overcome them.

This past year was no exception. In 2013 Volcan encountered a variety of challenges, like the industry as a whole. On the one hand, metal prices showed significant volatility due to expectations about monetary policy measures in the United States, economic problems in the Eurozone, and policies to sustain growth in China, which has shown signs of deceleration in recent years. As a consequence, the price of silver closed the year at USD 19.60/oz., 39% below the 2012 closing price of USD 32.00/oz. Meanwhile, the price of copper fell 27% and zinc was down 3%.

Domestically, the government conveyed ambiguous signals about foreign investment, which generated political and social problems that prevented large, private projects from coming to fruition. Changes in labor, environmental, and occupational health and safety laws implemented by the government have delayed private investment and led to cost overruns for local mining companies. In addition, environmental permits and other administrative procedures continue to be plagued by bureaucratic obstacles, and the need to streamline such procedures at various ministries remains critical.

This, in addition to the damage caused by the Law of Prior Consultation and inefficient use of mining royalties, which should be distributed in line with the needs of each region, has resulted in social conflicts that have yet to be resolved. Consequently, investments were delayed in some emblematic mining projects such as Tía María, Quellaveco, the expansion of Cerro Verde and the Toquepala and Cuajone concentration plants, and several projects in the northern part of the country such as Río Blanco, Galeno, Michiquillay, La Granja and Conga.

This constructive criticism is meant to emphasize that we are all responsible for driving the country's development. Windows of opportunity don't open every day, and we must remember that we compete for new investments that ultimately go to the countries offering the best conditions.

Despite these difficulties, Volcan maintained its position as the leading producer of silver, lead and zinc in Peru. This was possible thanks to the completion of the USD 20 million expansion of the Animón plant at our Chungar Unit from 4,200 to 5,200 tpd. This increase in production partially offset the effects of the planned shutdown of

the Raúl Rojas pit at our Cerro de Pasco Unit, maintaining Volcan's overall silver production at more than 20 million ounces.

In addition, a major effort was made to reduce the impact of declining metal prices and lower production on the Company's profits. Our approach was to preserve the Company's cash flow, streamlining investments and implementing cost-reduction initiatives, such as the reorganization of personnel, particularly in the Cerro de Pasco Unit; the optimization of mining methods to improve productivity; the revision of the number and scope of contractor-service agreements; the renegotiation of the prices of our principal supplies; and the reduction of planned administrative expenses in corporate areas, among others. As a result of these initiatives, our consolidated unit cost decreased by more than 12%, from 74.50 USD/MT in the first quarter of 2013 to 65.40 USD/MT in the fourth quarter of the year.

Although the Company margins declined from the previous year as a consequence of lower silver and zinc prices, our sales in 2013 topped USD 1.163 billion, EBITDA reached USD 386 million, net profits were USD 173 million and our final cash balance was USD 183 million. It is worth noting that of the USD 173 million in net profits, approximately USD 94 million were derived from operations while USD 79 million were the result of hedging and derivatives.

Despite the difficult environment in terms of metals prices, Volcan continued to implement its long-term growth plan with the development of the Alpamarca-Río Pallanga project (Alpamarca open pit, Río Pallanga underground mine and concentrate plant), and the new oxide leaching plant at Cerro de Pasco. These projects, which together represent an investment of approximately USD 400 million over two years, will be operational by the end of the first quarter of 2014 and are expected to jointly contribute between 7 and 8 million additional ounces of silver each year. Moreover, significant investments were made in operations, such as the Roberto Letts shaft at Yauli – Andaychagua and the Jacob Timmers shaft at Chungar. Representing a total investment of USD 29 million and USD 25 million, respectively, these projects will improve productivity and reduce the transport cost of their units. The Company's total investments in 2013 amounted to USD 534 million.

In line with this long-term vision, Volcan continues to develop mining projects and geological exploration activities within the 346,000 hectares of mining concessions in its portfolio to date. At Cerro de Pasco, the Company is developing a silver-pyrite stockpile project that will eventually process 17 million tons of reserves and resources with an average grade of 4.93 oz. Ag/MT. The feasibility study for this project is currently underway. In addition, more than 30,000 meters of diamond boreholes were drilled in exploration areas, bringing the Río Pallanga and Islay projects into the development stage and Oyama to the feasibility stage. Exploration projects Zoraida and Palma are now in the resource-delineation stage and the Carhuacayán project is at the initial stage of exploration.

With regard to our energy division, in 2013 Volcan continued its strategy of developing its own renewable energy sources to guarantee power supply for our operations at a lower cost. Of the 75 MW used in our operations in 2013, 42 MW were generated by our own hydroelectric plants. Notably, two new hydroelectric plants, Rucuy (20 MW) and Chancay II (30 MW), both located in the Chancay-Huaral basin, are expected to begin operating in 2016 and 2017, respectively.

In terms of electricity transmission infrastructure in our operations, Volcan continued efforts to improve the reliability of electrical supply, in order to avoid unnecessary plant stoppages that affect production. Toward this end, Volcan completed construction of the 50 kV Pomacocha transmission line, an investment of USD 10 million. The transmission line connects the Pomacocha substation to the San Cristóbal and San Antonio substations, providing a reliable power supply to the Yauli Unit. In addition, progress was made on the Paragsha II-Francoise transmission line (220 kV) and the Francoise-Animón transmission line (50 kV), with a total investment of USD 26 million and USD 2 million, respectively. These two transmission lines are expected to begin service in 2014, guaranteeing power supply for the Chungar and Alpamarca units. In addition, we completed construction of the Animón substation, with an investment of approximately USD 5 million.

We also moved forward with a company restructuring and strengthening of our corporate vision, implementing a performance-management system with individual objectives aligned with the Company's strategic plan. It is important to note that in April, the Board of Directors approved an expansion of the Audit Committee and the creation of the Human Resource Management and Corporate Social Responsibility committees, in order to improve our corporate governance standards. Over the course of the year, these committees supported the Board by tracking the Company's strategic objectives more effectively.

With respect to the Company's social responsibility and environmental protection policies, we cannot forget the importance of mining companies such as Volcan in the development of our nation and its people, particularly in remote areas where mining companies often operate. Volcan continued to focus on developing closer and more fluid relationships with the communities in our area of influence and in other areas that are strategic for our operations. Notably, in 2013 Volcan became one of the leading companies executing projects as part of the Public Works and Tax Credit program, developing and/or winning 12 projects valued at more than USD 27 million. In addition, we closed the year with a substantial portfolio of projects under evaluation that together represent investment of USD 53 million.

In conclusion, I would like to take this opportunity to thank all of our employees for their dedication and hard work. Likewise, I would like to thank you, our shareholders, for supporting the Company's activities and achievements.

Sincerely,



José Picasso Salinas
Chairman of the Board



3. General economic report

Summary of Global Economic Performance¹

In 2013, the global economy continued to show subdued growth for the third consecutive year, expanding by 3.0%² in an environment marked by economic slowdown in the United States, GDP contraction in the Eurozone although at a lower rate than 2012, and lower growth among emerging economies.

In the United States, economic growth fell to 1.9% from 2.8% the previous year. This was because the strength of private spending and an expansionary monetary policy only partially counteracted the effects of the adverse global economic situation, the automatic public spending cuts resulting from the budget deficit, and the lack of political consensus on the debt ceiling. However, after a budget agreement was reached in December and private spending recovered, stimulated by the evolution of the labor market, controlled inflation and positive expectations of economic agents, the Federal Reserve announced a reduction of its monetary stimulus starting in January 2014.

Economic activity in the Eurozone remained weak, falling by 0.4%. The smaller contraction relative to 2012 (-0.7%) was due to a recovery in the second half of the year. This was the result of a reduction in the pace of fiscal adjustment, as the European Union focused on reforms to stimulate long-term growth and the European Central Bank cut interest rates over the course of the year. Nevertheless, European countries with severe fiscal problems continued to suffer high unemployment rates.

Meanwhile, China's growth rate in 2013 was 7.7%, similar to the 2012 rate. This represents a substantial deceleration of the pace of deceleration of its economy. This growth was the result of government measures such as a temporary suspension of taxes on small- and medium-sized companies, accelerated investment in infrastructure, and assistance for export companies facing difficulties.

Latin American and Caribbean countries recorded overall growth of 2.6%, lower than 2012 (3.0%). This result reflected the unfavorable international environment, given the economic slowdown in the United States and China (the region's largest trading partners) and the decline in raw material prices.

Stock market performance in the largest developed markets recovered in 2013, with gains on the improved outlook. Japan's Nikkei 225 index was up 52%, the DAX 30 in

Germany grew by 23%, and the Dow Jones Industrial Index in the United States rose 22%. In contrast, stock markets in Latin America followed a downward trend, affected by fears of capital outflows associated with the end of the U.S. monetary stimulus and falling commodity prices. Brazil's BOVESPA decreased 18%, while the IPSA in Chile fell by 15% and the IGBVL in Peru declined by 24%.

In line with this international outlook, the average prices of principal metals fell in 2013. The price of silver fell by 23%, gold was down 15%, while zinc prices declined 2%. For its part, the average price of lead rose

by 4%, related to a strong comeback in the price of this metal in the first quarter of the year, reflecting a reduction of stocks on the London Metal Exchange³.



Water intake for Baños V Hydroelectric Power Plant

¹ Figures from the World Economic Outlook Update published by the International Monetary Fund (IMF) in January 2014.

² The global economy grew by 5.2%, 4.0%, and 3.1%, respectively, in 2010, 2011, and 2012. Source: Central Reserve Bank of Peru.

³ Variation in the price of this metal from December 2012 to December 2013 was -6%.

Macroeconomic Overview of Peru⁴

In 2013, Peru's gross domestic product (GDP) grew by 5.0%, driven by the performance of non-primary sectors (5.4%), largely services (5.8%), trade (5.8%), and construction (8.5%), which together contributed 4.3 percentage points to the overall growth rate. With respect to primary sectors, growth was higher than last year due in large part to the fishing industry (12.6%, as a result of the larger anchovy quota), and in mining and hydrocarbons (2.9%), based on higher liquid natural gas production at Camisea.

However, the overall GDP growth rate was lower than the previous year (6.3%). This was due fundamentally to decreased expansion of domestic demand resulting from a reduction in private spending growth both in terms of consumption and investment, and from lower growth in disposable income caused by less favorable exchange rates and declining investor expectations. Also contributing to the lower GDP growth rate was slower growth in exports, with contraction in the volume of both traditional and non-traditional products. The latter group was affected by the slower worldwide growth.

With regard to balance of payments, the current account deficit was 4.9% of GDP, 1.6 percentage points higher than 2012. This was due to a fall in export prices, lower volume of goods exports, and domestic demand growth (5.7%) that outpaced GDP growth. This deficit was financed by USD 20 billion in long-term capital inflows in the private sector, thanks to continued external funding of investment projects by the non-financial sector. As a result, the net international reserves balance at year end was USD 66 billion, representing 32% of GDP. Lower accumulation of net international reserves with respect to the previous year, resulting from interventions by the Central Reserve Bank of Peru through sales of foreign currency, was accompanied by a 9.6% decline in the value of the Nuevo Sol, which closed 2013 at 2.80 PEN/USD.

In terms of public finance, in 2013 fiscal policy was countercyclical, with accelerated public spending as GDP slowed. Thus, the non-financial public sector represented 0.8% of GDP, lower than in 2012 (2.1%). While growth of general government revenue was slightly lower in a context of worsening exchange rates and deceleration of the GDP, there was greater expansion of non-financial current spending by the government due to various salary increases granted to public workers.

Finally, inflation in Metropolitan Lima closed the year at 2.86%⁵, meeting the target established by the Central Reserve Bank of Peru (between 1.0% and 3.0%). The sectors with the greatest influence on inflation were food and beverages, transport and communication, and recreation and teaching.

⁴ Figures from the Fourth Quarter Macroeconomic Report published by the Central Reserve Bank of Peru in February 2014.

⁵ Source: National Institute of Statistics and Informatics.

Overview of Peru's Mining Sector

In 2013, the mining and hydrocarbons sector grew by 2.9%, slightly faster than the rate recorded in 2012 (2.2%), due to increased production in the hydrocarbons sub-sector. Meanwhile, nonferrous mining expanded by 2.2%, similar to the rate of the previous year.

Growth in nonferrous mining was based on greater copper production (5.9%) driven by Glencore Xstrata's Unit, which began operations in late 2012, as well as higher zinc production (5.5%), resulting from expanded operations at Antamina. This result was partially offset by lower gold production (-6.2%) at Yanacocha and Barrick Misquichilca.

Despite halting operations at the Cerro de Pasco pit, Volcan maintained its position as the leading producer of silver and lead in Peru with market shares of 18% and 25%, respectively, and became the second-leading producer of zinc (21% share).

Ranking of production in Perú 2013 - fines

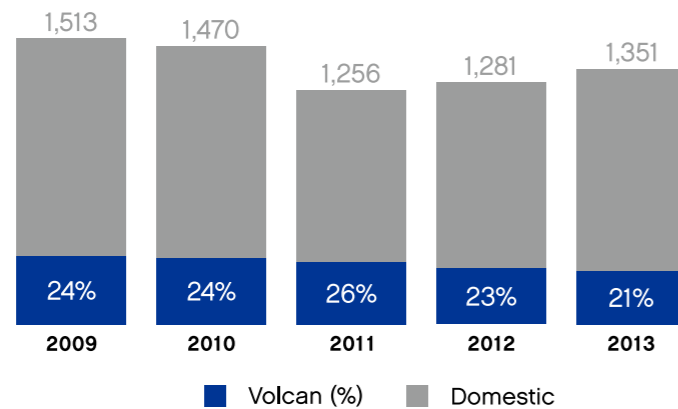
ZINC	Thousands TM	Share
Compañía Minera Antamina S.A.	315.8	23%
Volcan Compañía Minera S.A.A. and Subsidiaries	279.6	21%
Compañía Minera Milpo S.A.A. ¹	270.2	20%
Empresa Minera Los Quenuales S.A.	107.5	8%
Catalina Huanca Sociedad Minera S.A.C.	42.7	3%
Others	335.4	25%
Total	1,351.3	100%
LEAD	Thousands TM	Share
Volcan Compañía Minera S.A.A. and Subsidiaries	67.4	25%
Compañía Minera Milpo S.A.A. ¹	40.2	15%
Compañía de Minas Buenaventura S.A.A.	21.6	8%
Sociedad Minera Corona S.A.	17.4	7%
Empresa Minera Los Quenuales S.A.	13.3	5%
Others	106.5	40%
Total	266.5	100%
SILVER	Million Oz	Share
Volcan Compañía Minera S.A.A. and Subsidiaries	20.7	18%
Compañía de Minas Buenaventura S.A.A.	17.0	14%
Compañía Minera Antamina S.A.	16.7	14%
Minera Suyamarca S.A.C.	7.6	6%
Compañía Minera Milpo S.A.A. ¹	7.2	6%
Others	48.9	41%
Total	118.1	100%

¹ Includes Compañía Minera Atacocha S.A.A.

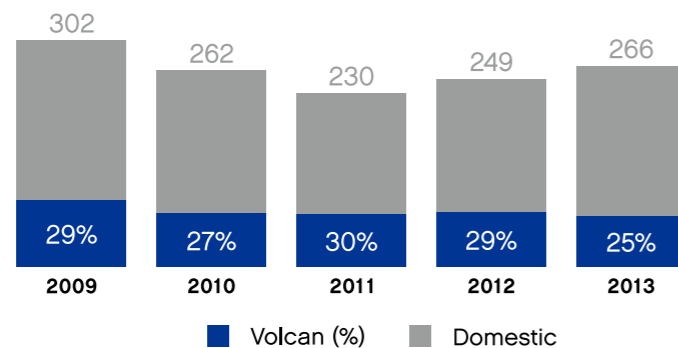
Source: Ministry of Energy and Mines. Glencore and Teck Report for Antamina.

Evolution of Production in Peru – fines

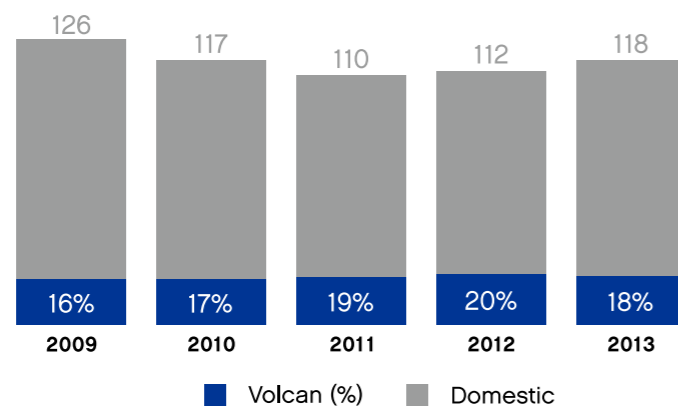
Zinc production (Thousands TMF)



Lead production (Thousands FMT)



Silver production (Million Oz)



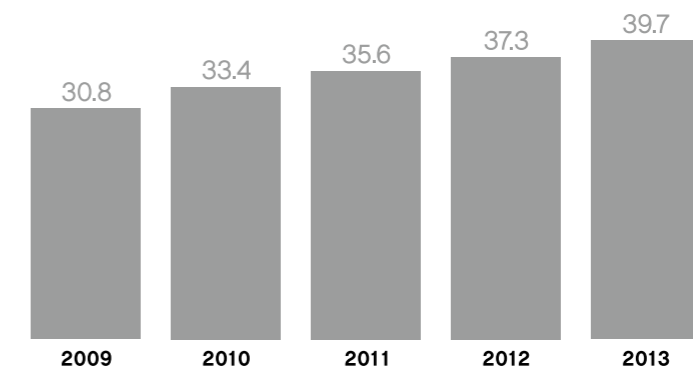
Source: Ministry of Energy and Mines

According to the Ministry of Energy and Mines, mining sector investment totaled USD 9.5 billion in 2013, 10.5% higher than 2012 (USD 8.6 billion). This growth was driven by execution of copper projects such as Las Bambas (USD 1.7 billion), the expansion of Cerro Verde (USD 1 billion), and Constanza (USD 500 million).

Overview of Peru's Electricity Sector

In 2013, production of electricity in the National Interconnected Electricity System totaled 39,700 GWh, an increase of 6.3% over the previous year (37,300 GWh). Of that, 53% was generated from hydro, 40% from natural gas, and 3% from renewable sources, among others. The maximum electric power demand from the system was 5,575 MW, an increase of 5.4% over 2012.

Energy generation (Thousands GWh)



Source: COES and SNMPE

Total investment in the sector surpassed USD 2.7 billion, according to the Electricity Committee of the National Society for Mining, Petroleum, and Energy (SNMPE). This was higher than the average of the five previous years (a total of USD 8 billion was invested from 2008 to 2012).

It should be noted that beginning in May 2013, the Large User Toll for the Secondary System Transmission System was reduced 36% in comparison to 2012, per OSINERGMIN Resolution 055, published in April.

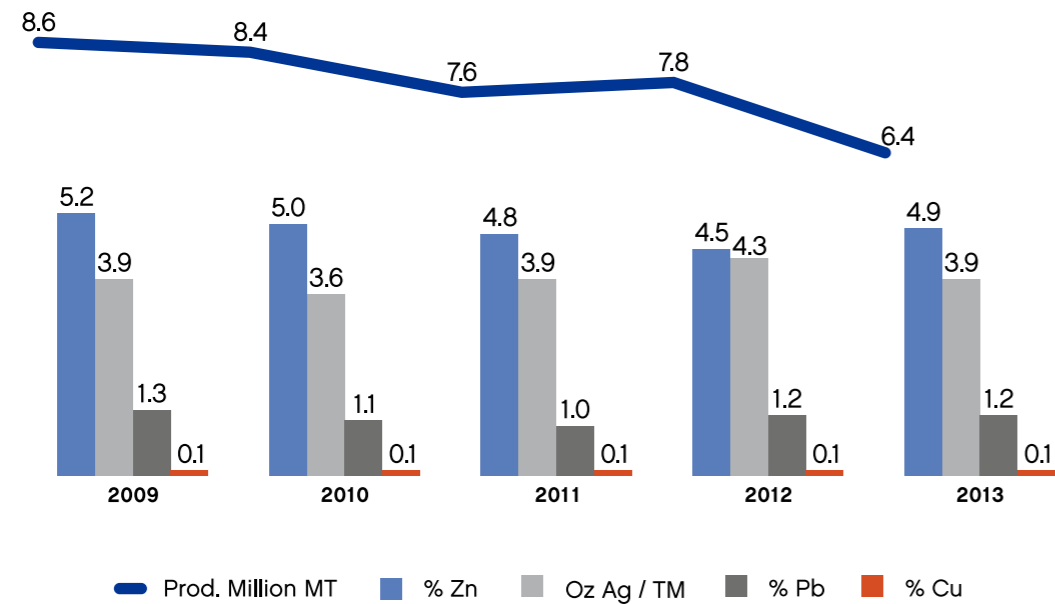
Moreover, Peru has a very strong competitive advantage within Latin America as its electricity rates are the lowest in the region.

4. Principal indicators

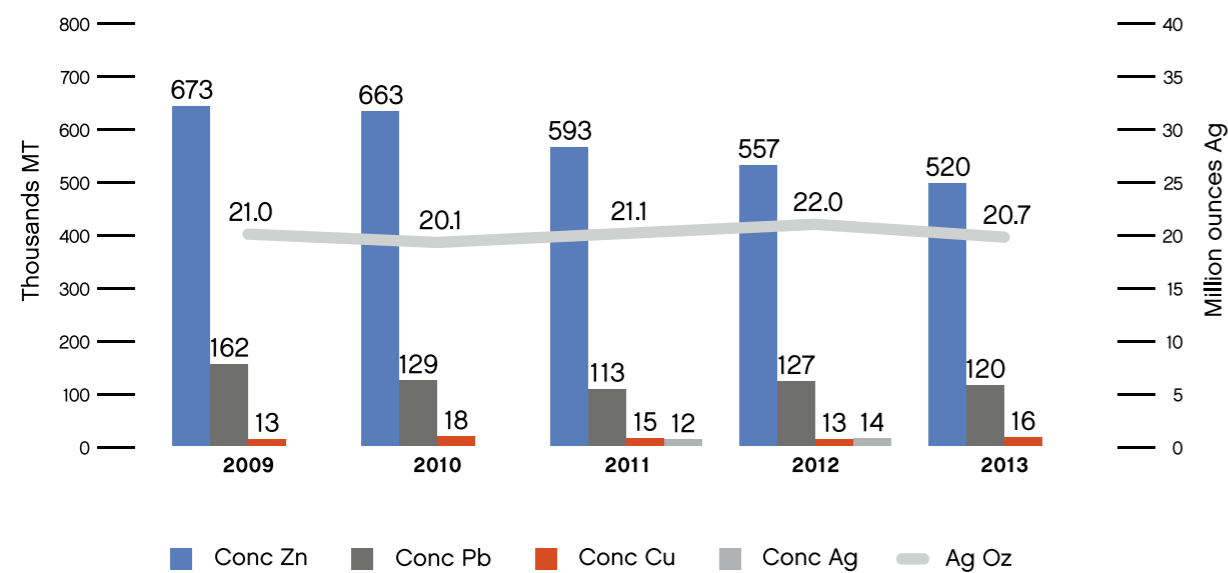


Production Indicators

Evolution of treated tonnage and annual grades - Volcan consolidated

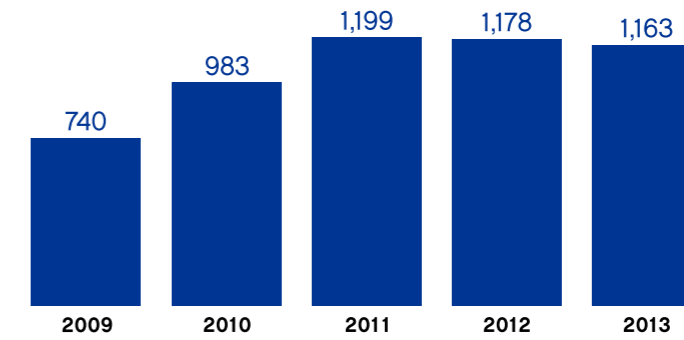


Evolution of concentrate production and ounces of silver - Volcan consolidated

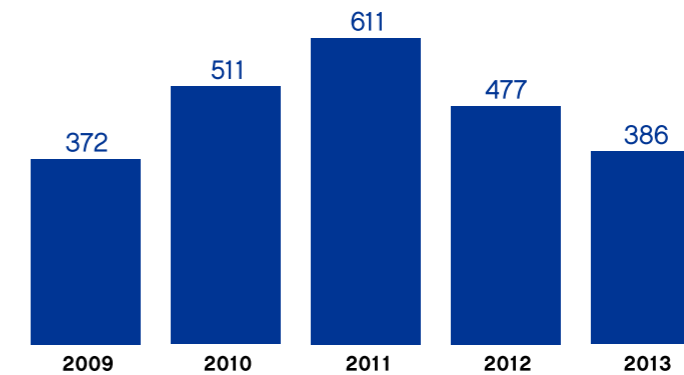


Financial Indicators

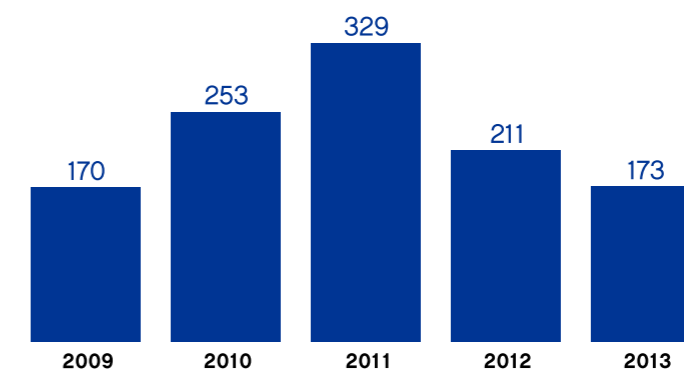
Sales (Million USD)



EBITDA (Million USD)



Net earnings (Million USD)



5. Company history



Carahuacra Mine, early nineteenth century

Volcan celebrated its 70th anniversary in 2013. Ever since the Company began mining operations in 1943 in the Ticlio pass, constant hard work and dedication by its leadership and employees have made it the largest producer of silver and lead and the second-largest zinc producer in Peru. In addition, Volcan is among the 10 largest zinc, lead, and silver producers in the world.

Initially, Volcan's operations were limited to the Ticlio Mine, a group of 30 concessions granted by the Peruvian government. The ore obtained there was sold to the Mahr Túnel concentrate plant, owned at the time by Cerro de Pasco Corporation, which was expropriated by the military government in the early 1970s.

In the 1990s, in a context of economic reforms implemented by the government at the time and aimed at stimulating private investment in public companies, Volcan began expanding its operations through the acquisition of mining areas and their respective assets. The vision of the Board of Directors and the leadership of Dr. Roberto Letts were fundamental to the Company's growth.

In an international public auction in 1997 Volcan Compañía Minera S.A. acquired the Mahr Túnel, San Cristóbal and Andaychagua mining operations and the Mahr Túnel and Andaychagua plants through its purchase of Empresa Minera Mahr Túnel S.A., which at the time belonged to Centromin Perú. The acquisition was valued at USD 128 million plus an investment commitment of USD 60 million that was fulfilled in the third year. One year later, Empresa Minera Mahr Túnel S.A. merged with Volcan Compañía Minera S.A., creating Volcan Compañía Minera S.A.A.

Subsequently, in 1999 Volcan acquired Empresa Minera Paragsha S.A.C. from Centromin Perú in an international public auction, for USD 62 million plus an investment commitment of USD 70 million. In addition, Volcan agreed to take on USD 20 million of Centromin's financial debt. This acquisition included the Cerro de Pasco mine unit and eight small hydroelectric plants—Baños I, II, III and IV and Chicrín I, II, III and IV—generating a total of 7.5 MW. As a result of this acquisition, Volcan became the largest zinc producer in Peru.

In 2000, Volcan acquired Empresa Administradora Chungar S.A.C. and Empresa Explotadora de Vinchos Ltda. S.A.C., owners of the Animón and Vinchos mines, respectively, for USD 20 million in cash and USD 16 million in Volcan Class B shares. This acquisition included the Françoise and San José II hydroelectric plants, with total generation of 2.2 MW. Operations began at the Vinchos silver mine in 2004.

In 2006, Volcan acquired Minera Santa Clara and Llacsacocha S.A., owner of the Zoraida Mine. One year later, Volcan bought Compañía Minera El Pilar, owner of El Pilar mine, adjacent to Cerro de Pasco Mine and pit.

In 2009, Empresa Administradora Chungar S.A.C. expanded the capacity of the Baños IV hydroelectric plant, giving Volcan a total of 13 MW of installed capacity.

Then, in 2010 Volcan acquired Compañía Minera San Sebastián, whose mining concessions are also located near Cerro de Pasco.

In 2011, the shareholders of Volcan Compañía Minera S.A.A. approved a simple reorganization of the Cerro de

Pasco mining unit. As a result, that unit was renamed Empresa Administradora Cerro S.A.C., and it became a subsidiary of Volcan Compañía Minera S.A.A. The purpose of the reorganization was to allow each mine unit to independently manage improvements in their operating results through cost reduction and growth.

Subsequently, in January 2012, as part of an international bond issue under Rule 144A and Regulation S of the United States Securities Act of 1933, Volcan placed 10-year corporate bonds totaling USD 600 million at a fixed rate of 5.375%. This bond issue provided financing for future growth projects such as the oxide plant at Cerro de Pasco and the new Alpamarca-Río Pallanga operating unit.

In February 2012, Volcan bought Empresa Hidroeléctrica Huanchor S.A.C., with 19.6 MW, from Sociedad Minera Corona S.A. for USD 47 million. Also that year, Empresa Administradora Chungar S.A.C. started up operation of the Baños V hydroelectric plant in the Río Chancay-Huaral valley. The 9.2-MW plant required a total investment of USD 24 million. Volcan's total hydroelectric generation capacity now stands at 42 MW, and the Company expects to have sufficient generation in the medium term to cover energy demand from all of its operating units.

In 2013 the Islay Mine was consolidated into the Chungar operating unit through the acquisition of two nearby mining concessions for USD 17 million. Also in that unit, at the start of that year the Animón concentrate plant was expanded from 4,200 tpd to 5,200 tpd and construction of the Jacob Timmers shaft was completed. The shaft will be fully operational by the first quarter of 2014.

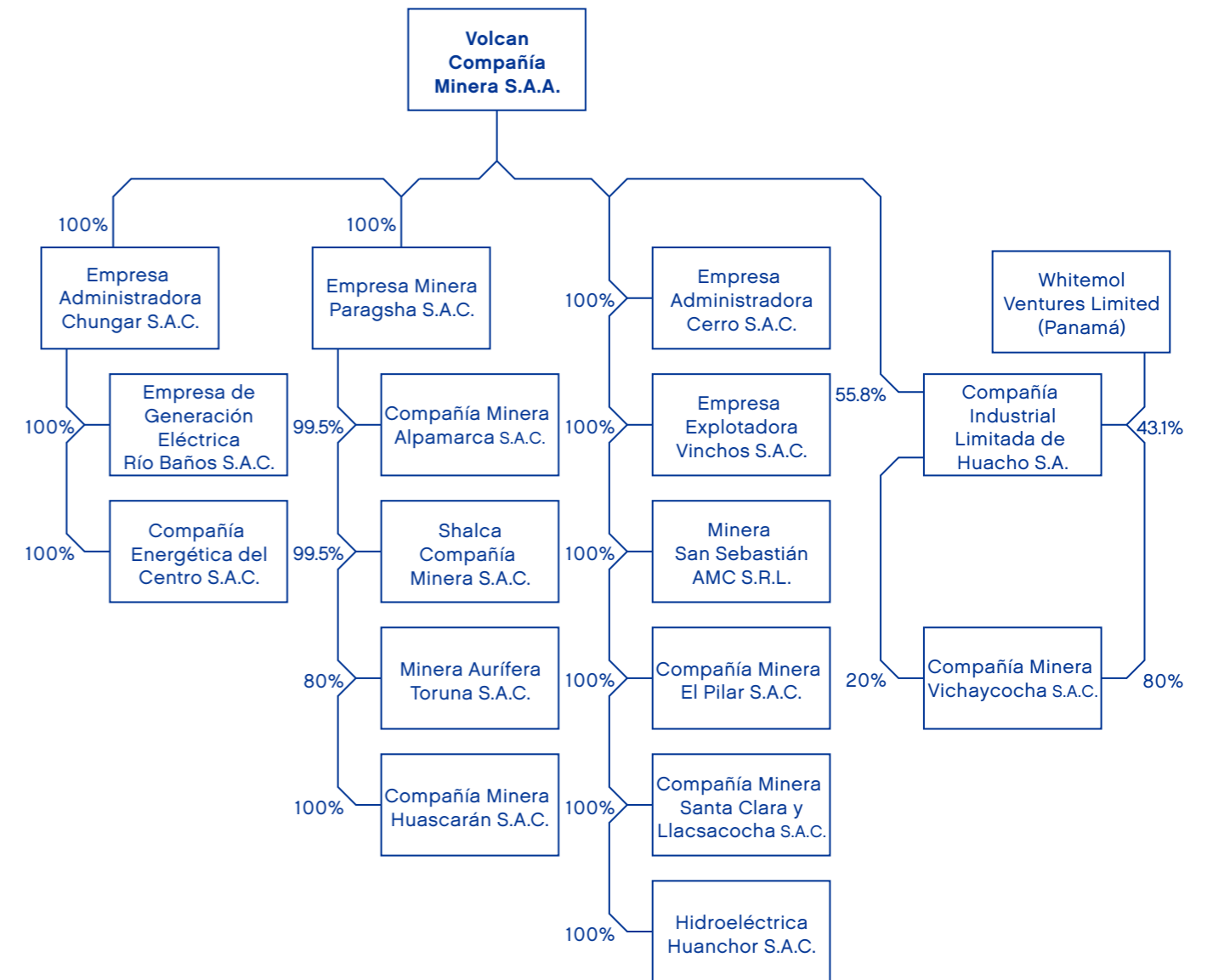
In 2013 the Company completed expansion of the Victoria and Andaychagua plants in the Yauli Unit, increasing its total treatment capacity by 9% to 10,500 tpd.

Continuing with the growth strategy, as of December 2013 the Cerro de Pasco oxide plant and the Alpamarca plant at the new Alpamarca-Río Pallanga Unit were in the final stages of construction. Both projects will begin operations toward the end of the first quarter of 2014.

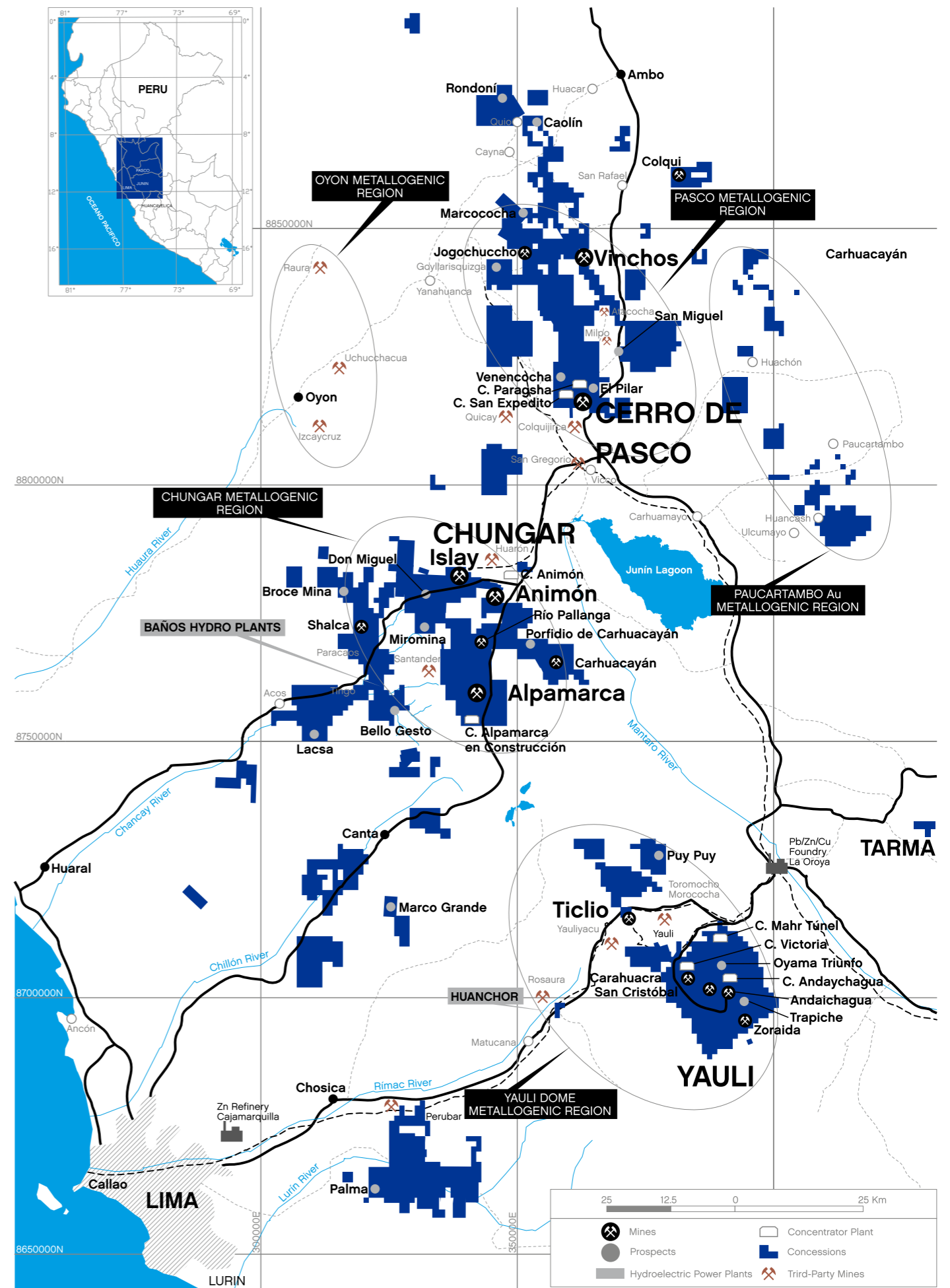
Today, Volcan owns more than 346,000 hectares of mining concessions, 10 mines and 6 concentrate plants, and is a diversified mining company and a leading global producer of zinc, lead, and silver.

Seventy years after its founding, the history of Volcan is still being written.

6. Corporate structure



7. Location of principal mining holdings





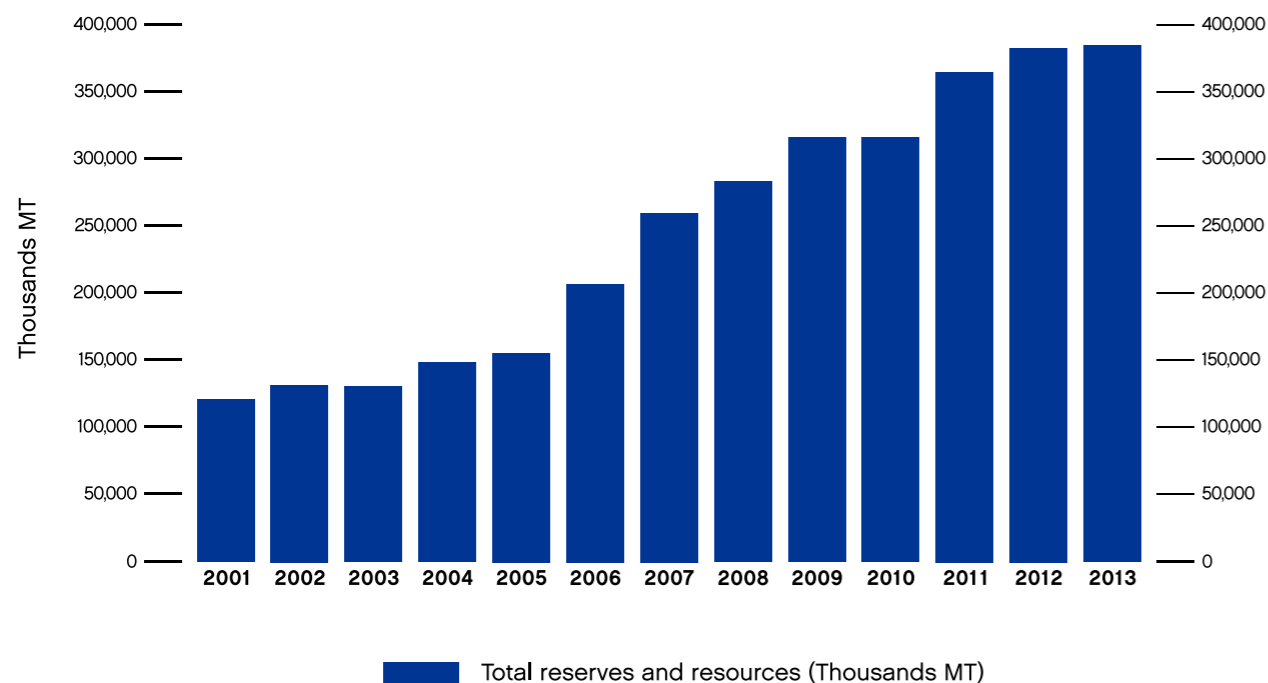
8. Ore reserves and resources

Ore reserves and resources are estimated as of December 31, 2013 according to the guidance provided by international standards from the Joint Ore Reserves Committee (JORC⁶).

The estimation of reserves and resources for 2013 includes modifications to the criteria for defining the cut-off grade and changes in evaluation criteria to define levels of certainty regarding ore resources. With these adjustments, Volcan strictly adheres to the requirements established by this code.

The prices used to calculate reserves and resources as of December 31, 2013 were as follows: 1,900 USD/MT for zinc, 2,000 USD/MT for lead, 6,500 USD/MT for copper and 20 USD/oz. for silver

Historical evolution of reserves and resources - Volcan and subsidiaries



Ore Reserves

Ore reserves consist of ore classified as proven and probable. Ore resources are additional to ore reserves.

⁶ The JORC Code is a code of professional practice that establishes standards for public information on the results of ore exploration, resources, and reserves. It provides a system for classifying ore according to levels of confidence in the geological information and technical and economic considerations contained in public reports.

Total estimated ore reserves - Volcan and subsidiaries

Reserves	Thousands MT	%Zn	%Pb	%Cu	Oz Ag/MT
Proven	17,275	5.85	1.35	0.16	4.08
Probable	52,142	3.29	0.85	0.10	3.94
Total	69,417	3.93	0.97	0.12	3.98

In the Cerro de Pasco Unit, 30.5 million tons located in the east wall of the Raúl Rojas open pit were reclassified from the category of reserves to the category of measured and indicated resources, considering that the Company does not fully own the urban area located at the surface of the Volcan mining concessions in that area. This reclassification resulted in a reduction of the unit's reserves, which was in turn offset by the increase in a similar proportion (34 million tons) in the measured and indicated resources of this unit.

The Company also reduced the reserves of the Yauli Unit by 22% and the Chungar Unit by 9%, as compared to the previous year. This reduction is primarily due to the strict application of the JORC Code with respect to supporting information required and grade cut-off considerations. The application of these criteria affected older blocks of ore near the operations area that were not included in medium- and long-term mining plans, but that were still in the reserves inventory.

Proven and probable ore reserves by mining unit as of December 31, 2013

Unit	Class	Thousands TM	Grades				Contents			
			Zn %	Pb %	Cu %	Ag Oz/MT	Zn Thousand MT	Pb Thousand MT	Cu Thousand MT	Ag Millions Oz
Yauli	Proven	9,995	5.99	1.07	0.16	4.06	598.9	106.6	16.2	40.6
	Probable	15,368	5.71	0.82	0.15	3.79	877.3	126.4	23.6	58.3
	Subtotal	25,363	5.82	0.92	0.16	3.90	1,476.2	233.0	39.8	98.9
Cerro	Proven	1,895	4.89	2.01	0.00	4.42	92.7	38.1		8.4
	Probable	27,846	1.80	0.69	0.05	4.03	500.6	192.9		112.2
	Subtotal	29,741	1.99	0.78	0.05	4.05	593.3	231.0		120.6
Chungar	Proven	4,426	6.93	1.78	0.23	4.24	306.6	78.6	10.1	18.8
	Probable	4,732	5.65	1.66	0.24	3.61	267.1	78.6	11.6	17.1
	Subtotal	9,157	6.26	1.72	0.24	3.92	573.7	157.2	21.7	35.9
Alpamarca	Proven	872	1.34	0.98	0.08	2.44	11.7	8.5	0.7	2.1
	Probable	4,097	1.68	1.05	0.13	4.24	69.0	42.9	5.4	17.4
	Subtotal	4,969	1.62	1.04	0.12	3.92	80.7	51.4	6.1	19.5
Vinchos	Proven	88	1.65	1.81	0.01	6.30	1.5	1.6		0.6
	Probable	99	2.34	2.05	0.01	5.85	2.3	2.0		0.6
	Subtotal	187	2.02	1.94	0.01	6.06	3.8	3.6		1.1
Proven	17,275	5.85	1.35	0.16	4.08	1,011.4	233.4	27.0	70.4	
Probable	52,142	3.29	0.85	0.10	3.94	1,716.3	442.8	40.6	205.5	
Total	69,417	3.93	0.97	0.12	3.98	2,727.7	676.2	67.6	276.0	

Ore reserves by mining method

Underground mines		Thousands MT	Zn	Pb	Cu	Ag
Unit	%		%	%	Oz/MT	
Yauli	San Cristóbal	13,559	6.20	0.88	0.19	3.81
	Carahuacra	2,217	7.63	0.32	0.06	2.08
	Andaychagua	7,210	4.76	0.79	0.14	5.39
	Ticlio	1,776	6.22	2.67	0.19	1.38
Cerro	Paragsha mine	594	6.23	2.37		3.56
Chungar	Animón	7,309	7.41	1.97	0.28	2.85
	Islay	1,849	1.72	0.72	0.04	8.15
Alpamarca	Río Pallanga	426	1.54	0.86	0.33	13.38
Vinchos	Vinchos	187	2.02	1.94	0.01	6.06
Total		35,127	5.94	1.16	0.18	4.06
Open pits		Thousands MT	Zn	Pb	Cu	Ag
Unit	%		%	%	Oz/MT	
Yauli	Carahuacra N & others	601	2.05	0.42	0.01	2.07
Cerro	Raúl Rojas	15,290	3.51	1.21	0.00	1.56
	In situ oxides	5,833				5.37
Alpamarca	Alpamarca	4,543	1.63	1.05	0.10	3.04
Total		26,266	2.37	0.90	0.02	2.68
Stockpiles		Thousands MT	Zn	Pb	Cu	Ag
Unit	%		%	%	Oz/MT	
Cerro	Oxides SP	3,326				9.29
	Pirite sulfide SP	4,698	0.43	0.67	0.28	6.88
Total		8,024	0.25	0.39	0.16	7.88
Total underground mines		35,127	5.94	1.16	0.18	4.06
Total open pits		26,266	2.37	0.90	0.02	2.68
Total stockpiles		8,024	0.25	0.39	0.16	7.88
Total		69,417	3.93	0.97	0.12	3.98

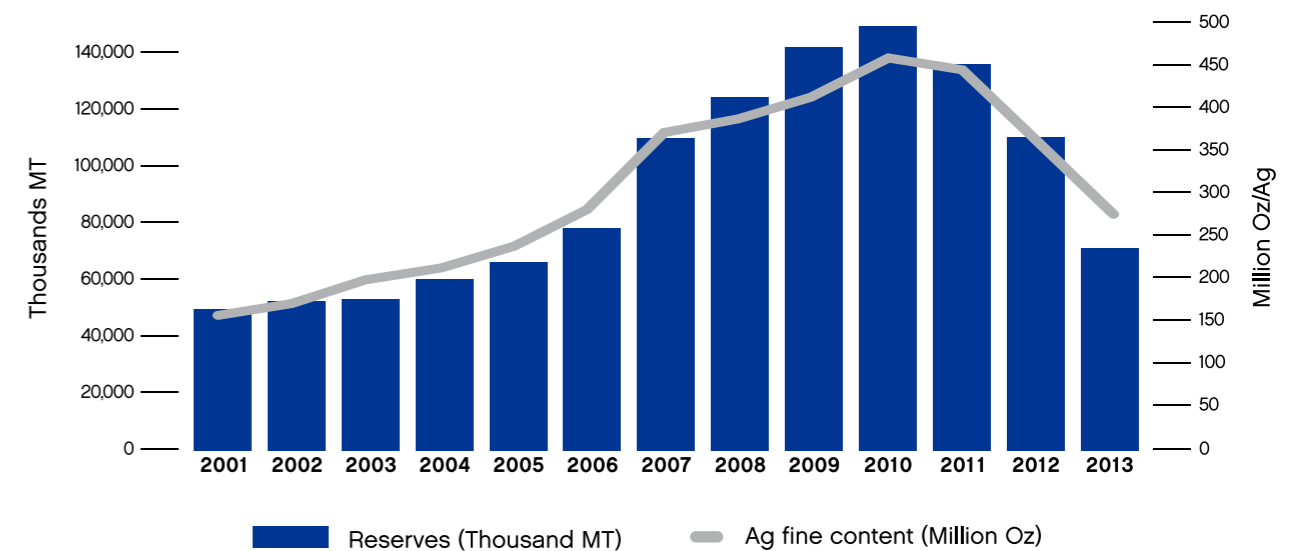
Historical evolution of reserves - Volcan and subsidiaries

Year (to Dec 31)	Thousand MT	Grades				Contents		
		Zn %	Pb %	Cu %	Ag Oz/MT	Zn Thousand MT	Pb Thousand MT	Ag Million Oz
1996	2,318	8.80	1.10	0.00	2.90	204	26	6.7
1997	11,439	7.30	1.10	0.30	4.20	835	126	48.0
1998	11,247	7.50	1.20	0.30	4.00	844	135	45.0
1999	33,144	8.10	2.10	0.10	3.10	2,685	696	102.7
2000	46,769	7.70	2.10	0.10	2.90	3,601	982	135.6
2001	48,459	8.10	2.20	0.10	3.10	3,925	1,066	150.2
2002	51,467	7.00	1.90	0.10	3.20	3,603	978	164.7
2003	51,620	6.90	2.00	0.10	3.70	3,562	1,032	191.0
2004	58,680	5.80	1.60	0.10	3.50	3,403	939	205.4
2005	64,553	6.40	1.90	0.10	3.60	4,131	1,227	232.4
2006	76,455	5.80	1.70	0.10	3.60	4,434	1,300	275.2
2007	110,320	4.80	1.50	0.00	3.30	5,295	1,655	364.1
2008	123,129	4.20	1.30	0.00	3.10	5,171	1,601	381.7
2009	140,260	4.00	1.30	0.00	2.90	5,610	1,823	406.8
2010	148,429	3.85	1.15	0.06	3.05	5,715	1,707	452.7
2011	135,691	3.86	1.12	0.05	3.23	5,238	1,520	438.3
2012	109,673	3.75	1.05	0.12	3.23	4,112	1,147	354.6
2013	69,417	3.93	0.97	0.12	3.98	2,728	676	276.0



Alpamarca

Historical evolution of reserves - Volcan and subsidiaries



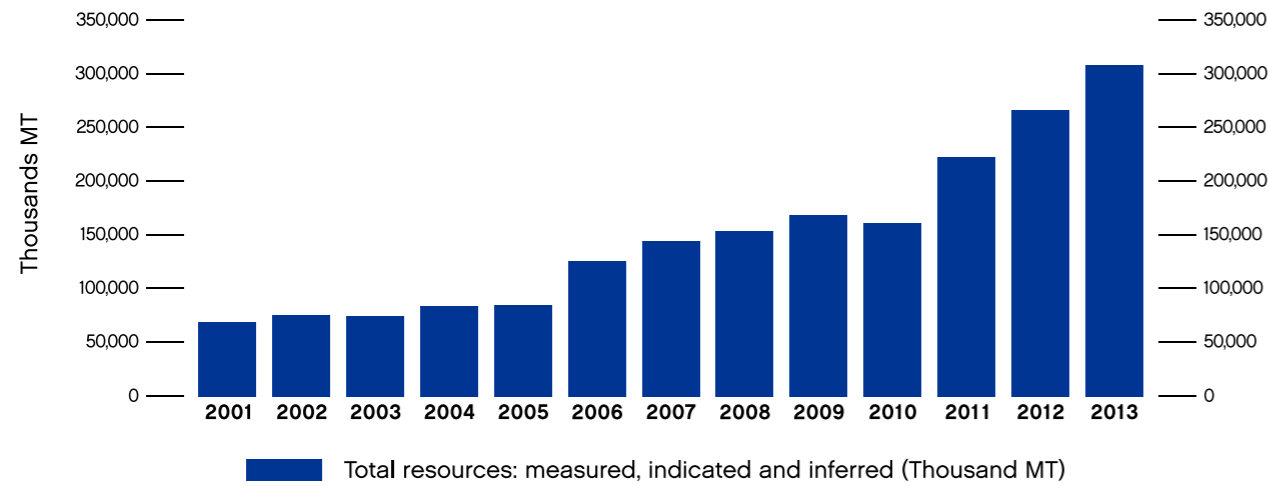
Evolution of metal prices applied to reserve estimates

Metal prices	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Zinc (USD/MT)	1,150	1,170	1,170	1,170	1,800	1,800	1,500	1,800	1,800	1,800	1,800	1,800	1,900
Lead (USD/MT)	500	600	800	800	1,000	1,800	1,500	1,800	1,800	1,800	1,800	1,800	2,000
Copper (USD/MT)	1,850	2,000	2,000	2,000	2,500	5,000	5,000	5,000	5,000	6,500	6,500	6,500	6,500
Silver (USD/Oz)	5.2	6.0	6.0	6.0	9.0	12.0	12.0	12.0	12.0	15.0	15.0	20.0	20.0
Gold (USD/Oz)	300	350	350	350	400	700	700	700	900	1,000	1,000	1,000	1,200

Ore Resources

The ore resources reported below are not part of ore reserves and represent the remaining portion of resources that have not yet demonstrated economic viability. Planned studies and exploration work and subsequent evaluations aim to gradually classify these resources as proven or probable reserves.

Historical evolution of total resources - Volcan and subsidiaries



Measured and indicated resources by mining unit as of December 31, 2013

Unit	Class	Thousand MT	Grades				Contents			
			Zn %	Pb %	Cu %	Ag Oz/MT	Zn Thousand MT	Pb Thousand MT	Cu Thousand MT	Ag Million Oz
Yauli	Measured	5,298	2.06	0.65	0.13	1.94	109.2	34.4	6.8	10.3
	Indicated	11,007	1.55	0.46	0.33	1.54	171.0	50.1	36.0	16.9
	Subtotal	16,306	1.72	0.52	0.26	1.67	280.2	84.5	42.8	27.2
Cerro	Measured	15,087	6.79	2.56	0.01	3.48	1,024.1	385.7	0.0	52.6
	Indicated	105,664	2.57	1.06	0.27	2.64	2,720.1	1,121.6	0.0	279.2
	Subtotal	120,750	3.10	1.25	0.24	2.75	3,744.2	1,507.3	0.0	331.7
Chungar	Measured	375	9.07	2.75	0.19	4.14	34.0	10.3	0.7	1.6
	Indicated	773	6.79	2.15	0.17	3.54	52.5	16.6	1.3	2.7
	Subtotal	1,148	7.54	2.35	0.18	3.74	86.5	26.9	2.0	4.3
Alpamarca	Measured	454	0.74	0.54	0.04	1.38	3.4	2.4	0.2	0.6
	Indicated	2,554	1.03	0.72	0.06	1.99	26.3	18.4	1.6	5.1
	Subtotal	3,008	0.99	0.69	0.06	1.90	29.7	20.8	1.8	5.7
Vinchos	Measured	102	1.19	1.14	0.58	4.83	1.2	1.2	0.0	0.5
	Indicated	718	3.25	1.33	0.09	4.34	23.4	9.5	0.0	3.1
	Subtotal	821	3.00	1.30	0.15	4.40	24.6	10.7	0.0	3.6
Rondoní	Measured									
	Indicated	42,360				0.49	0.19			
	Subtotal	42,360	0.00	0.00	0.49	0.19				
Measured	21,317	5.50	2.04	0.04	3.07	1,171.9	434.0	7.7	65.5	
Indicated	163,076	1.84	0.75	0.33	1.93	2,993.3	1,216.2	38.9	307.0	
Total	184,393	2.26	0.89	0.30	2.06	4,165.2	1,650.2	46.6	372.5	

(*) The measured and indicated resources are additional to the reserves.

Measured and indicated resources by mining method

Underground mines		Thousand MT	Zn	Pb	Cu	Ag
Unit			%	%	%	Oz/MT
Yauli	San Cristóbal	2,139	3.33	0.51	0.14	2.32
	Carahuacra	273	6.25	0.44	0.06	1.79
	Andaychagua	3,554	2.82	0.45	0.08	2.46
	Ticlio	558	3.54	0.68	0.11	1.00
Cerro	Paragsha mine	20,649	8.51	3.22	0.05	3.36
Chungar	Animón	760	8.85	2.85	0.24	3.24
	Islay	187	0.96	0.39	0.02	6.03
	Shalca	201	8.68	2.25	0.07	3.49
Alpamarca	Alpamarca	1,363	1.72	1.18	0.11	3.33
Vinchos	Vinchos	821	3.00	1.30	0.15	4.40
Total		30,506	6.88	2.46	0.07	3.16
Open pits		Thousand MT	Zn	Pb	Cu	Ag
Unit			%	%	%	Oz/MT
Yauli	Carahuacra N & others	1,581	0.19	0.04	0.00	0.28
	Zoraida	3,666	0.87	1.22		1.61
	Oyama	4,534	0.23		0.79	0.86
Cerro	Raúl Rojas	46,623	3.03	1.03	0.02	1.20
	Pyrite Sulfide	29,550	1.43	0.85	0.85	4.62
	In situ Oxides	2,451				3.96
Alpamarca	Alpamarca	1,645	0.38	0.28	0.02	0.71
Rondoní	Rondoní	42,360			0.49	0.19
Total		132,411	1.43	0.59	0.38	1.67
Stockpiles		Thousand MT	Zn	Pb	Cu	Ag
Unit			%	%	%	Oz/MT
Cerro	Marginal Pb-Zn	5,982	1.95	0.61		0.56
	SP oxides	3,608				2.07
	Pyrite sulfide SP	11,887	0.29	0.63	0.25	4.15
Total		21,477	0.70	0.52	0.14	2.80
Total underground mines		30,506	6.88	2.46	0.07	3.16
Total open pits		132,411	1.43	0.59	0.38	1.67
Total stockpiles		21,477	0.70	0.52	0.14	2.80
Total		184,393	2.26	0.89	0.30	2.06

Inferred resources by mining unit as of december 31, 2013*

Unit	Class	Thousand MT	Grades				Contents			
			Zn %	Pb %	Cu %	Ag Oz/MT	Zn Thousand MT	Pb Thousand MT	Cu Thousand MT	Ag Million Oz
Yauli	Inferred	30,076	4.86	0.78	0.24	4.23	1,462.5	234.1	72.1	127.2
Cerro	Inferred	52,606	1.60	0.78	0.25	3.84	843.6	411.4	132.3	201.8
Chungar	Inferred	7,966	6.91	2.55	0.28	3.82	550.8	202.7	22.3	30.4
Alpamarca	Inferred	3,031	1.42	0.85	0.15	5.01	43.1	25.6	4.7	15.2
Vinchos	Inferred	341	4.16	2.12	0.09	4.63	14.2	7.2	0.3	1.6
Rondoní	Inferred	21,995				0.48	0.0	0.0	106.4	
Palma	Inferred	8,000	4.42			0.63	353.6	0.0	0.0	5.0
San Sebastián	Inferred	910	6.06	3.85		8.69	55.1	35.0	0.0	7.9
Total		124,925	2.66	0.73	0.27	3.11	3,322.9	916.0	338.1	389.1

(*) The inferred resources grades are referential



Inferred resources by mining method

Underground mines		Thousand MT	Zn %	Pb %	Cu %	Ag Oz/MT
Yauli	San Cristóbal	15,024	6.49	0.97	0.26	4.64
	Carahuacra	2,024	6.41	0.38	0.14	2.02
	Andaychagua	6,671	3.92	0.42	0.19	6.54
	Ticlio	1,019	5.02	1.99	0.16	2.27
Cerro	Paragsha mine	1,295	7.58	2.66	0.05	2.31
Chungar	Animón	6,939	7.65	2.81	0.31	3.27
	Islay	973	1.79	0.72	0.05	7.85
	Shalca	54	5.36	1.13	0.03	1.65
Alpamarca	Alpamarca	931	1.83	1.09	0.11	3.00
	Río Pallanga	1,088	1.11	0.66	0.25	8.93
Vinchos	Vinchos	341	4.16	2.12	0.09	4.63
Palma Proyect	Palma	8,000	4.42	1.20		0.63
San Sebastián Proyect	San Sebastián	910	6.06	3.85	0.48	8.69
Total		45,268	5.56	1.31	0.19	3.98
Open pits		Thousand MT	Zn %	Pb %	Cu %	Ag Oz/MT
Yauli	Carahuacra N & others	1,119	1.54	0.37	0.01	1.54
	Zoraida	1,970	1.16	1.45		1.83
	Oyama	2,250	0.24		0.68	0.93
Cerro	Raúl Rojas	6,998	2.72	0.76	0.08	0.67
	In situ oxides	667				4.50
	Pyrite sulfide	31,447	1.62	0.82	0.32	4.36
Alpamarca	Alpamarca	1,012	1.38	0.82	0.09	2.63
Rondoní	Rondoní	21,995			0.48	
Total		67,458	1.13	0.52	0.34	2.30
Stockpiles		Thousand MT	Zn %	Pb %	Cu %	Ag Oz/MT
Cerro	Oxides SP	3,419				4.40
	Pyrite sulfide SP	8,780	0.52	0.75	0.29	4.44
Total		12,199	0.37	0.54	0.21	4.43
Total underground mines		45,268	5.56	1.31	0.19	3.98
Total open pits		67,458	1.13	0.52	0.34	2.30
Total stockpiles		12,199	0.37	0.54	0.21	4.43
Total		124,925	2.66	0.73	0.27	3.11

9. Operations

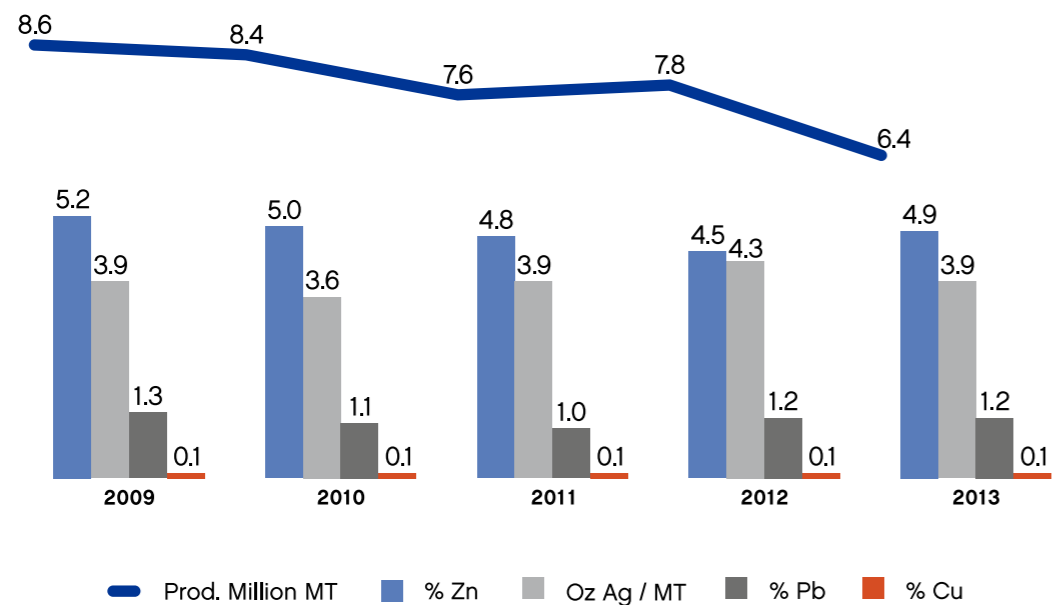


Volcan's operations are divided into three economic administrative units: Yauli, Chungar and Cerro de Pasco. Each unit includes one or more mines and treatment plants, as detailed below:

Unit	Mine	Treatment plant
Yauli	San Cristóbal	Victoria
	Andaychagua	Mahr Túnel
	Ticlio	Andaychagua
	Carahuacra	
	Carahuacra North Open Pit	
Chungar	Animón	Animón
	Islay	
Cerro de Pasco	Underground mine	Paragsha
	Raúl Rojas Open Pit	San Expedito
	Vínchos	

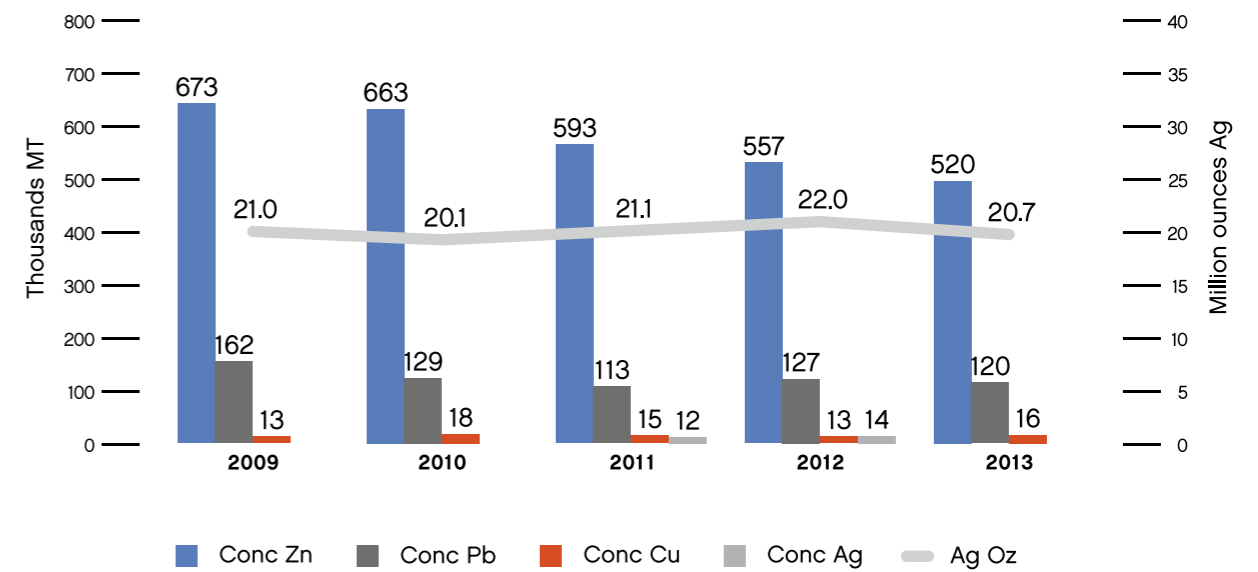
The volume of treated tonnage fell in 2013 due to suspension of operations at the Raúl Rojas pit in the Cerro de Pasco Unit; this was partially offset by higher tonnage treated at the Yauli and Chungar units.

Evolution of treated tonnage and average grades – Volcan consolidated



As a consequence, there was a decline in consolidated production of zinc concentrate from 557,000 tons in 2012 to 520,000 tons in 2013, while lead concentrate production fell from 127,000 tons to 120,000 tons in the same period. In terms of fines, in 2013 the Company produced 279,600 tons of zinc fines, 67,400 tons of lead fines, 3,200 tons of copper fines and 20.7 million ounces of silver fines in concentrate.

Evolution of concentrate production and ounces of silver – Volcan consolidated





Andaychagua Mine - Yauli

Yauli Unit

The Yauli Unit is located in the Junín Region, 40 kilometers from the city of La Oroya and 170 kilometers from Lima, and it is accessible by road and rail. It consists of four underground mines and an open pit, from which the ore is treated in three concentrate plants with a total installed capacity of 10,600 tpd. In 2013, treatment of ore at the unit's three concentrate plants reached 3.7 million tons, with head grades of 4.67% Zn, 0.95% Pb, 0.15% Cu and 3.36 oz Ag/MT, representing 58% of Volcan's consolidated treated ore.

In 2013, concentrate production totaled 304,600 tons of zinc, 59,500 tons of lead, and 10,200 tons of copper, which together contributed 10.8 million ounces of silver fines in concentrate.

In addition, the Company purchased 273,400 tons of ore from third parties. This ore was treated at the Mahr Túnel plant, generating additional margin due to its high lead grade and good metallurgical response.

Throughout 2013, the Company prioritized improvement of operating standards using long hole drilling methods, resulting in increased mine productivity and lower operating costs. At the concentrate plants, the emphasis was on automation and process control, as well as increased treatment capacity at the Victoria concentrate plant. In addition, communications technology was improved in underground mines to enhance both operations control and future automation processes in the mines.

Mines

San Cristóbal Mine

In 2013, 1.5 million tons of ore were mined and 1.5 million tons of ore were processed, with the following average grades: 4.93% Zn, 0.66% Pb, 0.17% Cu and 3.04 oz. Ag/MT. Consolidated production was 4,205 tpd.

Annual exploration progress reached 1,492 meters and diamond drilling totaled 3,683 meters, with 6,389 in preparation. In addition, progress in development reached 6,456 meters, of which 929 meters corresponded to raise borer⁷ chimneys to improve the primary and secondary ventilation system.

During the year, the mine standardization process was strengthened with slab construction for the principal mine pathways, two main powder magazines, a workshop, and two dining halls. Work also continued on restoration and improvement of older works; this is necessary because these areas serve as the principal access pathways.

In addition, water-pumping projects on levels 1020 and 1070 were completed in an effort to achieve greater reliability in deepening works, enabling development of level 1120 and continuation of the deepening to level 1170. Redesign of ramps to implement long hole drilling continued, making the production process safer, more dynamic, and more productive.

⁷ A raise borer is used in underground mining to excavate a circular bore hole between two levels of a mine without the use of explosives.

Andaychagua Mine

In 2013 at Andaychagua Mine 992,000 tons of ore were extracted and 995,000 tons were processed, with the following average grades: 5.01% Zn, 0.77% Pb, 0.11% Cu and 4.78 oz. Ag/MT. Average production was 2,727 tpd.

Annual exploration progress reached 189 meters, with 4,908 meters in development and 5,017 meters in preparation. Diamond drilling totaled 3,846 meters.

The Company prioritized standardization of tasks during the year, with automation of communications in the underground mine, purchasing of mine equipment according to the replacement schedule, paving of mine pathways, reinforcement of the pumping system at level 1000, and set-up of the workshop at level 900. In addition, work continued on the upgrade of the old pumping system, which includes parallel lines for greater security.

Work also continued on implementation of the ascending cut and fill mining method in the upper area and improving the cement fill system with the start-up of a new shotcrete⁸ preparation plant that will reduce fill costs.

Ticlio Mine

In 2013 at Ticlio Mine 337,000 tons of ore were extracted and processed with the following average grades: 4.95% Zn, 1.61% Pb, 0.19% Cu and 2.21 oz. Ag/MT. Average mine production was 923 tpd.

Annual exploration progress reached 535 meters with 1,171 meters of preparation and 2,540 meters of development, of which 530 meters were raise borer chimneys to improve the ventilation circuit. Diamond drilling totaled 3,943 meters.

Work also continued on reinforcing the pumping systems at levels 05 and 10. In addition, work began to develop and prepare the Ramal Techo vein for long hole drilling, with aim of increasing productivity and reducing mining costs.

Carahuacra Mine

In 2013 at Carahuacra Mine 346,000 tons of ore were extracted and processed with the following average grades: 7.33% Zn, 0.25% Pb, 0.07% Cu and 1.99 oz. Ag/MT. Average mine production was 950 tpd.

Annual exploration progress was 548 meters, with 1,092 meters in preparation and 3,940 meters in development, including the development of a raise borer chimney to improve the ventilation system to the surface. Diamond drilling totaled 1,145 meters.

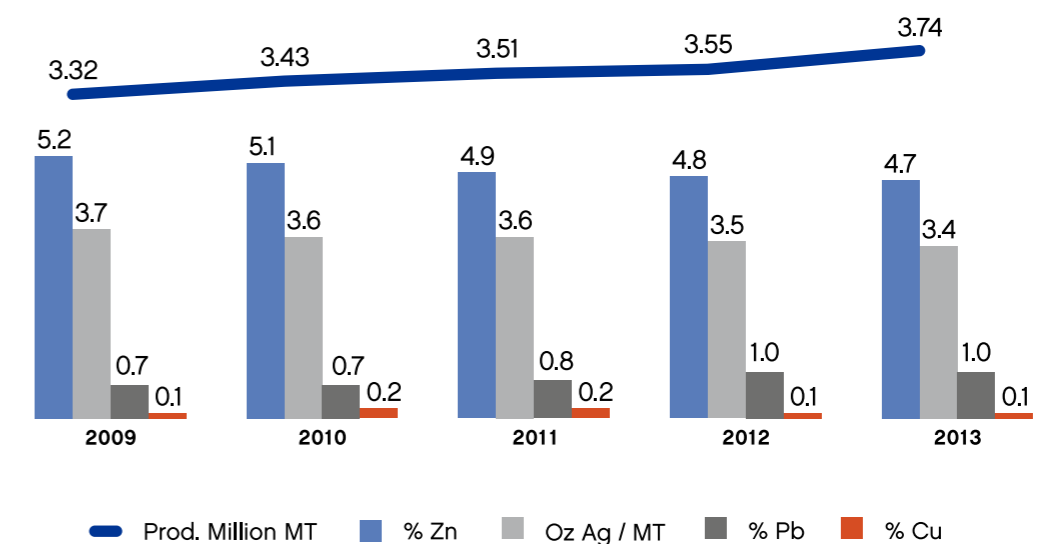
⁸ Shotcrete is a process in which compacted concrete is projected at high velocity through a hose onto a surface, which is formed by the force of the impact.

Extraction occurred mainly in the María Inés and Mary veins, where the long hole drilling method was implemented. For this, two drills were added that increased production to 1,000 tpd, reducing extraction costs.

Carahuacra Norte Pit

The Carahuacra Norte pit contributed 273,000 tons of ore in 2013, with average grades of 2.25% Zn, 0.60% Pb and 3.40 oz. Ag/MT, of which 158,000 tons were treated at the Andaychagua plant.

Evolution of annual production and grades – Yauli



Concentrate Plants

Mahr Túnel Plant

In 2013, 1 million tons of ore were treated at the Mahr Túnel Plant, with average grades of 4.29% Zn, 1.81% Pb, 0.28% Cu and 2.65 oz. Ag/MT, obtaining 75,500 tons of zinc concentrate, 25,400 tons of lead concentrate and 8,000 tons of copper concentrate, which together provided 2.3 million ounces of silver fines in concentrates. Metallurgical recovery at the plant in 2013 was 90.2% for zinc, 88.5% for lead, 51.3% for copper and 85.0% for silver. The plant's treatment capacity increased to 2,750 tpd.

In 2013, the Mahr Túnel concentrate plant demonstrated metallurgical efficiency through increased recovery of lead-copper-zinc-silver thanks to flotation in SK-240 flash cells, reversible lead-copper separation, shorter conditioning time, and greater availability of flotation air in the zinc circuit.

This plant has an automatic reactive dosing system and developed an automation project to control the water/ore ratio.



Victoria Plant - Yauli



SCADA system in Victoria Plant - Yauli

Victoria Plant

In 2013, 1.6 million tons of ore were treated at Victoria Plant, with average grades of 5.03% Zn, 0.58% Pb, 0.09% Cu and 2.83 oz. Ag/MT, obtaining 142,400 tons of zinc concentrate, 18,900 tons of lead concentrate and 1,100 tons of copper concentrate, which together resulted in 3.7 million ounces of silver fines in concentrates. Metallurgical recovery at the plant was 91.3% for zinc, 87.5% for lead, 17.1% for copper and 81.9% for silver.

The ore treatment capacity of the Victoria concentrate plant was increased from 4,000 tpd to 4,500 tpd. In addition, a new lead-copper separation circuit was installed to improve silver recovery from copper concentrates. Flotation of lead-copper-zinc was also optimized with installation of an on-line chemical analyzer, three large flotation cells and a flotation air blower.

It is worth noting that the milling circuits at Victoria concentrate plant are controlled automatically by a centralized SCADA⁹ system, and waste is also controlled automatically in the pulp sieve.

Andaychagua Plant

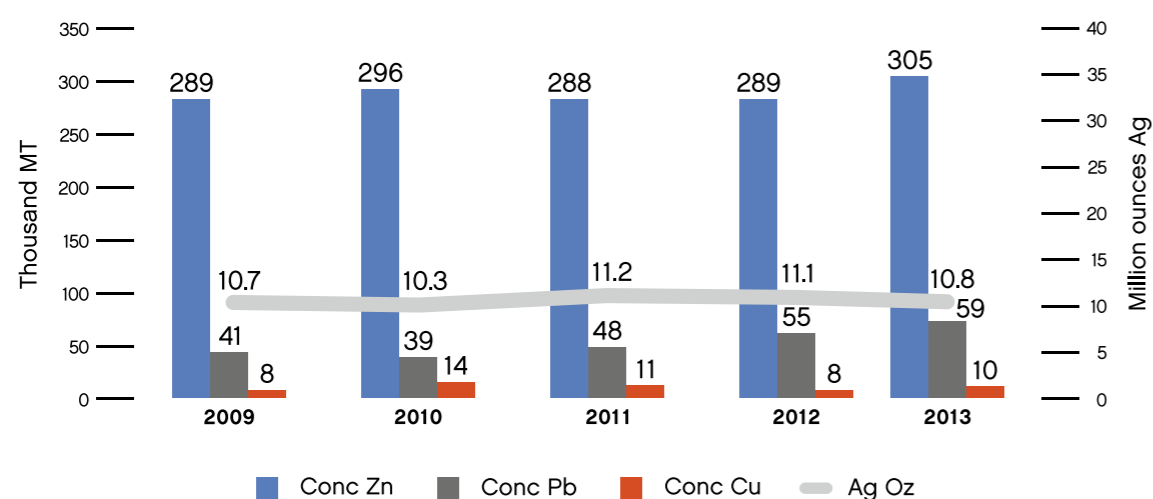
In 2013, 1.2 million tons of ore were treated at the Andaychagua Plant, with average grades of 4.52% Zn, 0.71% Pb, 0.10% Cu and 4.72 oz. Ag/MT, obtaining 86,700 tons of zinc concentrate, 15,200 tons of lead concentrate and 1,000 tons of copper concentrate, which together provided 4.9 million ounces of silver fines in concentrates. Metallurgical recovery at the plant was 90.2% for zinc, 87.2% for lead, 18.9% for copper and 89.2% for silver.

The plant's treatment capacity has increased to 3,350 tpd. To increase metallurgical recovery, in 2013 a secondary mill was installed at the plant and it began using a SK-240 flash cell¹⁰. In addition, an on-line chemical analyzer was installed to automate and control operations, along with a high-frequency sieve for prior waste removal.

⁹ SCADA (Supervisory Control and Data Acquisition) software is used for remote control and supervision of industrial processes. It obtains real-time feedback from field devices (sensors and actuators) to control the processes.

¹⁰ The SK-240 flash cell provides instant flotation of ore released in the milling circuit load. The flash cell minimizes over-grinding of valuable ore and also allows for obtaining and recovering high-grade concentrates in a single stage.

Evolution of concentrate and silver ounce production – Yauli



Prospects

The goal for the Yauli Unit is to reach international operating standards for mines, plants, and workshops. To achieve this, work continues to emphasize the change to a culture of safety among all employees through implementation of the Corporate Safety Policy.

In addition, the unit has a continuous improvement process, with plans to implement a program of control indicators for drilling, blasting, support, transport, and use of equipment, among others, in all units.

In particular, the Company plans to implement a shotcrete dry-mix transport project at the San Cristóbal Mine to reduce mine support costs. In addition, the unit will carry out a project to optimize the hydraulic fill system, in order to reduce the cost of this activity and take advantage of the use of tailings for fill. This will speed up production cycles and extend the useful life of the Rumichaca tailings dam.

At the Andaychagua Mine, the pumping system is expected to be completed in the first quarter of 2014. Meanwhile, the Roberto Letts shaft is scheduled to be operational by the end of 2014. With a lifting capacity of 5,000 tpd, it will reduce the cost of ore transport to the surface.

At the Ticlio Mine, ore production is expected to grow to 1,200 tpd, as development and preparation of the Ramal Techo vein and the Ariana ore body are completed. These structures will be mined using the long hole drilling method. Production at the Carahuacra Mine is set to increase, bringing production to 1,500 tpd. This includes mechanization of the Huaripampa ore body and development of the ML and Mary veins at level 1120.

With regard to water treatment plants, investments to upgrade them to meet the latest environmental regulations are now under consideration. In addition, work will continue on the tailings dams, to extend their useful lives.

In the area near Yauli, Volcan is carrying out interesting explorations such as Zoraida and Oyama, with conceptual and prefeasibility studies planned for 2014.



Chungar Unit

The Chungar Unit is located in the Pasco Region, 219 kilometers east of Lima. It consists of two underground mines, Animón and Islay, and a concentrate plant that processed 5,320 tpd on average in 2013. Expansion of the treatment capacity of the Animón concentrate plant from 4,500 tpd to 5,200 tpd is complete. In 2013, the Animón plant treated 1.8 million tons of ore, with head grades of 6.00% Zn, 1.71% Pb, 0.17 % Cu and 4.70 oz. Ag/MT, representing 29% of Volcan's consolidated treated ore.

In 2013, fines production reached 101,800 tons of zinc, 26,900 tons of lead, and 1,300 tons of copper, which together contributed 7.0 million ounces of silver fines in concentrate.



Mines

Animón Mine

In 2013 at Animón Mine 1.4 million tons of ore were extracted with the following average grades: 7.35% Zn, 1.96% Pb, 0.20% Cu and 2.87 oz. Ag/MT. Average production was 3,880 tpd.

Development progress was 7,640 meters, with 10,771 meters in preparation. Exploration progress was 3,879 meters, with the goal of determining the volume of new geological resources, achieving 1.5 tons. Likewise, 29,376 meters of diamond drilling was completed, to increase the exploration targets for new reserves. With this drilling, three large veins were added (Andalucía 120, Gisela and Claudia), and more information was obtained about Janeth, Araceli, Andalucía and Quimacocha.

In addition, the Timmers shaft began operating with lifting capacity of 5,000 tpd, improving mine productivity and reducing transport costs. The long hole drilling method was also implemented, and control of drilling and blasting activities was improved to reduce and eliminate excessive dilution. These measures reduced unit cost and increased the value of the ore.

In addition, significant investments were made in the pumping system, renewal of the mine equipment fleet, and infrastructure in the workshop inside the mine. It is important to point out that progress was made in reinforcing the communications infrastructure of the underground mine, through an upgrade of the fiber optic network and the respective technological infrastructure.



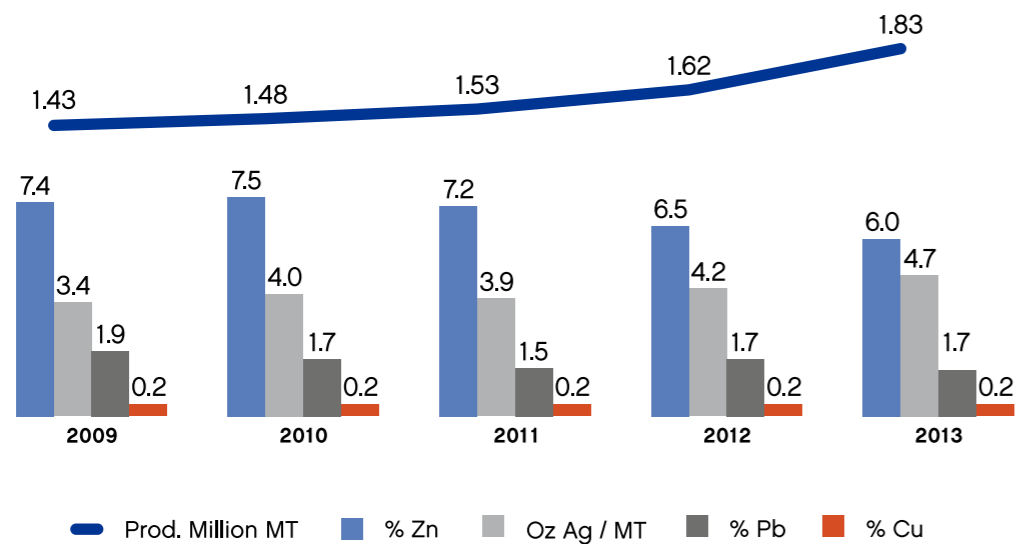
Islay Mine

The mine produced 575,900 tons of ore with head grades of 10.64 oz. Ag/MT, 1.78% zinc, 0.92% lead and 0.05% copper. This ore was treated at the Animón plant (Chungar Unit) and the San Expedito plant (Cerro de Pasco Unit).

At Islay Mine, exploration progress was 1,200 meters in addition to 10,661 meters of diamond drilling, to determine resources in the Anita stratum and Liseth vein.

In 2013, Islay Mine was consolidated into the Chungar Unit through acquisition of two mining concessions between the Islay and Animón mines for USD 17 million. Excavation work began on the tunnel connecting Islay and Animón and measures were implemented to increase production to 2,000 tpd. In addition, significant investments were made in renewal of our fleet of mine equipment and infrastructure in the workshop inside the mine.

Evolution of annual production and grades – Chungar



Concentrate Plant

Animón Plant

In 2013, 1.8 million tons of ore were treated in this plant, with average grades of 6.00% Zn, 1.71% Pb, 0.17% Cu and 4.70 oz. Ag/MT. Of this, 1.4 million tons of ore were from the Animón Mine and 437,000 tons were from Islay, representing 76% and 24%, respectively. This generated 174.1 million tons of zinc concentrates, 40.8 million tons of lead concentrates and 5,300 tons of copper concentrates, which together contributed 7.0 million ounces of silver fines in concentrates. Metallurgical recovery was 92.8% for zinc, 86.2% for lead, 42.4% for copper and 81.7% for silver.

These production levels were achieved from the completion of the expansion of the Animón concentrate plant from 4,200 tpd to 5,200 tpd at the beginning of the first quarter of 2013. This expansion, which required a USD 22 million investment, included replacement of the primary and tertiary crushers, addition

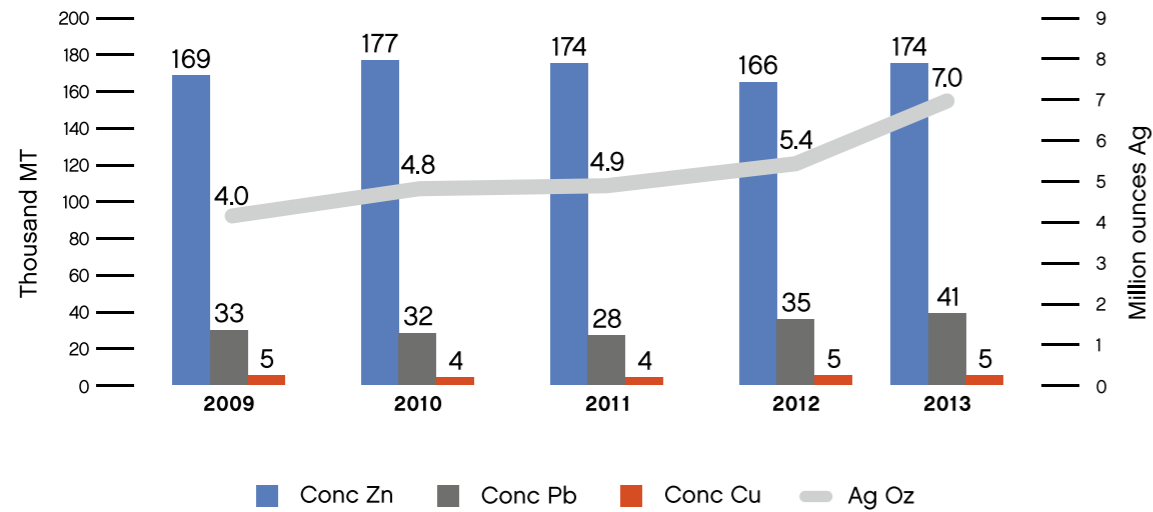


of a 1,000-ton fines hopper, a new rod mill, expansion of the flotation cells, and an additional thickener in the existing zinc circuit.

With respect to the flotation process, calibration of the on-line chemical analyzer and the particle size analyzer was improved. A SCADA system maintained automation and control of metallurgical processes including crushing, milling, flotation, thickening, and filtration. In addition, systems for metallurgical research (microscopy-experimental design) were developed for better operations control.

Besides the expansion of the Animón concentrate plant, a significant investment was made in automating the metallurgical process and the tailings dam.

Evolution of concentrate and silver ounces production – Chungar



Prospects

At the Chungar Unit, the goal is to continue strengthening the change to a safety culture among all employees, through continued implementation of the Corporate Safety Policy and improvement of standards in mine, plant, and workshop conditions.

In addition, exploration was increased to define new ore structures that can replace extracted reserves, sustaining and even potentially increasing the life of the mine. In this sense, the exploration objective consists of investigating the western part of the Esperanza shaft (Janeth and Carmen veins), the southern part (Andalucía and Andalucía 20 veins) and at depth (Principal and María Rosa veins etc.).

For its part, the development program at Islay Mine is focused towards the east. An integration tunnel is planned to connect Islay and Animón mines to reduce transport costs and increase productivity. An additional objective is to increase geological resources, serving to explore the Islay 4 concession and the Quimacocha area. In addition, we expect to complete implementation of a fiber optic network inside the mine that will boost mine productivity.

At the concentrate plant, automation of all processes will be completed, enabling control of reactive dosing and particle size between milling and flotation. All of this will transform the Animón plant into one of the most technologically advanced plants in Peru's mining industry.



Animón Plant - Chungar

Cerro de Pasco Production

The Cerro de Pasco UEA is located in the Pasco Region approximately 295 kilometers from Lima and can be reached via the Central Highway. The unit consists of the Paragsha underground mine and the Raul Rojas open pit mine. It also has two concentrate plants: Paragsha and San Expedito. Work at the Raul Rojas pit is suspended; ore from the pit was processed until December 2012.

In 2013, ore treatment totaled 840,000 tons with grades of 3.23% Zn, 1.39% Pb, 0.01% Cu and 4.58 oz. Ag/MT, including ore from the underground mine, stockpiles, and Vinchos and Islay mines (Chungar UEA). This tonnage represented 13% of Volcan's consolidated treated ore.

In 2013, concentrate production totaled 41,600 tons of zinc and 20,200 tons of lead, which together provided 2.9 million ounces of silver fines in concentrate.

Mines

Paragsha Underground Mine

Mine production was 264,000 tons, with average grades of 6.80% Zn, 2.22% Pb, and 3.95 oz. Ag/MT. Annual development progress was 133 meters, in addition to 1,055 meters of preparation and 63 meters of exploration. Meanwhile, diamond drilling totaled 4,453 meters.

In 2013, the most productive sectors of the underground mine were determined based on the mineral availability in the main bodies—J337B, K327B, CNA—where the principal reserves of extractable ore are located. All ore extraction comes from recoveries from remaining ore bridges and pillars. A mining sequence was developed that ensured safer, optimized extraction.

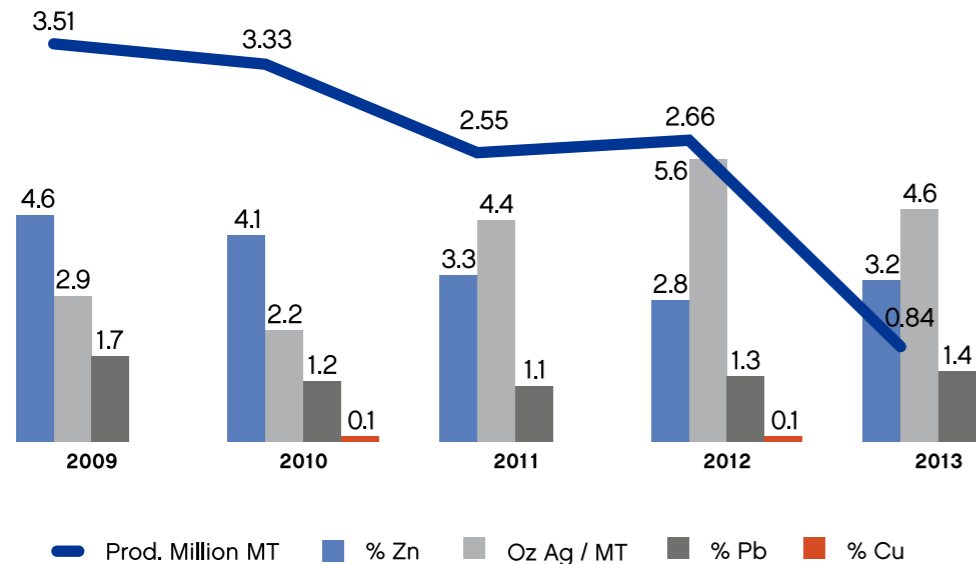


Raúl Rojas Open Pit - Cerro de Pasco

Vinchos Mine

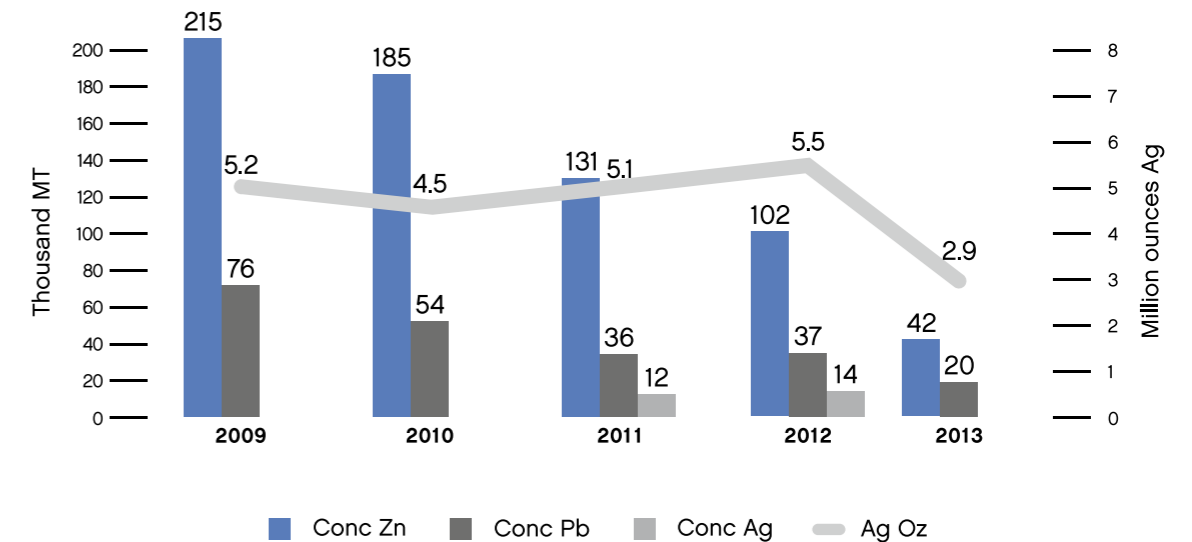
Total ore extracted from Vinchos was 161,000 tons, with average grades of 2.43% Zn, 2.22% Pb, and 6.66 oz. Ag/MT. Annual development progress was 751 meters, in addition to 746 meters of preparation and exploration progress of 618 meters. No diamond drilling was carried out at the mine, but the Company expects to reactivate its diamond drilling plan in 2014 to determine the continuity of the Maria Ines veins and the Maria Ines strand.

Evolution of annual production and grades – Cerro de Pasco



Treatment capacity and yield were boosted by improvements in lead-silver recovery. These improvements include the installation of an SK-240 flash cell and an automatic lime dosing control system, as well as greater flotation time in the lead-zinc circuits with large cells transferred from the Paragsha concentrate plant.

Evolution of production of concentrate and silver ounces – Cerro de Pasco



Treatment Plants

Paragsha Plant

Operations at the Paragsha Plant were halted on December 23, 2012 as a result of lower production levels at the underground mine and as a consequence of the suspension of production at the Raul Rojas pit. In 2013, Paragsha's crushing, milling and filtration circuits were used because of restrictions on these circuits at the San Expedito Plant.

San Expedito Plant

In 2013, 840,000 tons of ore were treated at San Expedito, with average grades of 3.23% Zn, 1.39% Pb, 0.01% Cu, and 4.58 oz. Ag/MT. The production totals are 41,400 tons of zinc concentrate and 19,300 tons of lead concentrate, providing 2.9 million ounces of silver fines in concentrates. Metallurgical recovery was 70.2% for zinc, 75.0% for lead, and 74.6% for silver. Of the total ore treated, Vinchos Mine contributed 161,000 tons while 187,000 tons were from Islay Mine; together the two mines provided 41% of total ore treated at the plant.

Prospects

The Cerro de Pasco UEA is undergoing a process of transformation whereby in the future its operations will consist of the oxide plant, the silver pyrite treatment plant and projects in the west wall of the Raul Rojas pit.

In 2014 the metallurgical feasibility study for the treatment of silver pyrites and the results of the economic evaluation of the polymetallic resource in the west wall of the Raul Rojas pit will be completed. Likewise, geological and geometallurgical testing of the west wall (Cu - Ag pyrites) will continue in order to determine the most appropriate technology for metal content recovery.

In addition, in 2014 the Ocroyoc tailings dam regrowth project will be developed (level 4272) and investments will be made in environmental improvements such as acid water treatment, the construction of a new water treatment plant at the foot of Ocroyoc, consolidation of the acid water plant expansion project to 5,000 gpm, and treatment of acid waters from Quilacocha. These works will be carried out jointly with Activos Mineros, a state mining company that is part of FONAFE (a Peruvian government holding company).

With respect to Vinchos, in 2014 a pumping and drainage system for the underground mine will be implemented to guarantee operation at greater depths.

10 Occupational health and safety and the environment



Safety meeting

Safety

In 2013, Volcan continued to successfully implement its Cultural Change in Safety, Health and the Environment Project. The company developed new management tools and carried out various campaigns designed to have a direct impact on the behavior of employees and the chain of command. Consequently, the Learning Committee was created. This committee meets every two weeks to analyze accidents occurring throughout the Company and at other mining companies. Based on that analysis, systemic changes are made to prevent incidents due to the same causes.

The Company also implemented campaigns to raise awareness about safe behavior and prevention of critical safety risks, which will aid the achievement of goals set each year.

Aided by Viceversa Consulting, the Company completed the Hazard Identification and Risk Assessment and Control database project at the Yauli, Cerro de Pasco, and Chungar units.

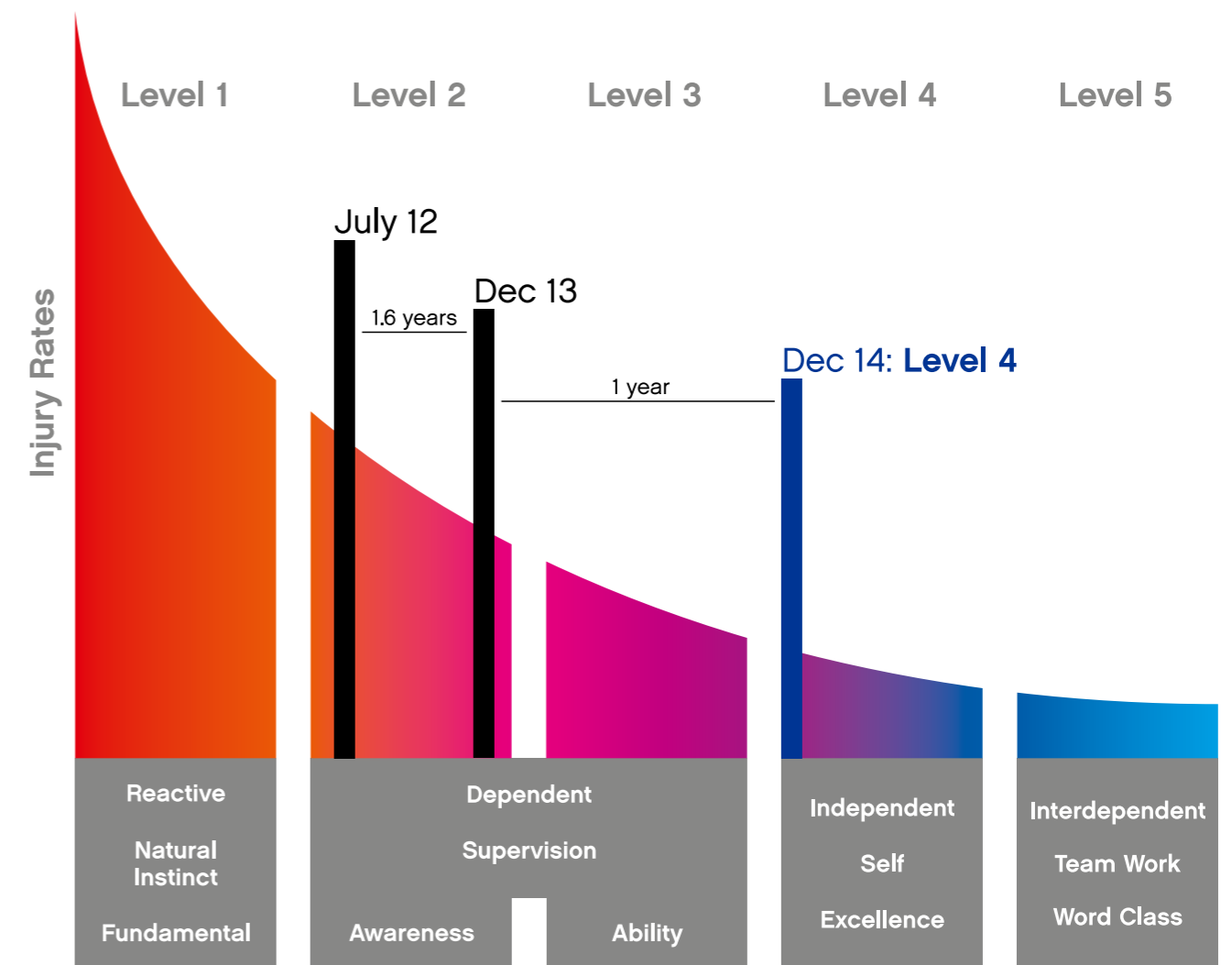
As a result of these efforts, there were no disabling accidents at either San Cristobal or Carahuacra mines, operations that exceeded 2.5 million and 2.0 million man-hours worked, respectively. These efforts were also reflected in improved frequency, severity, and incidence indicators:

Principal occupational safety indicators

Index	2011	2012	2013	2013 vs 2011	2013 vs 2012
Hours worked (Thousands)	27,395	31,104	36,163	32%	16%
Lost days	47,377	35,866	22,081	-53%	-38%
Frequency	3.80	2.48	1.94	-49%	-22%
Severity	1,729	1,153	611	-65%	-47%
Accidentability	6.57	2.85	1.18	-81%	-59%

Volcan has evolved along the culture-change curve since this project began. According to the baseline audit carried out in June 2012, the Company found itself at the low end of the Dependent stage. By the end of 2013, the Company had fully transitioned into this stage. The goal for 2014 is to progress to beginning of the Independent stage.

Evolution of a culture of safety at Volcan – The Bradley Curve¹¹



¹¹ The Bradley Curve is a tool for understanding changes in mind-set and actions that should occur to develop a mature culture of safety. For more information, see:

<http://www.dupont.com/products-and-services/consulting-services-process-technologies/operation-risk-management-consulting/uses-and-applications/bradley-curve.html>



Occupational Health

Volcan is committed to ensuring the well-being and health of all of its employees. Thus, among the activities carried out in 2013, the Company met its goal of evaluating 95% of the employees through expanded occupational medical exams. These exams assess not only the person's occupational condition but also psychosocial aspects and the incidence of predominant noncommunicable chronic diseases.

Notably, in 2013 there were no new cases of illness, which reflects improvements in working conditions, attenuation of sources of exposure, expansion of work areas, standardization of personal protection equipment, and implementation of personalized training plans applicable to the type of worker and culture in the different geographic areas where our operations are located.

Prevention is the most important premise for avoiding contingencies. To detect health problems or illness, the Company implemented a quality of life program to support the biopsychosocial well-being of its employees. This includes a program in which different medical specialists visit the mining units. Lab exams were also performed as a method of screening.

In addition, the company carried out health campaigns that included employee families in order to detect common illnesses in the early stages, such as high blood pressure, diabetes, dyslipidemia, and kidney and prostate problems. These were accompanied by an intensive oral health campaign in which dentists provided education, preventive services, and treatment.

It is also important to note that Volcan has a medical services network that provides appropriate first aid and stabilization at all mining operations. In addition, the Company's fleet of ambulances is equipped with the emergency equipment of the highest standard to appropriately evacuate workers and third parties.



Environment

Caring for the environment is one of the most important factors for success in the mining business. In this sense, Volcan is committed to the principles of respect for the environment and the safety and well-being of its workers, as well as maintaining good relations with clients, suppliers and communities in the area of influence of our operations. In line with these principles, the Occupational Health, Safety, Environment, and Quality system (known as SSOMAC) was implemented in our three operating units, in accordance with ISO 14001:2004¹² for environmental management systems, OHSAS 18001:2007¹³ for workplace health and safety management systems, and ISO 9001:2008¹⁴ for quality management systems.

The integrated SSOMAC system was implemented in 2001 and the Company has maintained its certification of all mining units since then. In that regard, the global certification institution NSF International Strategic Registrations performed a recertification audit in accordance with ISO 14001:2004 and OHSAS 18001:2007. In addition, the German certification body Germanischer Lloyd SE performed a recertification audit for quality management systems based on ISO 9001:2008.

According to provisions of Supreme Decree 010-2011-MINAM of the Environment Ministry with respect to environmental management instruments for mining-metallurgical activities, Volcan met the deadline for presenting a Comprehensive Plan for Implementing Maximum Permissible Limits (MPLs) to the Ministry of Energy and Mines. The plan addresses discharge of mining-metallurgical effluents and compliance with the environmental quality standards for water at Andaychagua, Carahuacra, San Cristobal-Mahr Tunel, Ticlio, and Cerro de Pasco.

In 2013, the Company updated its Mine Closure Plans in accordance with Article 20, Number 20.1 of the Mine Closure Regulation (Supreme Decree 033-2005-EM). The Ministry of Energy and Mines approved the updates for the Andaychagua, Carahuacra, San Cristobal-Mahr Tunel, Ticlio, Animón, and Vinchos mines.

Supreme Decree 054-2013-PCM of May 15, 2013, approved the special provisions for execution of administrative procedures. In addition, Ministerial Resolution N° 310-2013-MEM/DM of August 5, 2013, established the “technical criteria for evaluating modifications of mining components or expansions of mining units in exploration and extraction projects with negative or insignificant environmental impact or technological improvements of operations that have environmental certification.” These regulations provide an incentive for carrying out many expansion projects, primarily at concentrate plants and tailings deposits.

¹² ISO 14000, developed by the International Organization for Standardization, is a set of rules and norms for establishing an effective environmental management system. The standard specifies requirements with guidance for their use.

¹³ OHSAS 18001, Occupational Health and Safety Management Systems is a series of health and safety specifications for the workplace, developed by the British Standards Institution (BSI).

¹⁴ ISO 9001:2008 International Organization for Standardization specifies requirements for quality management systems.

11. Human resource management



In terms of human resource management, 2013 was a challenging year for the Company. Despite the environment of uncertainty generated by volatile metals prices and the country's sociopolitical situation, significant progress was made on the long road Volcan set for itself through 2021.

Personnel Well-being

The company continued its programs to improve housing, nutrition, and services for personnel, as reflected in the construction and improvement of infrastructure such as dining halls, medical clinics, and camps at several operating units.

Compensation and Benefits

With regard to compensation and benefits, in 2013 the Company redoubled its organizational restructuring efforts, given the price of metals and the start-up of new operating units. In addition, the Company implemented talent retention and personnel satisfaction strategies with the launch of new benefits derived from a corporate platform.

Human Development

The past year was key to strengthening our corporate vision and business strategy, with the start of a performance management program wherein individual objectives are aligned with strategic planning and management model guidelines. In addition, corporate competencies were launched that define the leadership model that will accompany the organization's growth.

Along those lines, programs to strengthen our employer brand were continued through the company's participation in 19 employment fairs at universities and other educational establishments in Peru and abroad, and the launch of pre-professional internship programs. These programs are aimed at increasing employee training, which in turn contributes to the Company's continuous improvement.

Management and supervisory divisions received consulting and support in areas such as recruitment, evaluation, and selection of personnel; team management; key-personnel management; and supervision and leadership tools.

Our employee turnover rate was 7.6%, compared to 7.0% for the mining industry overall. This figure reflects the high level of competition for personnel in the industry and the development of new mining projects in the Company's area of influence. Employee retention remains a challenge for the coming year.

Strategy and Outlook for the Future

The strategy will remain oriented toward a high-performance culture based on solid values of safety, integrity, excellence, commitment, and respect, resulting in value generation for the Company and its stakeholders.



Our human resource management strategy is based on development of five key pillars:

Talent management. Attracting and retaining the best employees.

Knowledge management. Accelerating theoretical-practical learning, thereby enabling employees to develop skills they can contribute to achieving company objectives.

Performance management aligned with objectives. Rewarding performance improvements and achievement of goals in a fair, competitive way with recognition.

Commitment management. Strengthening the identity of company employees.

Change management in the organizational culture. Active collaboration in creating a culture of safety through communication, motivation and training activities.

As of December 31, 2013, the Company had a total of 2,887 direct employees in Lima and its operating units. An additional 13,325 employees of specialized companies work at our operations and on growth projects.

Volcan direct employees

Number of personnel	Laborers			Employees			Officers			Total		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Volcan Compañía Minera S.A.A.	820	853	810	703	886	808	41	32	10	1,564	1,771	1,628
Emp. Admin. Cerro S.A.C.	640	609	196	239	190	135	1	1	1	880	800	332
Emp. Admin. Chungar S.A.C.	279	290	308	348	374	357	—	1	29	627	665	694
Cía. Minera Alpamarca S.A.C	18	16	31	32	77	157	—	—	1	50	93	189
Minera San Sebastián AMC S.R.L.	32	29	—	9	9	2	—	—	—	41	38	2
Emp. Explotadora de Vinchos S.A.C.	—	—	—	23	25	22	—	—	—	23	25	22
Hidroeléctrica Huanchor S.A.C.	—	—	—	—	20	20	—	—	—	—	20	20
Cía. Minera El Pilar S.A.C	5	5	—	—	—	—	—	—	—	5	5	—
Minera Aurífera Toruna S.A.C.	—	—	—	—	—	—	—	1	—	—	1	—
Total	1,794	1,802	1,345	1,354	1,581	1,501	42	35	41	3,190	3,418	2,887



12. Social responsibility and public works and tax credit program



Medical campaigns



Medical campaigns



Literacy program

Social Responsibility

Volcan's social responsibility efforts are based on the firm conviction that the Company's actions should have a positive impact on communities, and, in coordination with the government, promote the welfare and growth of all stakeholders involved. Transparent action is essential to the Company's organizational culture, in which dialogue serves as a tool for ongoing communication, in addition to respect for meeting the commitments we make.

Volcan and its subsidiaries have relationships with more than 60 rural communities and about 55 institutions, including local governments, settlements and population centers. As a consequence, the Company has 51 easement agreements that are currently in force.

Volcan's social activities and projects are focused on the following areas:

Development and Strengthening of Sustainable Production Capacity

With the goal of promoting welfare and sustainable growth in agricultural and ranching communities surrounding its operations, Volcan supports projects that develop and strengthen productive capacity.

With regard to agriculture, the Company developed Field Schools for Farmers in alliance with the Regional Agricultural Directorate of Huanuco. Volcan also participated in the creation of the Association of Yellow Tumbay Potato Producers to promote the use of certified seeds. Furthermore, the Company contributed to forestry production by installing irrigation systems and agroforestry nurseries and providing improved grass seeds.

To promote the cattle industry, Volcan undertook activities such as livestock sanitation campaigns, bovine genetic improvements, and installation of livestock modules and sheds, and also installed fish farms and implemented an ova reproduction center.

Support for Education, Nutrition and Health

The geographic isolation of the communities surrounding Volcan's operations from the principal cities of the country conditions and restricts the development of children in these communities. The Company's presence, therefore, provides opportunities for improving childhood conditions through activities such as donation of school supplies and teaching materials, specialized medical campaigns, hiring teachers for a literacy program, scholarships, courses, and pre-professional internships programs.

Local Employment Development

Volcan's activities generate direct and indirect employment, as well as specialized and non-specialized jobs that support the labor market in a rural area with few opportunities. The Company's local employment programs with specialized contractors benefited more than 1,000 local residents working in diverse activities. Productive skills courses were also provided for women, youth, and others from local communities.

Support for basic road infrastructure and public services

In general, mining operations and projects are located in areas characterized by a lack of presence of the State, and, as a consequence, public services and investment in public infrastructure is limited. In this social context, Volcan addresses this deficit as an opportunity for improvement that enables it to generate value and promote social harmony.

Among the most important initiatives in this area are maintenance and signage for national and local highways and arteries, reservoir construction, improvement of the water pumping system, and periodic maintenance of the potable water supply in communities near Cerro de Pasco. The Company also carried out improvements at the Institución Educativa Antonio Alvarez in Arenales-Huayllay that included classrooms, workshops and a sports field with synthetic turf, benefiting more than 600 students.

Institutional Support

Mining activity development in rural areas of the country requires ongoing interaction among the government, the community and the Company to ensure the stability of investments and social harmony in operations. Therefore, Volcan's social responsibility strategy is oriented, among other things, to promoting the formalization of registration, tax and banking matters in the communities within its area of influence, and to guaranteeing compliance with agreements and current laws.

In parallel, the Company supported a topographical survey of the boundaries of 50 pasture lots belonging to the Carhuacayan farming community. Furthermore, Volcan contributed PEN 6 million to the JU-1029 Pachachaca Highway improvement project (Yauli).

Promotion of Culture

Respect for the worldview, customs and traditions of populations living near our operations and projects is an ongoing concern for Volcan. The Company not only encouraged respect for the cultural values and characteristics of each community, but supported and participated actively in organizing and promoting community festivals.

In particular, the Company helped organize the 2013 Huayllay Tourism Festival, where Volcan showed how it works to benefit the communities of Huayllay and Huaychao. In addition, the Company contributed to the 26th Expoferia Rancas 2013 by donating Brown Swiss cows and Corriedale sheep, and assisted with the installation of sales stands for baked goods, cosmetics and clothing.





Mansiche road interchange - Trujillo



Antonio Álvarez de Arenales school - Huayllay



Roads and sidewalks - Villa de Pasco

Public Works and Tax Credit Program

To more actively contribute to the development of nearby communities and improve the quality of life through provision of adequate basic services and greater infrastructure, Volcan has participated in the development of projects under the auspices of Law 29,230 on Public Works and Tax Credits.

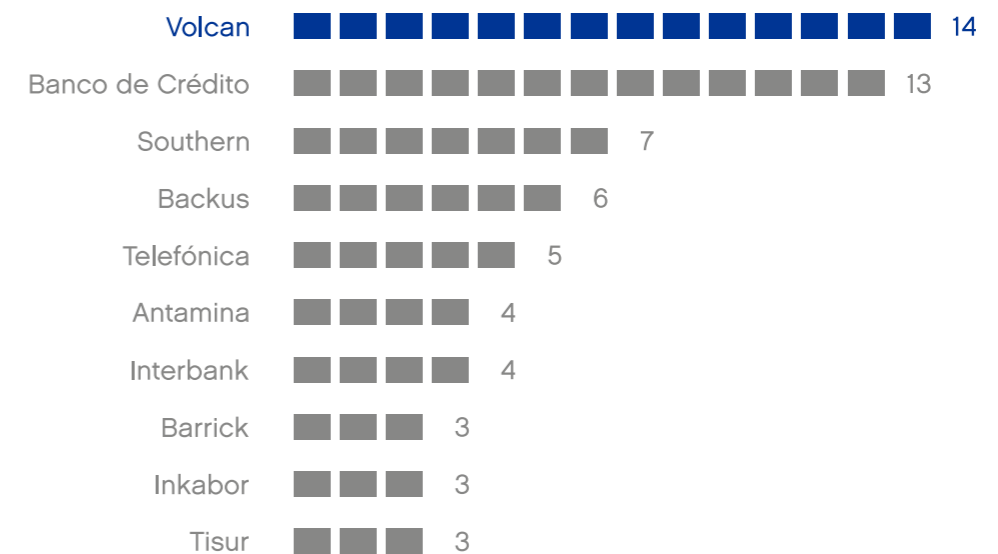
In 2013, Volcan obtained approval for six projects, more than any other company in the country. During the year, the Company executed 12 projects with a total value of PEN 76.5 million, enabling it to forge closer ties to the community and local government authorities. At the same time, these ties have helped ensure that the projects are executed appropriately.

In 2013, two projects representing an investment of PEN 34 million were completed, and six new projects with a total cost of PEN 45 million were approved. The completed projects are the Improvement of Solid Waste Management of the Municipality of Huariaca (PEN 5.1 million) and, in conjunction with Cementos Pacasmayo, development of the Highway Interchange for Avenidas America, Norte, Nicolas de Pierola and Mansiche in the city of Trujillo, the first highway interchange in northern Peru (PEN 29.5 million). The latter project was finished before the projected date of completion and inaugurated by the authorities and representatives of the Volcan-Pacasmayo consortium on November 20.

With these projects, Volcan has become one of the leading companies in project financing under the Public Works and Tax Credit Program.

In addition, Volcan currently has a portfolio of projects under evaluation worth a total of PEN 150 million. Of these, projects valued at PEN 50 million are expected to be approved in 2014. Top priority is given to projects aimed at reducing gaps in social infrastructure, such as school reconstruction, improvement and expansion of potable water and sanitation systems, integral solid waste management, and reconstruction of hospitals and health clinics. Other key projects those that improve infrastructure, including rebuilding of highways, highway interchanges and restoration of lanes and sidewalks, mainly to benefit low-income populations.

Numbers of projects obtained under Tax Credit Program



Source: Agencia de Promoción a la Inversión Privada (Proinversión)

13. Growth outlook





In 2013, Volcan consolidated its vision for the future:

“By 2021, to become one of the principal diversified mining companies producing base and precious metals, a leader in growth and operational excellence, acting with social responsibility through a highly committed and skilled team of employees.”

The Company's vision is based on sustained growth over supported by three axes. The first is the consolidation and growth of production at its existing mining units, which encompass 10 mines and six concentrate plants, as well as new projects that will become operational in 2014 (two mines, a concentrate plant and a silver oxide leaching plant). The second area is the development of a portfolio of exploration prospects located within Volcan's 346,000 hectares of high-potential mining concessions in the country. The third area is growth through acquisition of new mining projects or operations.

Mining Projects

In 2013, the Company maintained its leadership position, both in Peru and worldwide, in the production of zinc, silver, and lead, producing close to 21 million ounces of silver, 280,000 MT of zinc fines, and 67,000 MT of lead fines. Despite the difficult scenario for the industry caused by the fall in metals prices, in 2013 Volcan maintained its long-term vision by developing its fourth mining unit, Alpamarca-Rio Pallanga (a total investment of USD 170 million), and the new oxide leaching plant at Cerro de Pasco (a USD 230 million investment). Together, these new operations will contribute between 7 and 8 million ounces of silver annually.

At Cerro de Pasco, the feasibility study for a silver pyrite stockpile project is underway, and the west wall of the Raul Rojas pit is in the pre-feasibility stage.

Development of the Exploration Prospects Portfolio

The Company will continue developing mining projects and geological explorations within its mining concession portfolio. Volcan is undertaking interesting brownfield explorations such as Zoraida (Yauli), Oyama (Yauli), Carhuacayan Mine (Alpamarca), Islay (Chungar) and Rio Pallanga (Alpamarca), and greenfield explorations such as Rondoni-Acejar (Huánuco), Palma (Lima), Carhuacayan Porphyry (Alpamarca), Pampa Dos (Cerro de Pasco), Puy Puy (Yauli) and Yanama (Yauli).

Acquisition of New Mining Projects and Operations

The Company constantly investigates opportunities that fit within its growth strategy in order to maintain its leadership in zinc, silver, and lead production and to become a key player in copper and gold production. Volcan aims to achieve solid, profitable growth based on disciplined investment, executed through the implementation of industry best practices, complemented by Volcan's innovative practices.



14. Projects

Alpamarca-Rio Pallanga Unit

The Alpamarca-Rio Pallanga project is a deposit of lead, zinc, silver and copper veins. It is located 4,700 meters above sea level in the Santa Bárbara district of Carhuacayan, Yauli Province, Junin Region. The project consists of 2,100 hectares of concessions in an area with significant geological potential.

The project's environmental impact study (EIS) and the related community permits are approved. The project will include the construction of a 2,000-tpd capacity concentrator plant, with the possibility of increasing capacity to 3,000 tpd to treat ore from the Alpamarca open pit and the Rio Pallanga underground mine.

The Alpamarca deposit will initially be exploited via an open pit, for which pre-operational work was completed in 2013. Subsequently, the deeper areas of the deposit will be exploited through an underground mine.

Ten kilometers from Alpamarca is the old Rio Pallanga mine, a deposit with significant potential at depth and in the lateral extensions of the vein in the explored area. The Rio Pallanga resources, which contain high grades of silver, will support ongoing operations at Alpamarca and provide a solid basis for development of projects at Colquihuarmi and Carhuacayan, located 14 and 25 kilometers to the southwest, respectively.

Construction of the 2,000 tpd-capacity concentrate plant is expected to be completed in the first quarter of 2014, with 100% ramp-up in March. The camps, energy and water facilities, and maintenance areas for this mining operation are finished. The total investment in this unit is approximately USD 170 million.

Alpamarca has the capacity to produce 1.5 million oz. Ag/MT per year, and with the contribution from Rio Pallanga, to reach production of 3.5 million oz. Ag/MT per year in the first four years of the project's life.





Alpacamarca Plant



Alpacamarca Plant

The following table shows Alpacamarca's reserves:

Reserves Alpacamarca	Thousands MT	Grades			
		% Zn	% Pb	% Cu	Ag (Oz/MT)
Proven	872	1.34	0.98	0.08	2.44
Probable	3,671	1.70	1.07	0.11	3.18
Total	4,543	1.63	1.05	0.10	3.04

The following table shows Alpacamarca's resources:

Resources Alpacamarca	Thousands MT	Grades			
		% Zn	% Pb	% Cu	Ag (Oz/MT)
Measured/indicated	2,962	0.99	0.70	0.06	1.88
Inferred	1,943	1.60	0.95	0.10	2.81
Total	4,905	1.23	0.80	0.08	2.25

The following table shows Rio Pallanga's reserves:

Reserves Rio Pallanga	Thousands MT	Grades			
		% Zn	% Pb	% Cu	Ag (Oz/MT)
Proven	0	0.00	0.00	0.00	0.00
Probable	426	1.54	0.86	0.33	13.38
Total	426	1.54	0.86	0.33	13.38

The following table shows Rio Pallanga's resources:

Resources Rio Pallanga	Thousands MT	Grades			
		% Zn	% Pb	% Cu	Ag (Oz/MT)
Measured/indicated	46	0.63	0.29	0.09	2.81
Inferred	1,088	1.11	0.66	0.25	8.93
Total	1,134	1.09	0.64	0.23	8.68



Oxide Plant - Cerro de Pasco



Cyanide Destruction - Oxide Plant

Oxide Plant

The measured and indicated resources of the Cerro de Pasco Unit amount to 13.1 million tons of oxide ores, with silver and gold content accumulated in stockpiles (4.9 million tons with grades of 7.2 oz. Ag/MT and 0.01 g Au/MT) and in the southern portion of the Raúl Rojas open pit (8.3 million tons in situ with grades of 4.9 oz. Ag/TM and 1.33 g Au/MT).

This project includes a cyanide leaching plant with an initial treatment capacity of 2,500 tpd, which will enable production of approximately 3 million ounces of silver annually. The total investment in this plant is approximately USD 230 million. The plant design includes space necessary for a future expansion to 4,000 tpd, as well as certification from the International Cyanide Management Institute.

Construction of the plant began in July 2012 and at year-end 2013 it was 97% complete. Full completion and start-up are expected to occur in the first semester of 2014.

In 2013, WhorleyParsons-TWP completed an economic evaluation that resulted in a mining plan for the material accumulated in stockpiles, with a total of 3.3 million tons with 9.29 oz. Ag/MT and 0.15 g Au/MT as ore reserves.

In financial terms, this is a good project because the treatment of material accumulated in stockpiles reduces mining costs, while the extraction of in situ mineral, located in the southern section of the open pit, has a low stripping ratio and its extraction does not present any operational problems. In parallel, exploration continues of the southern area of the open pit with excellent results, which show greater resource potential than currently established for gold content. The project has a 10-year life, based on the ore currently identified.

In addition, the project has a significant advantage as the cyanide leaching process has proven to be a viable alternative for treating silver pyrites accumulated in stockpiles, which total more than 16 million tons with an average grade of 4.9 oz. Ag/MT.



Merrill Crowe – Oxide Plant



Refinery filter press - Oxide Plant

Silver Pyrites (Py-Ag) Project

The Cerro de Pasco Unit has significant pyrite-silica resources containing silver and valuable metals in stockpiles, tailings, and in situ. In 2013, Volcan continued work on a detailed definition of the stockpiles of pyrite-silica with silvers and of the in situ body of pyrites with silver located in the western wall of the Raúl Rojas open pit.

The viability of recovering silver from pyrites through a leaching process is proven, but work continues to determine the optimal metallurgical method for processing this ore. Toward that end, the Company is executing research and development activities, as well as geology and mineralogical studies on this important resource.

Pyrites in Stockpiles

The estimated resources as of January 2013, both measured and indicated, total 16.6 million tons, with average grades of 4.93 oz Ag/MT and 0.30 g Au/MT.

The characterization of these resources is aimed at metallurgical recovery of grades of silver and gold, which for this project are distinguished between high-grade pyrites (> 6 oz. Ag/MT) and low-grade (< 6 oz. Ag/MT).

In 2013, high-grade and low-grade pyrites were subjected to metallurgical tests with the objective of obtaining the highest and most profitable recuperation from the deposit. Flotation and cyanide leaching procedures were implemented in order to recover silver contained in these stocks. These tests will continue in 2014, until the optimal recovery is obtained.

Pyrite Pre-concentrates

A quality study was performed with SVS Ingenieros in 2013 on the pre-concentrates accumulated in the area of the Ocroyoc dam, to determine the quality and possibility of recovering part of the pre-concentrates with high-grade silver content. This study consisted of drilling 60 boreholes to determine the quantity of economically feasible pre-concentrates with pyrites. According to the results, there is a total of 816,000 tons of tailings with 8.95 oz. Ag/MT and 0.03 g Au/MT, which may be economically viable to recover.

Pyrites in situ

As of December 2012, Volcan identified 29.6 million tons of measured and indicated resources with average grades of 0.85% Cu, 0.85% Pb, 1.43% Zn, 4.62 oz. Ag/MT, and 0.96 g Au/MT, in addition to 31.4 million tons of inferred resources with average grades of 0.32% Cu, 0.82% Pb, 1.62% Zn, 4.36 oz. Ag/MT, and 1.06 g Au/MT, with a grade cut-off of 2.50 oz. Ag/MT. These resources include Ag-Cu resources.

To more accurately estimate this mineralization of pyrites and determine the best methodology for extraction, a 12,000-meter diamond drilling program was developed to be carried out in 2013 and 2014. According to the work plan for this project, by December 2014 the Company expects to have defined a block model of resources. In addition to this work, metallurgical research will continue through flotation and cyanide leaching processes to determine the optimal recovery for each metal.

15. Explorations



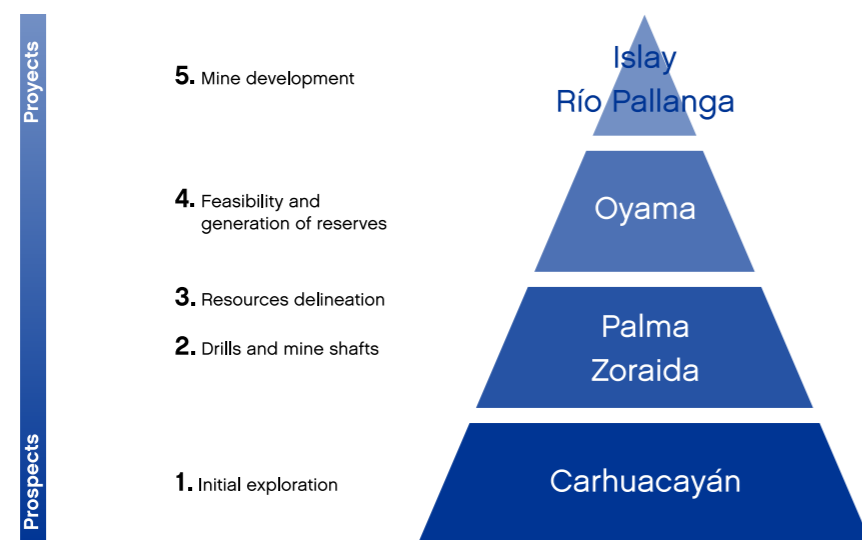
Volcan is developing an important portfolio of exploration projects and prospects. The Company has approximately 80 polymetallic projects in different stages of exploration, constituting a robust portfolio to sustain its operations and explorations in the short, medium, and long-term. In particular, the Company possesses seven targets and evidence of more than 10 occurrences of copper porphyry deposits in the Central Highlands, controlling 70% of the polymetallic deposits associated with these types of findings that have become highly relevant since the development of the Toromocho megaproject.

In 2013, given the deterioration in international metals prices, Volcan reoriented its exploration strategy, prioritizing prospects with the greatest potential.

During the year, diamond drilling totaled 30,000 meters, bringing Rio Pallanga and Islay to the development stage and Oyama to the feasibility and reserve-generation stage. In addition, the resources of Zoraida and Palma were delimited and exploration work began at Carhuacayan; meanwhile remaining projects of Shalca, Puy Puy, Don Miguel and Venenococha for a second exploration phase.

Thousand meters	2009	2010	2011	2012	2013
Drills	18	67	92	63	30

Exploration projects and prospects

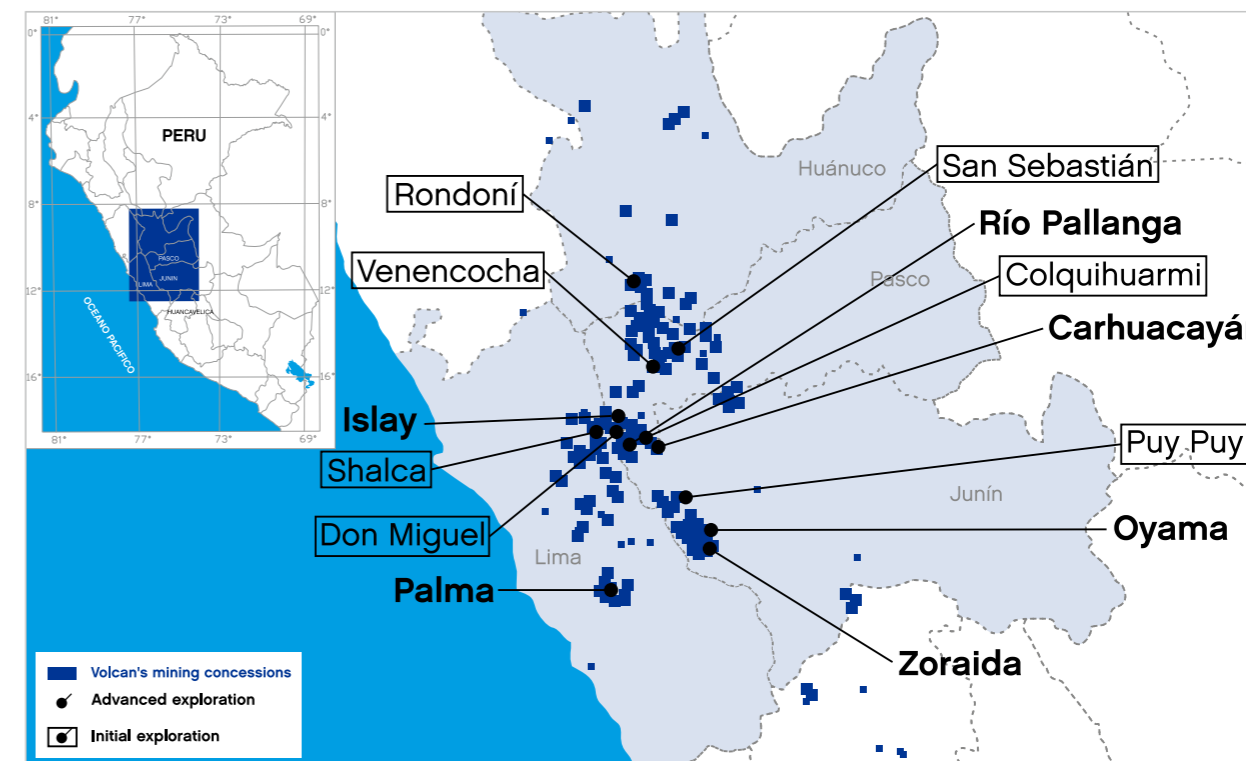


To ensure the reliability of reported resources, Volcan worked to improve quality control, modeling and resource estimation to meet international standards. The Company initiated the training of personnel in industry best practices, modern techniques and new tools for exploration.

In 2014, Volcan will continue its strategy of making progress and developing projects close to its mining operations, and plans to carry out approximately 30,000 meters of diamond drilling.

Finally, the Company will remain alert to opportunities beyond its operations through associations with other mining companies in order to develop new projects.

Map of Volcan's mining concessions and explorations



Brownfield Explorations

Zoraida

Located in the district of Suitucancha, just 7 kilometers south of Andaychagua (Yauli), this project contains polymetallic resources, mainly silver with lead and zinc content. Based on its geological characteristics, it could become the third polymetallic system in the sector to be exploited in the coming years, after San Cristóbal and Andaychagua, which have similar characteristics.

In 2013 Zoraida's geological model was completed, based on 11,033 meters of diamond drilling that was only carried out in the central part and mostly on the surface of the system of structures. With calculations following international standards, an open-pit mine may be possible, according to the following results:

Oxides (cut-off: 1 Oz Ag/MT)

Resources	Million MT	% Zn	% Pb	Oz Ag/MT
Measured + indicated	1.80	0.81	1.17	1.57
Inferred	0.94	1.09	1.44	1.98
Total	2.74	0.91	1.26	1.71

Sulfides (cut-off: 1 Oz Ag/MT)

Resources	Million MT	% Zn	% Pb	Oz Ag/MT
Measured + indicated	1.87	0.93	1.28	1.65
Inferred	1.03	1.23	1.46	1.85
Total	2.90	1.04	1.34	1.72

Moreover, in the first quarter of 2013, diamond drilling reached 2,266 meters at greater depth, adding resources on the order of 30% mainly in the area with increased grades.

In 2014, Volcan will conduct complementary studies in the drilled area with estimated ore resources. These will include metallurgical studies, minerography and the preliminary economic study, in order to evaluate the technical and economic viability of the project at this first stage. The conceptual study is expected to be ready in late April 2014, and based on these initial results, the Company will determine whether to continue with a prefeasibility study, which should be completed by December. A metallurgical study is underway to determine what recoveries and metals can be obtained through a clean process with the greatest economic benefit.

Oyama

Oyama is located at the eastern extreme of the San Cristobal vein (Yauli), close to the Andaychagua plant, and consists of a system of veins with mineralization of copper, silver and zinc.

In 2013, the Company performed a geological reevaluation of the ore resources estimated in previous years, in order to validate the geological model based on 7,767 meters of diamond drilling. Ore resources for open-pit mining are estimated as follows:

Sulfides (cut-off: 0.3% Cu)

Resources	Million MT	% Zn	% Cu	Oz Ag/MT
Measured + indicated	4.54	0.22	0.79	0.86
Inferred	2.25	0.24	0.68	0.93
Total	6.79	0.23	0.75	0.88

In 2014, similar to Zoraida, the Company plans to carry out the first preliminary economic study in order to determine its economic viability. In addition, the conceptual study is expected to be completed by late June, and these initial results will be the basis for evaluating whether to continue to the prefeasibility stage, which should be finalized by December. Also like Zoraida, a metallurgical study is underway to determine what recoveries and metals can be obtained through a clean process with the greatest profitability.

San Sebastian

San Sebastian is located 20 kilometers northeast of Cerro de Pasco and 2 to 4 kilometers south of the Milpo and Atacocha mines, Yanacancha district, in the Pasco Region. A polymetallic deposit of silver, lead, and zinc, San Sebastian is made up of thin veins and replacement strata that had previously been exploited on a small scale.

In 2013, 11,297 meters of diamond drilling were studied and two narrow veins systems with silver-gold and silver-lead-zinc mineralization, as well as replacement strata, were discovered. A preliminary estimation of inferred ore resources is as follows:

Sulfides

Resources	Million MT	% Zn	% Pb	% Cu	Oz Ag/MT	g Au/MT
Inferred	0.91	6.06	3.85	0.48	8.69	0.17

Islay

Islay encompasses the Islay, Gaston Gaston, Islay 4 and Santiago Oropesa No. 1 mining properties. In 2013, the exploration program at Islay was focused on the Santiago Oropesa No. 1 and Gaston Gaston concessions, where 6,379 meters of diamond drilling were executed. This resulted in the discovery of a pale blue mineralized structure with characteristics similar to the Islay vein and the Anita stratum. Based on those findings, a preliminary estimate of ore resources was developed, as follows:

Sulfides

Resources	Million MT	% Zn	% Pb	Oz Ag/MT
Inferred	0.30	1.12	0.54	10.59

Planned exploration work in 2014 includes diamond drilling and underground mine tasks to examine in greater detail the pale blue structure and expand exploration to the northwest.

Similarly, geophysical and recognition diamond drilling are being scheduled for the southeast projection of the Islay vein and on Islay 4 to determine the projection of the Islay system of structures close to this concession, supporting integration with the Animón operation (Chungar UEA).

Rio Pallanga

Rio Pallanga is located 10 kilometers north of Alpamarca Mine, in the Santa Bárbara district of Carhuacayan, at 4,700 meters above sea level. This mining district contains veins of quartz with mineralization of high-grade silver, including the San Jose vein, which is the principal mineralized structure and that is currently in preparation for extraction, supporting the Alpamarca plant.

In 2013, a 12,085 meter diamond-drill campaign was carried out to increase ore resources in the vein's northeast projection. This enabled the estimation and increase of resources on the order of 400,000 tons, with high silver grade, which were added to the resources of the Rio Pallanga Mine.

Sulfides

Resources	Million MT	% Zn	% Pb	% Cu	Oz/MT Ag	g/MT Au
Measured + indicated	0.40	1.31	0.76	0.28	9.48	0.28
Inferred	1.09	1.11	0.66	0.25	8.93	0.28
Total	1.49	1.16	0.69	0.26	9.08	0.28

In 2014 drilling is planned in the northwest sector and at depth in the San José vein, which will add resources in the short term. Furthermore, a review of historical information of this mine provided evidence of economically viable mineralization in the Tirol vein, north of the San José vein. Recognition drilling is planned, aimed at finding evidence of metal content.

Colquihuarmi

Colquihuarmi is located 3 kilometers northeast of the Rio Pallanga Mine in an altered volcanic complex, with the characteristics of a disseminated deposit that has not been explored. Colquihuarmi is an occurrence of antimony sulfides (stibnite) that was explored from 2007 to 2012, in different campaigns totaling 7,511 meters of diamond drilling. These campaigns enabled the estimation of ore resources on the order of 800,000 tons for open-pit extraction, the results of which are as follows:

Resources	Million MT	% Sb
Inferred	0.83	1.18

Validation of the geological model is planned for 2014 in an effort to conduct preliminary economic study.

Greenfield Explorations

Palma

Volcan maintains approximately 70,000 hectares of mining properties located on the strip of Peru's central coast between the Colquisiri Mine to the north and Cerro Lindo Mine to the south. This highly prospective strip contains deposits and ore occurrences including volcanogenic massive sulfide (VMS) deposits, IOCG, porphyries and veins with mineralization of gold, copper and polymetallic deposits containing silver, lead, and zinc.

In this area, Volcan is currently carrying out successful exploration work at the Palma project, 60 kilometers southeast of Lima, in the Lurin River Valley in the Antioquia district, Huarochiri Province, Lima Region. The project is located 1,710 meters above sea level and is accessible by a partially paved highway. Palma consists of a system of mineralized strata with zinc, lead, and silver related to a VMS-type deposit.

Exploration began in 2011 with diamond drilling campaigns, of which 17,089 meters were drilled in 2013 in the central area (old Palma Mine). This campaign also resulted in identification of extensive exploratory potential in the area, with continuity of the mineralization in several sectors and at depth. These will be evaluated in 2014.

In 2013, the geological modeling and estimation of ore resources in the drilled central area according to international standards was concluded. The results are as follows:

Sulfides

Resources	Million MT	% Zn	% Pb	Olz/MT Ag
Inferred	8.00	4.42	1.20	0.63

According to the work plan, the first conceptual study of the Palma project is set to conclude in the first quarter of 2014, with the aim of determining the technical-economic viability of the project. If the results are positive, work will begin on the prefeasibility study, which includes infill drilling, categorization of ore resources and metallurgical tests, among others.

The project's geomechanical study is currently underway, and will be key to characterizing the rock mass and establishing the design parameters for mine production.



Rondoni

This project located in the Cayna district, Huanuco Region is easily accessible and consists of 9,911 hectares of mining concessions. Rondoni is a skarn deposit of magnetite and pyrrhotite with copper and silver mineralization.

As of December 2011, 98,000 meters were drilled in the Rondoni area, with another 10,000 meters drilled in the Acejar area in 2012. The results confirmed the continuity of the mineralization with characteristics similar to Rondoni.

A semi-detailed environmental assessment was approved for Rondoni and Acejar, and conceptual and prefeasibility studies were carried out (the latter concluded in April 2013).

Sulfides (cut-off: 0.3% Cu)

Resources	Million MT	% Cu
Measured + indicated	42.36	0.49
Inferred	13.66	0.48
Total	56.02	0.49

According to the economic viability studies carried out, the volume and grades of the resources found in the area of the Rondoni skarn to date do not justify development by Volcan of a mining project in the short term.

However, based on the existing resources, the significant exploration objectives found nearby Rondoni, and the geological potential of the project's more than 9,000 hectares, the Rondoni area will be part of an integral study Volcan will undertake in 2014 of its concessions. The study is aimed at finding porphyry copper deposits in central Peru.

16. Energy



The development and operation of mining projects requires a constant, reliable energy supply to ensure continuity of operations. In this sense, and with the aim of increasing efficiency and reducing costs, Volcan chose to invest in its own hydroelectric generation and electricity transmission system.

In 2013, electrical energy consumption totaled 573 GWh with maximum power demand of 75 MW. This 5.6% decrease in energy consumption compared to 2012 is the result of the reduced mining operations at the Cerro de Pasco UEA. Volcan's 11 hydroelectric plants, with a total installed capacity of 42 MW, supplied 27% of the Company's electricity demand. The remainder was supplied by Electroperu S.A. via the National Interconnected System (SEIN), with which Volcan has a contract until 2017.

Empresa Administradora Chungar S.A.C. generated 152.7 GWh at its 10 hydroelectric plants with a total installed capacity of 22 MW; all of the energy generated supplied the Chungar and Alpamarca units.

The 19.6-MW Huanchor plant, owned by Volcan subsidiary Hidroeléctrica Huanchor S.A.C., generated 154.6 GWh in 2013, 3.8% more than the previous year. Huanchor is part of the Economic Operation Committee of the National Interconnected System (COES-SINAC) and supplied electricity to five clients (three mining companies and two distributors) through contracts in 2013.

In 2013, the unit cost of energy was 5.70 USD/MT of processed ore. In absolute terms, this was equivalent to an annual cost of USD 35 million, or 9% of total operating costs.



Baños V



Water intake for Baños V Hydroelectric Power Plant



Power house - Baños V

Hydroelectric Projects

Rucuy and Chancay II Hydroelectric Plants

With respect to new hydroelectric plants, Volcan is developing the Rucuy and Chancay II plants at Chungar. The plants are located in the Chancay River drainage basin to the Pacific Ocean. The two plants are expected to have installed capacity of 20 MW and 30 MW, respectively.

To date, the Rucuy project has completed detailed engineering, an approved environmental impact study and agreements signed with local communities. The final generation concession is in the approval process and the plant is expected to be operational by 2016. Currently the final engineering of Chancay II is being developed; this plant is expected to be operational by 2017.

Belo Horizonte Hydroelectric Plant

This project, located in the Huanuco Region, was granted the final concession and its environmental impact study was approved for 180 MW of installed capacity and estimated annual energy production of 1,220 GWh. In October 2013 the Ministry of Energy and Mines approved a modification of the final concession works schedule, under which works are set to begin in December 2014.

Electrical Transmission Line and Substation Projects

Expansion of the Pomacocha Substation and the 50 kV Transmission Line to Yauli

This project includes the upgrade of the Pomacocha substation to 220 kV with a 50-MVA transformer and a 12-kilometer, 50-kV transmission line with double circuit between Pomacocha and San Antonio/San Cristóbal.

As of December 2013, the project was 98% completed, with a total investment of USD 10 million. The substation and transmission line are expected to begin operation in the first quarter of 2014. These new lines and substation will guarantee energy supply to the Yauli Unit.

Paragsha II-Francoise 220-kV Transmission Line

This is a 45-kilometer, 220-kV electrical transmission line between the Paragsha II and Francoise substations. It includes a new substation (Francoise, 220 kV with capacity of 60 MVA) that will support the growth in electricity demand from the Chungar and Alpamarca-Rio Pallanga units, and evacuation of energy to the SEIN from future hydroelectric plants at Chungar.



The project EIS was approved in July 2013 and easement negotiations with nine communities also concluded last year. Construction work began soon thereafter. As of December 2013, the project is 70% complete, with a total estimated investment of USD 26 million and an expected start of operations in April 2014.

Paragsha II Animón 50-kV Transmission Line

This project involves construction of a 4.8-kilometer, 50kV electrical transmission line between the Francoise and Animón substations. This line, in addition to the 220-kV line, will guarantee energy supply to the Chungar and Alpamarca-Rio Pallanga mining operations, and will also provide greater stability and reliability in the electricity system of these units.

In August 2013 the semi-detailed EIS was approved for the project, and in October 2013 the Company concluded easement negotiations with the communities involved, after which construction work began. As of December 2013, the project is 20% complete, with a total estimated investment of USD 2 million and an expected start of operations in April 2014.

Upgrade of the Animón 36-MVA Substation

Prior to the upgrade, the Animón substation had a capacity of 12 MVA. This project was developed to meet expected demand due to the increase in the capacity of the Chungar concentrate plant from 4,200 tpd to 5,200 tpd and greater energy consumption of the inner mine. The upgrade includes replacement of the existing transformers, with a total investment of USD 5 million.

The first phase was completed in June 2012 with the installation of the first 15/18-MVA transformer. In March 2013 the second 15/18-MVA transformer was placed in service, concluding the upgrade of the Animón substation's transformation capacity to 36 MVA. As part of the project, a new control room was also built at Animón with a SCADA energy management system.



17. Analysis of
results and
investments

Business Management

The year 2013 was characterized by high volatility in metals prices. Changes in the market's outlook, particularly in regard to precious metals, were dominated by expectations about U.S. monetary policy decisions and measures aimed at promoting sustained orderly growth in China. While these factors affected metals prices, the publication of movements in precious metal portfolios due to a new regulation caused a significant outflow of capital from that market, especially from gold. This accentuated the decline in silver prices, which experienced their largest drop in the last 30 years, falling more than 20% in one week.



After remaining close to 30 USD/oz. in the first quarter of 2013, in just a few weeks the price of silver hit a new low around 22 USD/oz. Subsequent to this drop, the debate about a possible end to the monetary stimulus in the United States resumed and the price of silver fell even further to almost 18 USD/oz., experiencing a mild recovery once the market had calmed down. The average price of silver in 2013 was 23.87 USD/oz., and it ended 2013 at 19.50 USD/oz., 35% lower than the close in 2012 (30.31 USD/oz.).

Evolution of average metals prices

Ore prices	2009	2010	2011	2012	2013
Zinc (USD/TM)	1,655	2,168	2,193	1,948	1,910
Lead (USD/TM)	1,720	2,141	2,402	2,062	2,142
Copper (USD/TM)	5,147	7,535	8,821	7,958	7,326
Silver (USD/oz)	14.7	20.2	35.1	31.2	23.9

The market for industrial metals weighed three factors, in descending order of importance: China's growth, the global economic recovery, and the situation of available stocks. The first factor sustained zinc and lead prices during the first weeks of the year. But in February, uncertainty and pessimism in the market about China's economic performance pushed prices lower. This was largely an overreaction rather than a response to the fundamentals, and in the end China continued growing, although at a lower rate.

In light of this situation and in the context of increasing inventories, the price of zinc stayed within the range of 1,800 USD/MT to 2,000 USD/MT until late December. At that time, zinc prices recovered due to index



Floating cell

adjustments and expectations about cuts in future production. The average price of zinc in 2013 was 1,909 USD/MT and it ended the year at 2,053 USD/MT, just USD 3 more than the 2012 close, recovering all of the ground lost during the year

Meanwhile, lead prices showed similar behavior but greater volatility within a range of 2,000 USD/MT to 2,300 USD/MT. The price of lead closed the year at 2,191 USD/MT, well below the 2,317 USD/MT at year-end 2012, for an average 2013 price of 2,141 USD/MT.

The outlook is good for both metals (zinc and lead) because of expected production cuts in the coming years, which would generate a deficit in the market and boost prices.

In terms of concentrates, the zinc market suffered some trend reversals, similar to what occurred with prices. While the market agreed with the consensus that future supply restrictions resulting from the closure of zinc and lead mines would lead to reduced treatment charges, increased Chinese mining production generated higher concentrate availability, preventing a deficit. Conversely, many refineries around the world experienced technical problems, restricting the installed capacity for concentrate treatment. All of these factors contributed to an upward trend in treatment charges in expectation of the much-talked about mine closures expected in the coming years.

The market for lead concentrates, meanwhile, was clearly divided into two parts differentiated by silver content and the complexity of the material. On the one hand, treatment charges for lead concentrates with low silver content declined, while on the other hand, charges for high silver content and complex content

improved. Copper concentrate treatment charges fell on the basis of increased worldwide production (both present and future) that will not be matched by equivalent refining capacity within the next two years.

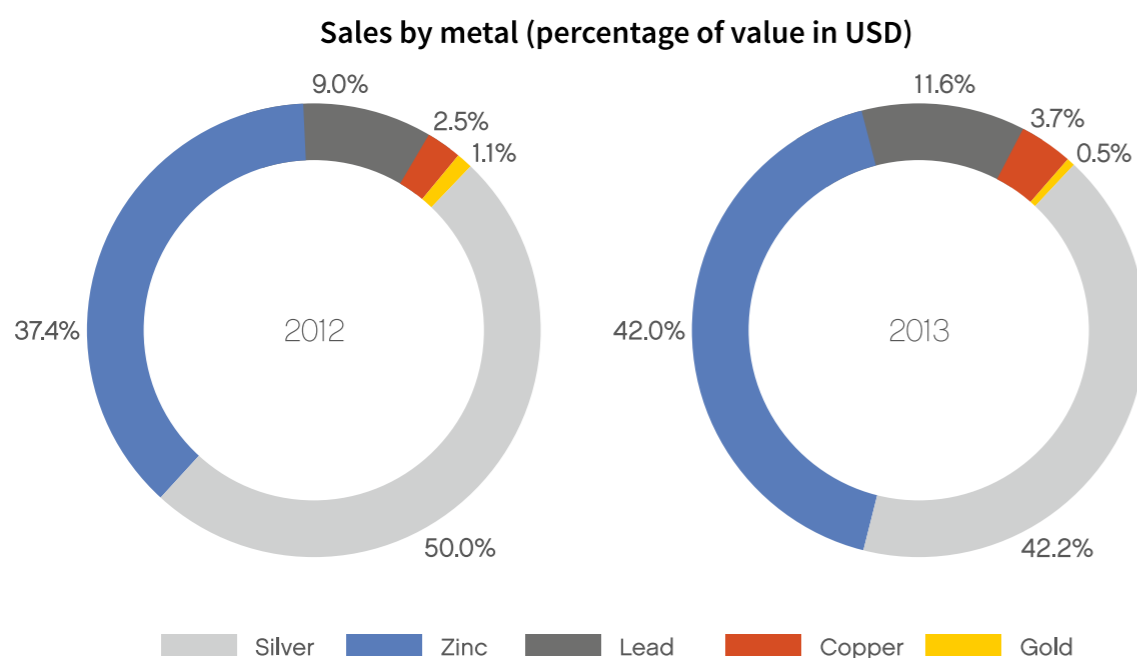
In this context, the sales volume of zinc concentrates declined 0.5%, from 619,000 tons in 2012 to 615,000 tons in 2013. Meanwhile, lead concentrate sales volume increased to 139,000 tons in 2013, a 2.5% increase from the 136,000 tons sold in 2012. Sales of copper concentrates jumped 91.1%, increasing from 28,000 tons in 2012 to 54,000 tons in 2013.

Sales of third-party concentrates in 2013 represented about 18% of total sales volume, compared to a 12% share in 2012. In the case of copper concentrates, third-party volume represented 66% of total volume. It should be noted that sales margins for third-party concentrates are lower than those of Volcan's own concentrates.

Details of concentrate sales volume

Thousands dry tonnes	2012	2013	Var %
Zinc	618.6	615.3	-1%
Lead	135.9	139.3	3%
Copper	28.3	54.0	91%
Silver	15.0	0.7	-95%
Total	797.8	809.3	1%

In regard to fines, it is notable that the share of silver in total sales was the largest in the Company's metal portfolio. In 2013 silver represented 42.2% of sales, slightly ahead of zinc (42.0%).



Costs

In 2013, the Company took significant steps to reduce production costs in its operations, helping to partially mitigate the impact of lower metals prices on company profit margins. These measures included personnel reductions, particularly at the Cerro de Pasco UEA; changes in mining methods to improve productivity; a review of the number and scope of service contracts; renegotiation of the prices of principal supplies; and adjustment of planned administrative expenses in areas such as IT, security, human resources, and others. These actions affected production costs starting in the second quarter of the year.

In absolute terms, the cost of production fell by 7.4%, from USD 445 million in 2012 to USD 412 million in 2013. This reduction was due to an outstanding effort by the Cerro de Pasco UEA to reduce fixed costs after production halted at the Raúl Rojas pit in September 2012.

Total costs (Million USD)

Unit	2012	2013	Var (%)
Yauli	226.2	236.9	5%
Chungar	102.8	111.8	9%
Cerro	107.3	54.1	-50%
Vinchos	9.0	9.4	6%
Consolidated	445.2	412.3	-7%

Production cost* (USD/MT)

Unit	2012	2013	Var (%)
Yauli	65.8	66.2	1%
Chungar	59.9	56.9	-5%
Cerro**	41.1	96.3	135%
Vinchos	64.4	50.1	-22%
Consolidated	57.2	67.6	18%

* The cost of production reported refers to Volcan's cost of production and does not include the purchase cost of concentrates and third-party mineral or extraordinary costs due to employee settlements.

** The 2012 cost of production at the Cerro de Pasco UEA was recalculated to include silver pyrite ore treated at the San Expedito plant. In addition, Volcan's consolidated cost of production for 2012 was recalculated to include transportation costs for intercompany ore sales.

Consolidated unit cost rose from 57.20 USD/MT in 2012 to 67.60 USD/MT in 2013. The Cerro de Pasco UEA is largely responsible for this year-over-year increase, as its unit-cost calculation was affected by a 68% drop in treated volume while fixed costs have been gradually reduced over the year.

At the Yauli Unit, the unit cost of production increased by 1%, rising from 65.80 USD/MT in 2012 to 66.20 USD/MT in 2013. This increase was primarily due to higher extraction costs at the San Cristóbal mine (due to increased preparation) and at the Andaychagua Mine, where mine deepening required greater support, cement fill, pumping, and ventilation. This rise in costs was offset lower extraction costs at Carahuacra mine, due to the transition from the conventional production method to mechanized long hole drilling. In addition, a 5% increase in treated tonnage diluted the fixed costs in the unit-cost calculation.

At the Chungar UEA, the unit cost of production fell by 5%, from 59.90 USD/MT in 2012 to 56.90 USD/MT in 2013. This reduction was due to greater treatment volume, which rose 13% from the year before as a result of the Animón plant expansion becoming fully operational in the first months of 2013. The expansion from 4,200 tpd to 5,200 tpd allowed for greater dilution of fixed costs. Another important factor was a reduction in the cost of energy produced as a result of a full year of operation of the Baños V hydroelectric plant, which came online in mid-2012. In addition, extraction costs at the Animón Mine were lower as a result of increased long hole drilling there. The Jacob Timmers shaft should be operating at full capacity by February 2014, further reducing transport costs and increasing efficiency at the Animón Mine.

At the Cerro de Pasco UEA, the unit cost of production increased 135%, from 41.10 USD/MT in 2012 to 96.30 USD/MT in 2013. This is mainly because extraction was halted at the Raúl Rojas pit in December 2012. However, throughout the year an intensive program to reduce fixed costs was implemented. The principal measures taken were a personnel-reduction plan, an energy-cost reduction plan based on temporary cuts and consumption optimization during off-peak hours, and control of contractor rates.

Notably, at Vinchos the unit extraction cost was reduced 48.9%, from 85.20 USD/MT in 2012 to 52.30 USD/MT in 2013, mainly as a result of increased tonnage extracted and sent to the Cerro de Pasco UEA for treatment at the San Expedito concentrate plant.

Finally, Volcan continues to be committed to controlling costs. As a result, the operations optimization program Yauli Proyecto Más is being extended to all units to improve processes and reduce costs.



Investments

In 2013, Volcan's total investments reached USD 534 million, 64% higher than the year before (USD 325 million). It is important to emphasize that the investment amount does not include concession acquisitions, which totaled USD 18.7 million in 2013.

Investments

Million USD	2012	2013	Var (%)
Operative investments	231.8	204.5	-11.8
Regional explorations	12.5	8.2	-33.8
Growth projects and others	81.3	321.7	295.8
Total	325.5	534.4	64.2

In the operating units, investments declined by 12%, from USD 232 million in 2012 to USD 204 million in 2013. This reduction is the result of adjustment measures taken to confront falling metals prices and continue with growth projects. Thus, operations investments were focused on:

- Obtaining new resources from local explorations (USD 13 million).
- Guaranteeing adequate mining infrastructure and increasing flexibility through development (USD 68 million).
- Ensuring availability and efficiency of equipment (USD 21 million).
- Improving and expanding concentrate plants (USD 25 million).
- Regrowth of tailings dams (USD 34 million).
- Substations and other investments aimed at ensuring and optimizing the units' energy supply (USD 12 million).
- Special projects (USD 19 million), including the Roberto Letts shaft (Andaychagua), Jacob Timmers shaft (Chungar), Central shaft (Carahuacra) and Huaripampa shaft (Carahuacra), as well as the Carahuacra-San Cristobal (Yauli) and Islay-Animón (Chungar) integration tunnels.
- Complying with environmental regulations and providing the necessary support to carry out operations (USD 14 million).

In addition, investment in regional explorations decreased 34%, from USD 12 million in 2012 to USD 8 million in 2013. This reduction is due to cuts and priorities established in the management guidelines adopted throughout the year in the face of declining metals prices.

Finally, investment in growth projects increased 296%, from USD 81 million in 2012 to USD 322 million in 2013. Of this investment, 94% went to two projects: the new oxide plant at Cerro de Pasco (USD 183 million invested in 2013) and the new plant at Alparmarca (USD 118 million in 2013). The company also continued with other major projects such as the Paragsha-Francoise transmission line (USD 6 million) and the Chancay line (USD 4 million), among others.

Profitability

Despite the decline in metals prices, sales revenue fell by just 1.3%, from USD 1.179 billion in 2012 to USD 1.163 billion in 2013. This was due to a small increase (1%) in the volume of concentrates sold, but mainly from positive results in price hedges.

Beginning in 2013, the impact of price hedging is reported in the sales line item. In prior years, this impact was reported as options and hedging in the financial expenses line item. The 2012 sales figure was also restated for comparison purposes.

Net sales in 2013 reflect a negative adjustment of USD 33.8 million for final settlements of sales in previous periods and the embedded derivative of open positions, as well as a positive adjustment of USD 127.3 million related to hedging. Of the total hedging result for 2013, USD 83.4 million corresponds to extraordinary income from an early settlement of hedging positions in the second quarter of the year.

Details of net sales

Million USD	2012	2013	Var (%)
Sales before adjustments	1,148	1,069	-7%
Settlements of prior periods adjustment	0	-34	
Open positions adjustment	4	-5	
Embedded derivatives	9	5	
Sales before hedging	1,161	1,036	-11%
Hedging			
Net sales	1,178	1,163	-1%

Lower metals prices and increased cost of sales caused by the higher volume of concentrates purchased from third parties, with a lower profit margin than own concentrates, had a negative impact on the Company's profits. As a consequence, gross profits for the year amounted to USD 371 million, 16% lower than 2012. Comparatively, gross margins fell from 37% in 2012 to 32% in 2013.

Income statement

Million USD	2012	2013	Var (%)
Sales	1,178	1,163	-1%
Cost of sales	-737	-791	7%
Gross earnings	442	371	-16%
Administrative expenses	-59	-61	3%
Sales expenses	-36	-46	29%
Other incomes (expenses)	10	4	-64%
Operative earnings	357	268	-25%
Financial income (expenses)	-25	-12	-52%
Income tax	-97	-65	-33%
Royalties	-23	-17	-27%
Net earnings	211	173	-18%

In 2013, operating expenses were USD 103 million, 22% higher than those recorded in 2012. The increase was mainly the result of higher cost of sales, based on higher transportation and storage costs at the port of Callao.

In addition, in the 2013 fiscal year the Company recorded a one-time, \$19 million expense related to employee layoffs at Cerro de Pasco, Yauli, and Lima.

Volcan's net profits totaled USD 173 million, a decline of 18% from the previous year (USD 211 million).

For the same reasons, EBITDA was USD 386 million, 19% lower than the amount reported in 2012 (USD 477 million). The EBITDA-to-sales ratio fell from 40% in 2012 to 33% in 2013.

Financial results

Million USD	2012	2013	Var
Net earnings	211	173	-18%
EBITDA	477	386	-19%
EBITDA / sales	40%	33%	-7.3 pp



Chungar Camp

18. Consolidated financial results

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
VOLCAN COMPAÑÍA MINERA S.A.A.

We have audited the consolidated financial statements of **VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES**, which comprise the consolidated statement of financial position as of December 31, 2013 and 2012, and the consolidated statements of income, of comprehensive income, of changes in net equity and of cash flows for the years ended December 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Management of the Parent Company is responsible for the preparation and fair presentation of these financial statements according to International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing, and maintaining appropriate internal control in preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making according estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with International Audit Standards as approved by the Board of Deans of Peru Public Accountants' Professional Association. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent Company and Subsidiaries' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Parent Company Management, as well as evaluating the overall presentation of the financial statements.

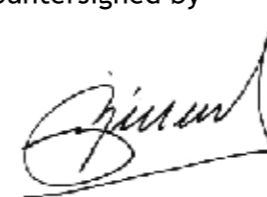
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES** as of December 31, 2013 and 2012, its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in accordance with International Financial Reporting Standards.

Lima, Peru
February 19, 2014

Countersigned by



Luis Pierrend Castillo (Partner)
CPA Resgistration N° 01-03823



VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013 AND 2012

(In thousand US Dollars)

ASSETS	2013	2012	LIABILITIES AND EQUITY	2013	2012
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	182,864	574,855	Bank overdrafts	14,024	—
Trade accounts receivable, net	139,907	114,724	Trade accounts payable	248,926	186,679
Other accounts receivable	385,526	264,302	Other accounts payable	99,905	88,135
Other financial assets	82,806	30,042	Other financial liabilities	102,206	59,463
Inventories, net	108,235	118,744	Financial obligations	94,103	92,903
Total current assets	899,338	1,102,667	Total current liabilities	559,164	427,180
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Other accounts receivable	12,212	13,231	Other financial liabilities	5,902	—
Other financial assets	18,154	40,377	Long-term financial obligations	612,444	613,242
Investments in associates	67,517	66,217	Deferred income tax liability	149,718	155,642
Property, plant and equipment, net	1,030,051	660,889	Provision for contingencies	13,235	16,585
Mining titles & concessions, and exploration, development & stripping costs	865,060	744,319	Provision for the closure of mining units	95,656	53,622
Deferred income tax assets	18,914	15,513	Total non-current liabilities	876,955	839,091
Total non-current assets	2,011,908	1,540,546	Total liabilities	1,436,119	1,266,271
Total assets	2,911,246	2,643,213	NET EQUITY		
			Issued capital	1,427,768	1,282,774
			Shares in treasury	(233,856)	(224,538)
			Other capital reserves	110,736	99,233
			Capital reserve	14,209	10,800
			Unrealized gain or loss	(3,074)	14,322
			Accumulated gain or loss	159,344	194,351
			Total net equity	1,475,127	1,376,942
			Total liabilities and net equity	2,911,246	2,643,213

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousand US Dollars)

	2013	2012
NET SALES	1,162,823	1,178,403
COST OF SALES	(791,433)	(736,567)
Gross profit	371,390	441,836
OPERATIONAL (EXPENSES) REVENUES:		
Administrative expenses	(60,813)	(58,898)
Selling expenses	(46,274)	(35,876)
Other revenues	55,623	65,138
Other expenses	(51,993)	(55,023)
Operating profit	267,933	357,177
FINANCIAL REVENUES (EXPENSES):		
Revenues	38,002	47,221
Expenses	(50,111)	(72,700)
Profit before income tax	255,824	331,698
INCOME TAX	(82,464)	(120,748)
Net profit	173,360	210,950
Weighted average of the number of issued and outstanding shares (in thousands)	2,916,854	3,172,115
Basic and diluted earnings per share	0.059	0.067

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousand US Dollars)

	2013	2012
Net profit	173,360	210,950
OTHER COMPREHENSIVE INCOME:		
Net variation in unrealized gain on derivative financial instruments	(24,852)	35,016
Income tax	7,456	(10,505)
Other comprehensive income, net of income tax	(17,396)	24,511
Total comprehensive income	155,964	235,461

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousand US Dollars)

	NUMBER OF SHARES		ISSUED CAPITAL	SHARES IN TREASURY	OTHER CAPITAL RESERVES	CAPITAL RESERVE	UNREALIZED GAIN OR LOSS	ACCUMULATED GAIN OR LOSS	TOTAL
	COMMON A SHARES	COMMON B SHARES							
Balance as of December 31, 2011	1,094,402,196	1,869,175,979	1,142,894	(217,917)	85,376	4,309	(10,189)	234,420	1,238,893
Net profit	-	-	-	-	-	-	-	210,950	210,950
Net variation of unrealized gain on derivative financial instruments	-	-	-	-	-	-	24,511	-	24,511
Capitalization of profit	112,638,193	168,477,047	139,880	-	13,857	-	-	(139,880)	-
Appropriation	-	-	-	-	-	-	-	(13,857)	-
Dividends distribution	-	-	-	-	-	-	-	(68,443)	(68,443)
Advances on dividends	-	-	-	-	-	-	-	(29,039)	(29,039)
Purchase of shares of the Company by a subsidiary	(15,428,854)	(2,824,558)	-	(1,621)	-	1,491	-	-	(130)
Adjustment	-	-	-	(5,000)	-	5,000	-	-	-
Effect from conversion	-	-	-	-	-	-	-	200	200
Balance as of December 31, 2012	1,191,611,535	2,034,828,468	1,282,774	(224,538)	99,233	10,800	14,322	194,351	1,376,942
Net profit	-	-	-	-	-	-	-	173,360	173,360
Net variation of unrealized gain on derivative financial instruments	-	-	-	-	-	-	(17,396)	-	(17,396)
Capitalization of profit	136,230,756	203,765,303	144,994	-	11,503	(2,091)	-	(144,994)	-
Appropriation	-	-	-	-	-	226	-	(9,412)	-
Dividends distribution	-	-	-	-	-	-	-	(40,205)	(39,979)
Advances on dividends	-	-	-	-	-	-	-	(13,826)	(13,826)
Purchase of shares of the Company by a subsidiary	(17,498,259)	(8,400,063)	-	(9,318)	-	5,274	-	-	(4,044)
Effect from conversion	-	-	-	-	-	-	-	70	70
Balance as of December 31, 2013	1,310,344,032	2,230,193,708	1,427,768	(233,856)	110,736	14,209	(3,074)	159,344	1,475,127

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousand US Dollars)

	2013	2012
OPERATING ACTIVITIES:		
Collection of sales	1,010,361	1,173,008
Payments to suppliers and third parties	(853,366)	(816,050)
Payments to employees	(117,016)	(186,455)
Payments of income tax and other taxes	(81,592)	(119,353)
Other operating collections	316,298	223,636
	-----	-----
NET CASH INCREASE		
FROM OPERATING ACTIVITIES	274,685	274,786
	-----	-----
INVESTMENT ACTIVITIES:		
Acquisition of property, plant and equipment	(434,391)	(232,321)
Acquisition of investments in shares	(1,300)	(5,162)
Disbursements for acquisition of mining concessions	-	(12,696)
Disbursements for exploration, development and stripping activities	(171,012)	(135,781)
	-----	-----
NET CASH DECREASE		
FROM INVESTMENT ACTIVITIES	(606,703)	(385,960)
	-----	-----
FINANCING ACTIVITIES:		
Increase of financial obligations	402	45,642
Issue of bonds	-	600,000
Sale of shares in treasury	-	-
Purchase of shares in treasury	(4,045)	(129)
Payment of interests	(16,125)	(16,125)
Payment of dividends	(40,205)	(68,443)
Advances on dividends	-	(29,039)
	-----	-----
NET CASH (DECREASE) INCREASE		
FROM FINANCING ACTIVITIES	(59,973)	531,906
	-----	-----
NET (DECREASE) INCREASE OF CASH		
AND CASH EQUIVALENT	(391,991)	420,732
	-----	-----
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE YEAR	574,855	154,123
	-----	-----
CASH AND CASH EQUIVALENTS		
AT THE END OF THE YEAR	182,864	574,855
	=====	=====

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousand US Dollars)

	2013	2012
RECONCILIATION OF NET PROFIT OR LOSS		
WITH CASH FROM OPERATING ACTIVITIES:		
Net profit	173,360	210,950
Plus (less) adjustments in net profit:		
Depreciation and amortization	117,823	119,950
Net changes in assets and liabilities		
Increase of operating assets -		
Accounts receivable, net	(145,388)	(113,347)
Inventories	10,509	(21,199)
Increase of operating liabilities -		
Trade accounts payable	62,247	38,563
Other accounts payable	56,134	39,869
	-----	-----
NET CASH		
FROM OPERATING ACTIVITIES	274,685	274,786
	=====	=====



19. Board of Directors
and Senior
Management

Board of Directors

José Picasso Salinas

Director and member of the Executive Committee since March 1996. Vice chairman of the Board of Directors until April 2010; thereafter, chairman of the Board and the Executive Committee. Mr. Picasso is also vice chairman of the Board of Compañía Minera Poderosa, vice chairman of the Board of Reactivos Nacionales S.A., and a member of the following boards: Corporación Minera Castrovirreyna S.A., Bodegas Vista Alegre and Cemento Polpaico S.A. He previously served as vice chairman of Latinoamericana S.A.A. (Coca-Cola) and a member of the Board of Directors of Compañía Minera Atachochá S.A., EXSA, S.A., Castrovirreyna Compañía Minera, Compañía Molinera del Perú, Compañía de Seguros La Fénix Peruana S.A., Bolsa de Valores de Lima and Acción Comunitaria.

Felipe Osterling Parodi

Vice chairman of the Board and member of the Executive Committee since April 2010. He served as a director until April 2010. He is an attorney with the law firm Estudio Osterling and a member of the Board of Corporación Backus & Johnston, as well as a member of the Sociedad Peruana de Derecho Internacional (Peruvian International Law Society). Mr. Osterling previously served as chairman of the Academia Peruana de Derecho (Peruvian Academy of Law) and as academic member, chairman and member of the Court of Honor of the Colegio de Abogados de Lima (Lima Bar Association). He was a senator of the Republic of Peru and chairman of the Senate and the Congress of the Republic, dean of the Colegio de Abogados de Lima, and minister of justice.

Mr. Osterling holds a law degree from Pontificia Universidad Católica del Perú, with postgraduate degrees from the University of Michigan and New York University. He holds a doctorate in law.

José Ignacio De Romaña Letts

Member of the Board since 1993 and member of the Executive Committee. Mr. De Romaña worked in the sales division of Compañía de Minas Buenaventura from 1992 to 1999, and was the head of Volcan's sales division from 2000 to 2010. He has been a member of the board of Castrovirreyna Compañía Minera S.A. since 2005 and the board of Corporación Minera Castrovirreyna since 2002.

Mr. De Romaña holds a business administration degree from Universidad del Pacífico.

Irene Letts Colmenares de Romaña

Member of the Board of Directors since March 2012. She also has also served on the boards of Ferrocarril Central Andino S.A. and Ferrovías Central Andina S.A. since 2004, on the boards of Proyectos Médicos and Clínica Montesur since 2002, and the board of Ginecología y Vida S.A.C. at Jockey Salud since 2007.

Mrs. Letts studied social work at Universidad Nacional Mayor de San Marcos and economics at Universidad de Lima.

Madeleine Osterling Letts

Member of the Board since March 2012. A partner at the law firm Estudio Osterling S.C., she served as vice president of legal affairs at BellSouth Perú S.A. and Telefónica Móviles S.A. until December 2011. She is a member of the Rocky Mountain Mineral Law Foundation and teaches contract law at Universidad Peruana de Ciencias Aplicadas.

Mrs. Osterling earned a law degree from Pontificia Universidad Católica del Perú, specializing in mining and environmental law.

Daniel Maté Badenes

Director since March 2006. He has served as co-director of the zinc, lead, and copper divisions at Glencore International since February 2000, overseeing marketing and industrial assets, including strategy and operations. Mr. Mate has worked at Glencore since 1988, starting at the office in Madrid and later obtaining experience in metals transactions and logistics in Spain and North Africa. After three years at Glencore's Madrid office, he joined the zinc and lead department in Switzerland in August 1991. In February 2002 he transferred to the copper department, where he was responsible for zinc concentrate operations in Spain, North Africa and South America. He was subsequently placed in charge of worldwide zinc marketing for the company.

Mr. Mate is an economist and has a law degree from Universidad de Deusto in Spain.

José Bayly Letts

Director since March 2012. A businessman, Mr. Bayly has served as director and CEO of Agropecuaria del Sur S.A. since 2004. He has also been a director of Agrobay S.A. since 1999.

Mr. Bayly studied business administration at Universidad del Pacifico. He completed the Senior Management Program and the Corporate Governance Program for Company Directors at Universidad de Piura.

Pablo Moreyra Almenara

Independent director since 2011. He is a consultant to major Peruvian companies such as Ferrycorp S.A.A. and a founding partner of EQUBO, Estrategia y Finanzas and served on the boards of Essalud, Procapitales and BBVA Continental Bolsa. Previously, Mr. Moreyra was a private equity fund manager at Enfoca Inversiones. He has served as a senior executive of Grupo BBVA in Peru, occupying various positions, including investment manager of AFP Horizonte, CEO of BBVA Continental Fondos Mutuos, and financial planning manager of BBVA Banco Continental. He was also a member of the Board and chief analyst at ING Barings (Peru).

Mr. Moreyra holds a degree in economics and an MBA from Universidad del Pacífico. He studied capital markets, corporate finance, and other management topics at various institutions such as Harvard Business School, IESE, and the University of Texas at Austin. In addition, he completed the corporate governance program for independent directors organized by Universidad de Piura, Ernst & Young, and Universidad del Pacífico.

Christopher Eskdale

Director since March 2012. A certified public accountant, he worked at Deloitte & Touche in London and Moscow and with Glencore since 1996.

Mr. Eskdale holds a master's degree from Oxford University and is a public accountant certified by the Institute of Chartered Accountants in England and Wales.

Senior Management

Juan José Herrera Távara

Chief executive officer since 2009. He previously served as general superintendent at Perubar, mine superintendent at Compañía Minera del Sur (Bolivia) and assistant to the Operations Division at Corporación Minera Nor Perú. Since 1996, he has been the CEO of several mining companies such as Perubar, Yauliyacu e Iscaycruz, and Compañía Minera Atacocha. He previously served as alternate director at Compañía Minera San Ignacio de Morococha, beginning in 2006. He serves on the board of the Sociedad Nacional de Minería, Petróleo y Energía (National Society for Mining, Petroleum and Energy).

Mr. Herrera earned a degree in mining engineering from Universidad Nacional de Ingeniería and a master's degree in mining engineering from Queen's University, Canada. He participated in the training program for graduates at Gold Fields Limited in South Africa. He also completed the Senior Management Program at Universidad de Piura in October 2002.

Juan Ignacio Rosado Gómez de la Torre

Deputy chief executive officer since June 2010. He previously served as vice chairman and finance director at Hochschild Mining Plc. He was a senior project manager at McKinsey & Company from August 2000 to January 2005. He served on the board of Lake Shore Gold Corp. from March 2008 to June 2010 and the board of Zincore Metals in 2010 (both companies are listed on the Toronto Stock Exchange).

Mr. Rosado holds a degree in economics from Universidad del Pacifico and an MBA from Ross School of Business, University of Michigan.

Roberto Maldonado Astorga

Chief operations officer since 2008. From September 2000 to August 2004, he was Volcan's superintendent of engineering and projects, and subsequently general superintendent of the Animón Mine until March 2007. He has also served as project manager at Las Bambas, owned by Xstrata Peru.

Mr. Maldonado has a degree in mining engineering from Universidad Nacional de Ingeniería and a postgraduate degree in mineral engineering management from Pennsylvania State University.

José Montoya Stahl

Chief planning officer since June 2010. He previously worked at major corporations such as Votorantim Metais, Exsa S.A., and Minera Yanacocha S.R.L., occupying positions in production and planning for underground and open pit mines.

Mr. Montoya has a mining engineering degree from Pontificia Universidad Católica del Perú and a master's degree in mining economics from Colorado School of Mines. He participated in executive development programs at Universidad de Piura and Fundación Don Cabral (Brazil).

José Carlos del Valle Castro

Chief financial officer from September 2010 to August 2013. During his career, he held management positions in prestigious international companies such as Wells Fargo Bank in San Francisco, California, Standard Chartered Bank in the U.S. and Peru, and McKinsey & Company in Venezuela and Peru. Before joining Volcan, he was CEO of Textil San Cristobal S.A.

Mr. Del Valle studied business administration at Universidad del Pacífico. A graduate in business administration from California State University, Hayward, he has an MBA from the Wharton School at University of Pennsylvania, with a double concentration in finance and strategic management.

Jorge Murillo Núñez

Financial planning and management control manager since January 2011. In December 2013 he was promoted to chief financial officer.

His previous positions included financial consultant for KPMG Consulting, financial controller for Peru and Colombia at Bearing Point, deputy corporate financial planning director at Grupo Gloria and budget manager at Hochschild Mining.

Mr. Murillo has an industrial engineering degree from Pontificia Universidad Católica de Perú, a certificate in finance from the same university, and an MBA from Universidad ESAN.

Paolo Cabrejos Martin

Sales manager since September 2010. He joined Volcan in November 2008 as deputy sales manager. He has 15 years of domestic and international experience in zinc, lead and copper concentrate sales at companies such as Glencore International AG, Louis Dreyfus Commodities, and BHL.

Mr. Cabrejos holds a degree in business administration from Universidad del Pacífico.

Alberto Víctor Manuel Gazzo Baca

Human resources manager since December 2012. Prior to that he was human resources manager for Latin America at American Cyanamid Company, human resources director for Latin America at NCH, and general manager of human and organizational development at Votorantim Metais in Brazil and Peru.

Mr. Gazzo has a doctorate in human sciences from Pontificia Universidad Católica de Río de Janeiro in Brazil. He holds a degree in law, philosophy, and theology. He has also earned master's degrees in business management, quality management, and human resources management in Río de Janeiro.

Mario Eduardo de las Casas Vizquerra

Logistics manager since February 2010. From 1990 to 1998 he served in the logistics divisions of Buenaventura S.A. and Minera Yanacocha S.A., and was logistics manager of Volcan Compañía Minera from 1998 to 2007. He served as deputy manager for contracts, logistics, and supplies for the Project Division of Votorantim Metais, Cajamarquilla refinery, from 2007 to January 2010.

Mr. De las Casas has a degree in business administration from Universidad Ricardo Palma, completed the PADE program in logistics at Universidad ESAN, and has an MBA from Universidad de Piura.

Ulises Oliveros Salas

Projects manager since June 2011. He has 20 years of professional experience as a project manager in the metallurgy-mining industry and has participated in various stages of project development, ranging from feasibility and engineering studies to construction. He was manager of the Tia María project at Southern Peru Copper Corporation, administrative and project control manager for the Ilo smelter upgrade, and project manager for the Toratay River diversion project. He also participated in several projects related to expansion of concentrate plants and infrastructure.

Mr. Oliveros holds a degree in civil engineering from Pontificia Universidad Católica del Perú and an MBA from Universidad Privada de Tacna.

Pedro Martínez Recio

Manager of corporate projects and metallurgical research since May 2010. During his career, he served as CEO of Compañía de Minas Riotinto in Spain, which owns gold, silver, and copper mines. He provided metallurgical consulting services to numerous companies and directed several projects in Spain, Nicaragua, and South Africa. Prior to joining Volcan, he was metallurgical manager for the Spanish mining company

Minas de Aguas Teñidas, owned by the Trafigura Group, and which processes polymetallics of copper, lead, zinc, and silver.

Mr. Martínez holds a chemical sciences degree from Universidad de Sevilla in Spain. He also has an M.S. in mineral processing from the Royal School of Mines, University of London.

José Estela Ramírez

Energy manager since July 2011. He joined Volcan in March 2009. During his career, he served as chief of the research division of COES SUR, operations manager of Empresa de Generacion Electrica CAHUA, CEO of Empresa de Generacion Electrica Arequipa (EGASA), and a member of the Board of Empresa de Generacion Electrica del Sur (EGESUR).

Mr. Estela has a degree in mechanical engineering from Universidad Nacional de Ingenieria, an MBA from ESAN, a postgraduate degree in electricity company management from Vattenfall (Sweden), and a certificate in project management.

Roberto Servat Pereira de Sousa

Manager of labor relations. Joined Volcan in January 2007. He previously served as deputy minister of labor, deputy minister of social promotion, an advisor to the minister's office, general director of legal advising, and member of the Advisory Commission of Peru's Ministry of Labor and Employment Promotion, a judge in the Bankruptcy Division in Matters of Fair Competition and Intellectual Property of INDECOPI, and member of the Board of the Superintendency of Healthcare Service Providers.

He is currently a member of the Labor Affairs Commission of the Lima Chamber of Commerce and the Board of Directors of the Peruvian Society of Labor and Social Security Law. He is a professor at Universidad de Lima.

Mr. Servat earned his law degree from Universidad de Lima and a master's degree in public administration from the Instituto Ortega y Gasset, affiliated with Universidad Complutense de Madrid.

José Antonio Cuadros Obando

Operations manager at Cerro de Pasco UEA and San Sebastián and Vinchos units since March 2010. During his career, he served as planning manager and technical superintendent and operations manager at

Empresa Minera Iscaycruz. Prior to joining Volcan, he managed the Selena and Pallancata mine units of Compañía Minera Ares-Hochschild Mining.

Mr. Cuadros has a degree in mining engineering from Universidad Nacional Jorge Basadre Grohmann in Tacna and a master's degree in geotechnical engineering from Pontificia Universidad Catolica de Chile.

Edgardo Zamora Pérez

Operations manager of the Yauli UEA since September 2012. He joined Volcan in May 2000. In 2007 he became general superintendent of Empresa Administradora Chungar S.A.C. and from 2010 to 2012 he served as operations manager.

He has 12 years of professional experience in mine operations. He served as planning superintendent until March 2007.

Mr. Zamora earned a degree in mining engineering from Universidad Nacional Mayor de San Marcos.

José Manuel Blanco Collao

Operations manager of the Chungar UEA since September 2012. He has broad experience in mining and hydropower projects. He has worked for several mining companies, such as San Ignacio de Morococha S.A. (operations manager), the Cerro de Pasco Expansion Project (Centromin Peru), Compañía Minera Atacocha, Compañía Minera Simsa and Compañía Minera Poderosa.

Mr. Blanco has a degree in mining engineering from Universidad Nacional Jorge Basadre Grohmann in Tacna, and has completed the executive program in administration and finance at Universidad ESAN.

Herman Flores Arévalo

Operations manager at the Alpamarca, Rio Pallanga and Carhuacayan units since January 2008. He joined Volcan in 1999 as planning superintendent and mine superintendent at Cerro de Pasco. Previously, he worked for Centromin Peru.

Mr. Flores has a degree in mining engineering from Universidad Nacional de Ingenieria and an MBA from Universidad ESAN.

Daniel Torres Espinoza

Operations manager of the Andaychagua Unit. He joined Volcan in September 2008. Prior to that, he served as planning superintendent at various companies such as Minera Yauliyacu, Compañía Minera Huaron, Empresa Administradora Chungar and Volcan's Yauli UEA.

Mr. Torres earned a degree in mining engineering from Universidad Nacional de Ingeniería and completed the Quick MBA program at Gerens.

Eduardo Julio Magnasco La Torre

Operational excellence manager since November 2010. In his career, he has served as deputy director of airworthiness at the General Directorate for Civil Aviation of Lima, director of quality assurance for Compañía de Aviación Faucett, maintenance manager at Americana de Aviación in Lima, quality control director at TANS Peru and maintenance manager of TACA Peru.

Mr. Magnasco is an aeronautical engineer with experience in operations, maintenance, logistics, regulations, quality, human resources, and administration. He has an MBA from Universidad Diego Portales in Chile.

Felipe Injoque Espinoza

Manager of corporate social responsibility since December 2010. He has 30 years of experience in consulting, teaching, and management in the areas of forestry, agro-industrial development, natural resource conservation, planning of protected areas, as well as management of social and environmental matters in mining and other industries. He has held various positions at Minera Yanacocha, Rescan Peru, Mauricio Hochschild y Cia., and Compañía Minera Atacocha.

Mr. Injoque holds a degree in forest engineering from Universidad Nacional Agraria La Molina and a master's degree in environmental sciences from the Graduate School of Universidad Nacional Agraria La Molina.

Ernesto Zelaya Pflucker

Manager of mining projects. He joined Volcan in January 2009 as manager of projects and investments. Previously, he served as deputy operations manager at Cia. Minera Atacocha, chief operations manager at Volcan, corporate operations manager at Grupo Milpo, general manager at Minera Rayrock, and production superintendent at Breakwater Resources Inc.

Mr. Zelaya has a degree in mining engineering from Universidad Nacional de Ingeniería and has completed a program in operations management at Universidad de Piura.

José Manzaneda Cabala

Manager of metallurgical operations. He joined Volcan in January 2012, after serving as metallurgy manager at Compañía Minera Condestable S.A, Compañía Minera Atacocha S.A., Empresa Minera Iscaycruz, Sociedad Minera El Brocal and Compañía Minera Santa Luisa S.A.

Mr. Manzaneda has a degree in metallurgical engineering from Universidad Nacional de Ingeniería with a master's degree in mineral processing. He teaches part-time at the Graduate School of Metallurgy at Universidad Nacional de Ingeniería and in the geometallurgy specialization at Pontificia Universidad Católica del Peru.

Luis Alberto Narváez Cueva

Environmental affairs manager. He joined Volcan in June 2011. Previously, he was corporate environmental manager at Xtrata Peru S.A. and other mining companies such as BHP Billiton, BHP Discovery, Corporación Minera Nor Peru, Compañía Minera Santa Isabel, and Compañía Minera Manto Azul S.A.

Mr. Narváez has a mining engineering degree from Pontificia Universidad Católica del Peru, and earned a postgraduate degree in mining and the environment from Universidad Nacional de Ingeniería.

Sergio Giampietri Ramos

Corporate asset security manager since March 2011. He was previously a naval officer, holding various operational positions and serving in high-ranking posts. He was an advisor to a range of private security and commercial diving projects. Throughout his career, he held various positions in special operations units.

Mr. Giampietri has a degree in maritime-naval sciences, an MBA from the Postgraduate School of Universidad San Ignacio de Loyola, and a master's degree in defense analysis from the United States Naval Postgraduate School in Monterey, California. He also earned a postgraduate degree in command, general staff and administration for defense.

Jesús Ylazaca Valdivia

Geological operations manager from May 2012 to June 2013. He previously served as corporate planning superintendent beginning in April 2010. He was the regional manager of geology at Panamerican Silver Mexico and project manager at Minera Andina de Exploraciones.

Mr. Ylazaca has a degree in geological engineering from Universidad San Agustín in Arequipa and a master's degree in mineral resources from Universidad de Antofagasta in Chile.

Juan Marceliano Rojas

Occupational health and safety manager since April 2012. Previously he served as superintendent of safety, health, environment and quality at Votorantim Metais-Unidad Cajamarquilla S.A.C. for eight years. He also worked at the Arcata, Ares and Selene production units of Compañía Minera Hochschild as superintendent of mining safety and hygiene.

Mr. Marcellino has a degree in mining engineering and an MBA from Universidad Peruana Union-Lima, with a specialization in business management, finance, and personnel administration. He has also completed courses at the School of Excellence of Grupo Votorantim Metais in Brazil, as well as courses at ESAN and Pontificia Universidad Católica del Perú.

David Brian Gleit

Business development manager since September 2011. He has extensive professional experience in investment and financial advising and held various positions, including marketing and institutional relations director at Aronson+Johnson+Ortiz in Philadelphia, general manager of Compass Peru, founder and general manager of Perú Investment Advisers S.A.C., senior banker at Inteligo Bank Ltda. (part of Grupo Interbank of Nassau, Bahamas), and CFO at mining contractor Stracon S.A.C.

Mr. Gleit studied literature and economics at the University of Vermont and has an MBA in finance from Drexel University.

César Farfán Bernal

Explorations manager. He joined Volcan in September 2001. He has a degree in geological engineering from Universidad Nacional Mayor de San Marcos, with postgraduate studies in geology-metallogeny at Universidad Central in Quito, Ecuador.

Pedro Navarro Neyra

Treasury and administration manager since December 2010. He holds a degree in business administration and a master's degree in business management from Universidad de Piura, as well as a master's degree in strategic financial management from Universidad Peruana de Ciencias Aplicadas in Peru and EOI of Spain.

Pedro Torres Torres

Accounting and tax manager since November 2010. He joined Volcan in February 2010 as a general accountant. Prior to that, he was with PricewaterhouseCoopers for 17 years. During the last 10 years there, he served as audit manager, managing accounts for major domestic and international business groups in diverse sectors.

Mr. Torres earned his public accounting degree from Universidad de San Martín de Porres and a master's degree in business administration from Université du Québec in Montreal, Canada. He has a certificate in finance from Universidad de Piura and a certificate in international financial reporting standards and international accounting standards from Universidad del Pacífico.

Carlos Eduardo Flores Trelles

Information technology manager since December 2010. He previously served as corporate IT director at Yanbal International Corporation and held various executive positions in the IT division of BellSouth International Corporation. He is a professor at the Business School of Universidad de Lima and the Business School of Pontificia Universidad Católica del Perú.

Mr. Flores has a degree in systems engineering from Universidad de Lima, an MBA in strategic business administration from Centrum PUCP, a postgraduate degree in information security management systems from Centrum PUCP, and has completed the human resource management at Universidad de Piura and the program in organization and administration at Universidad ESAN.

Juan Begazo Vizcarra

Audit manager since July 2010. He joined Volcan in December 2008 as administration and control manager. He previously served as CFO at Gold Fields and general controller and accounting manager at Doe Run.

Mr. Begazo is a certified public accountant and member of the Committee of Experts in Mining Accounting, and he teaches in the mining management certificate program at Universidad de Lima.

Alfonso Rebaza González

Legal counsel since September 2010. He has experience in corporate and mining law, arbitration, and contracts. He was previously a partner with Estudio Osterling and professor of civil law at the Law School of Pontificia Universidad Católica del Perú.

Mr. Rebaza earned a law degree from Pontificia Universidad Católica del Perú.

Jorge Luis Cotrina Luna

Head of shareholder services since November 1999. He held various positions in the banking sector from 1984 to 1999. He has a business administration degree from Universidad Nacional Mayor de San Marcos and studied banking and capital markets at Pontificia Universidad Católica del Perú.

20. Good corporate governance

In April 2013, the Board of Directors approved an expansion of the Audit Committee and the creation of the Human Resource Management and Corporate Social Responsibility committees, in order to improve Volcan's corporate governance standards.

The Audit Committee ensures the validity of financial statements and monitors internal control and risk systems within the company. The Human Resource Management Committee is responsible for guaranteeing fair human resource practices and competitive remuneration to attract and retain the best talent possible. Finally, the Corporate Social Responsibility Committee defines and monitors achievement of annual objectives and initiatives for improvement on issues related to communities, the environment, and occupational health and safety.

As established by Article 3 of General Management Resolution 140-2005-EF/94.11, the following is information about compliance with good governance principles for Peruvian companies.

(10150) INFORMATION ABOUT COMPLIANCE WITH GOOD GOVERNANCE PRACTICES FOR PERUVIAN COMPANIES

(For the 2013 fiscal year)

Company name: Volcan Compañía Minera S.A.A.

(hereinafter the COMPANY)

Company ID: 20383045267

Address: Av. Manuel Olguin 373, Lima 33

Telephone: 416 7000

Fax: 416 7494

Web site: www.volcan.com.pe

Email: contact@volcan.com.pe

Stock Exchange Representative Sr. Pedro Olórtegui

SECTION ONE: ASSESSMENT OF THE 26 PRINCIPLES

I. SHAREHOLDERS' RIGHTS

1. Principle (I.C.1. second paragraph)- Generic matters shall not be incorporated into the Order of the Day. All points to be dealt with shall be duly detailed in such a manner that each matter may be discussed separately, facilitating its analysis and avoiding combined resolutions on matters on which there are different opinions.

Compliance: 4

2. Principle (I.C.1. third paragraph). - The venue of the Shareholders' Meetings shall be established in a manner that facilitates the attendance of the shareholders.

Compliance: 4

a. Indicate the number of Shareholders' Meetings called by the COMPANY during the fiscal year subject matter hereof.

	Number
Regular Shareholders' Meetings	1
Special Shareholders' Meetings	0

b. If Shareholders' Meetings were called, please complete the following information for each one of them.

Date of Notice*	Date of Meeting	Venue of Meeting	Type of Meeting		Quorum %	Shareholders in Attendance	Duration	
			Special	Regular			Start Time	End Time
Feb. 22	Mar. 20	Santiago de Surco	(...)	(X)	82.85	73	11:00	14:00

c. What means does the COMPANY use to call the Meetings, other than those included in Section 43 of the Business Corporations Act?

Email	(...)
Directly at the COMPANY	(...)
By phone	(...)
Website	(...)
By mail	(...)
Others: Via the Lima Stock Exchange and the Peruvian Securities and Exchange Commission (SMV)	(X)
None	(...)

d. Please indicate whether any of the means mentioned in the preceding point are regulated in any of the COMPANY's document(s).

Bylaws	(...)
Internal Regulations	(...)
Handbook	(...)
Other	(...)
Not Regulated	(X)

e. If the COMPANY has a corporate website, is it possible to obtain the minutes of the Shareholders' Meetings via this page?

	YES	NO
ONLY FOR SHAREHOLDERS	(...)	(X)
FOR THE GENERAL PUBLIC	(...)	(X)

3. Principle (I.C.2).- Opportunities shall be provided for shareholders to place items on the Order of the Day at the Regular Shareholders Meetings, subject to reasonable limitations.

Any matters introduced into the Order of the Day shall be of COMPANY interest and shall fall within the legal or statutory competence of the Meeting. The Board of Directors shall not deny this type of request without giving the shareholder reasonable justification.

Compliance: 4

a. Please indicate whether shareholders may include issues in the Order of the Day by a mechanism other than that included in the Business Corporations Act (Section 117 for closely-held corporations and Section 255 for publicly traded corporations).

YES (X) NO (...)

b. If the answer to the previous question is yes, then please list the alternative mechanisms.

Submitting a request for inclusion to the Board of Directors.

c. Please indicate whether any of the means mentioned in the preceding point are regulated in any of the COMPANY's document(s).

Bylaws	(...)
Internal Regulations	(...)
Handbook	(...)
Other	(...)
Not Regulated	(X)

d. Please indicate the number of requests submitted by the shareholders during the fiscal year subject matter hereof for the inclusion of issues to be dealt with in the Order of the Day of the Meetings.

The COMPANY received no requested from the shareholders during 2013.

4. Principle (I.C.4.i.)- The Bylaws shall not impose limits on the right of shareholders entitled to participate in Shareholders' Meetings to be represented by any person appointed by them.

Compliance: 4

a. In accordance with the provisions of Section 122 of the Business Corporations Act, please indicate whether the Company's Bylaws limit the right of representation, reserving it for:

Another shareholder (...)
 A Director (...)
 A Manager (...)
 The right of representation is not limited (X)

b. Please complete the following information for each Meeting held during the fiscal year subject matter hereof:

MEETING TYPE		MEETING DATE	HOLDINGS (%) OF TOTAL SHARES	
Regular	Special		By Proxy	Directly
(X)	(...)	March 2020	37.53	45.32

c. Please indicate the requirements and formalities necessary for a shareholder to be represented at a meeting.

Formality (please indicate whether the COMPANY requires an uncertified letter, notarized letter, notarial recorded instrument, etc.)	Uncertified letter
Anticipation (number of days prior to the meeting that the power of attorney shall be submitted)	24 hours
Cost (please indicate whether the COMPANY requires payment for this purpose and, if so, indicate the amount)	None
Rejected	0

d. Please indicate whether the requirements and formalities described in the preceding point are regulated in any of the COMPANY'S document(s).

Bylaws (X)
 Internal Regulations (...)
 Handbook (...)
 Other (...)
 Not Regulated (...)

II. EQUAL TREATMENT OF SHAREHOLDERS

5. Principle (II.A.1, third paragraph).- It is recommended that any company issuing investment stock or other securities without voting rights offer its holders the opportunity to exchange them for common shares with the right to vote or that they provide for this possibility at the time of issue.

Compliance: 4

a. Has the COMPANY carried out any process for the exchange of investment stock in the last five years?

YES (X) NO (...) NOT APPLICABLE (...)

6. Principle (II.B).- A sufficient number of directors shall be elected, capable of exercising independent judgment to tasks where there is a potential for conflict of interest, being able, for such purpose, to take into consideration the participation of shareholders lacking control.

Independent directors are those selected for their professional prestige and who are not connected to the COMPANY Management, nor to the control group of the same.

Compliance: 3

a. Please list the COMPANY'S number of dependent and independent directors.

DIRECTORS	Number
Dependent	6
Independent ¹	3
Total	9

¹ Independent Directors are those not related to the Management of the issuing entity or its majority shareholders. For such effect, a "relationship" is defined in the Regulations on Indirect Ownership, Relationships, and Economic Groups. The majority shareholders, for their part, are those individuals or legal entities who hold 5% or more of the capital stock in the issuing entity.

b. Please indicate the special requirements (different from those necessary for being a director) for being an independent director of the COMPANY.

No special requirements.

c. Please indicate whether any of the special requirements mentioned in the preceding point are regulated in any of the COMPANY'S document(s).

Bylaws (...)
 Internal Regulations (...)
 Handbook (...)
 Other (...)
 Not Regulated (X)

d. Please indicate whether the COMPANY'S directors are relatives in the first or second degree of consanguinity, or relatives in the first degree of affinity, or spouses:

DIRECTOR 'S FULL NAME	RELATIONSHIP		
	SHAREHOLDER ¹	DIRECTOR	MANAGER
José Bayly Letts	(...)	(X)	(...)
José Ignacio De Romaña	(...)	(X)	(...)
Irene Letts Colmenares de De Romaña	(...)	(X)	(...)
Madeleine Osterling Letts	(...)	(X)	(...)
Felipe Osterling Parodi	(...)	(X)	(...)
SHAREHOLDER'S FULL NAME ²	AFFINITY	ADDITIONAL INFORMATION	

¹ Shareholders with shares amounting to or exceeding 5% of the capital stock (by class of shares, including investment stock).

² If there exists any relationship with a shareholder, please include the shareholder's stake. If the relation is with any member of the Management, please include his/her position.

e. If any member of the Board of Directors holds, or has held during the fiscal year subject matter hereof, any managerial position in the Company, please indicate the following information:

No member of the Board of Directors holds a management position in the COMPANY.

f. If any member of the Board of Directors is or has also been, during the fiscal year subject matter hereof, a member of the Board of Directors of any other company or companies listed on the Lima Stock Exchange Register, please indicate the following information:

DIRECTOR 'S FULL NAME	COMPANY'S TRADE NAME	DATE	
		START	END
José Picasso S.	Cía. Minera Poderosa S.A.	2006	
José Picasso S.	Reactivos Nacionales S.A.	2003	
Felipe Osterling P.	Corporación Backus y Johnston	2008	
José Ignacio De Romaña	Castrovirreyna Cía. Minera S.A.	2005	
Christopher Eskdale	Perubar S.A.	2012	

7. Principle (IV.C, second, third, and fourth paragraph).- While independent audits are generally focused on expressing opinions on financial information, they may also deal with opinions or specialized reports on the following issues: expert accounting reports, operational audits, systems audits, project evaluation, cost systems evaluation or implementation, tax audits, appraisals for the adjustment of assets, portfolio evaluation, inventories, or other special services.

It is recommended that such services be performed by different auditors, or in the event they are done by the same auditors, this should not affect the independence of their opinion. The COMPANY should reveal all audits and specialized reports performed by the auditor. Reports shall be submitted on all services provided by the auditing firm or auditor to the COMPANY, specifying the percentage represented by each one and its participation in the income of the auditing firm or auditor.

Compliance: 4

a. Please provide information on the auditing firms that have rendered their services to the COMPANY in the last five (5) years.

TRADE NAME OF THE AUDITING FIRM	SERVICE*	PERIOD	PAYMENT**
Pazos, López de Romaña, Rodríguez S.C. (BDO)	Annual Audit	2009	100%
Pazos, López de Romaña, Rodríguez S.C. (BDO)	Annual Audit	2010	100%
Pazos, López de Romaña, Rodríguez S.C. (BDO)	Annual Audit	2011	100%
PricewaterhouseCoopers	Tax Issues	2011	0%
Ernst & Young	IFRS	2011	0%
PricewaterhouseCoopers	Tax Issues	2012	0%
Pazos, López de Romaña, Rodríguez S.C. (BDO)	Annual Audit	2012	100%
Ernst & Young	Tax Issues	2012	0%
Pazos, López de Romaña, Rodríguez S.C. (BDO)	Annual Audit	2013	100%
Ernst & Young	Tax Issues	2013	0%
Medina, Zaldívar, Paredes & Asociados S.C.R. Ltda.	Specialized reports	2013	0%
PricewaterhouseCoopers	Tax Issues	2013	0%

* Please include all types of services such as specialized reports on financial information, accounting expert's appraisals, operational audits, system audits, tax audits or other special services.
** Of the total amount paid to the auditing firm for any reason, please state the percentage corresponding to payment for financial auditing services.

b. Please describe the pre-established mechanisms for hiring an auditing firm in charge of issuing specialized reports on the Annual Financial Statements (including the identification of the COMPANY body in charge of selecting the auditing firm).

The hiring of the auditing firm must be proposed to the Board of Directors by the Management, presenting the justifications and/or proposals and its recommendations. The Shareholders' Meeting is responsible for appointing or delegating to the Board of Directors the appointment of the independent auditors.

c. Please indicate whether any of the mechanisms mentioned in the preceding point are included in any of the COMPANY's document(s).

Bylaws	(X)
Internal Regulations	(...)
Handbook	(...)
Other	(...)
Not Regulated	(...)

d. Please indicate whether the auditing firm hired to issue a specialized report on the COMPANY's Financial Statements corresponding to the fiscal year subject matter hereof also issued specialized reports on the

Financial Statements for the same fiscal year for other companies in your Economic Group.

YES (X) NO (...)

e. Please indicate the number of meetings held between the area in charge of internal audits and the auditing firm hired during the fiscal year subject matter hereof.

NUMBER OF MEETINGS							
0	1	2	3	4	5	More than 5	Not applicable
(...)	(...)	(...)	(X)	(...)	(...)	(...)	(...)

8. Principle (IV.D.2).- Attention to particular requests for information by shareholders, investors in general, or stakeholders related to the COMPANY shall be made through a responsible authority and/or person appointed for such purpose.

Compliance: 4

a. Please indicate the mean(s) or way(s) in which the COMPANY's shareholders or stakeholders may seek information in order for their request to be processed.

	SHAREHOLDERS	STAKEHOLDERS
Email	(X)	(X)
Directly At The Company	(X)	(X)
By Phone	(X)	(X)
Website	(X)	(X)
By Mail	(X)	(X)
Other (Please Specify)	(...)	(...)

b. Notwithstanding the reporting responsibilities of the General Manager established in Section 190 of the Business Corporations Act, please state which area and/or person is in charge of receiving and processing the shareholders' requests for information. If a person is responsible, then please list his/her position and area of work.

AREA IN CHARGE	SHAREHOLDER RELATIONS	
Person In Charge - Full Name	Position	Area
Jorge Luis Cotrina Luna	Head	Shareholder Relations

c. Please indicate whether the COMPANY's procedure for processing shareholders' and/or stakeholders' requests for information is regulated by any of the COMPANY's document(s).

Bylaws (X)
 Internal Regulations (...)
 Handbook (...)
 Other (...)

The COMPANY has a procedure, but it is not regulated (...)

Not applicable: there is no pre-established procedure (...)

d. Please list the number of information requests submitted by the COMPANY's shareholders and/or stakeholders during the fiscal year subject matter hereof.

	Number of requests
Received	63
Accepted	63
Rejected	0

e. If the COMPANY has a web page, does it include a special section on corporate governance or relations with shareholders and investors?

YES (X) NO (...) NO WEBSITE (...)

f. Please indicate whether the COMPANY has received any complaints for limiting any shareholder's access to information during the fiscal year subject matter hereof.

YES (...) NO (X)

9. Principle (IV.D.3).- Any cases of doubt regarding the confidential nature of information requested by shareholders or stakeholders related to the COMPANY, should be resolved. The criteria should be adopted by the Board of Directors and ratified by the Shareholders' Meeting, as well as included in the Bylaws or Internal Regulations of the COMPANY. In no case shall the disclosure of information put the competitive position of the COMPANY in danger nor affect the normal development of COMPANY activities.

Compliance: 3

a. Who determines the confidential nature of any given information?

The Board of Directors (X)
 The General Manager (...)
 Other (please specify) (...)

b. Please specify the objective pre-established criteria that allow information to be declared confidential. In addition, please indicate the number of requests for information submitted by shareholders during the fiscal year subject matter hereof which were rejected due to the confidentiality of the information.

(X) There are no pre-established criteria

c. Please indicate whether any of the criteria mentioned in the preceding point are included in any of the COMPANY's document(s).

Bylaws (...)
 Internal Regulations (...)
 Handbook (...)
 Other (...)

*Please specify the document's designation, except in the case of the COMPANY's Bylaws

Not regulated (X)

10. Principle (IV.F, first paragraph).- The COMPANY shall perform internal audits. When performing their duties, the internal auditors shall maintain an independent professional relationship with the COMPANY employing them. They shall comply with the same principles of diligence, loyalty, and confidentiality demanded from the Board of Directors and the Management.

Compliance: 3

a. Please indicate whether the COMPANY has an independent area in charge of internal audits.

YES (X) NO (...)

b. If the answer to the previous question is affirmative, please indicate, in terms of the COMPANY's organizational structure, which area the internal auditors are part of and to whom they report.

Part of: Audit Committee

Reports to: Audit Committee / Board of Directors

c. Please indicate the main responsibilities entrusted to the internal auditors and whether they perform other duties unrelated to internal audits.

- Supervision of compliance with corporate policies and procedures at the corporate offices and in the mining units.

- Fraud prevention and control audits.

- Audit planning based on the COMPANY's strategic risks management.

- Consultancies on the design of internal control activities.

The person responsible for internal auditing performs no other duties outside his/her area.

d. Please indicate whether any of the responsibilities mentioned in the preceding point are regulated in any of the COMPANY's document(s).

Bylaws (...)

Internal Regulations (X)

Handbook (X)

Auditing Handbook

Other (...)

*Please specify the document's designation, except in the case of the COMPANY's Bylaws

III. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

11. Principle (V.D.1).- The Board of Directors shall perform certain key duties, including:

The evaluation, approval, and direction of corporate strategy; establishment of objectives and goals, as well as major plans of action; risk monitoring, control and management policy; annual budgets and business plans; monitoring of the implementation thereof; and overseeing major capital expenditures, investments, acquisitions, and divestitures.

Compliance: 4

a. If the COMPANY's Board of Directors is in charge of the function described in this principle, please indicate whether this function of the Board is included in any of the COMPANY's document(s).

Bylaws (X)

Internal Regulations (...)

Handbook (...)

Other (...)

*Please specify the document's designation, except in the case of the COMPANY's Bylaws

The Board of Directors is responsible for the duty in question, but it is not regulated (...)

Not applicable: the Board of Directors is not responsible for this duty (...)

The Board of Directors shall perform certain key duties, as follows:

12. Principle (V.D.2).- Select, monitor and, if necessary, substitute the main executives, as well as setting their salaries.

Compliance: 4

13. Principle (V.D.3).- Evaluate the salaries of the main executives and members of the Board of Directors, ensuring a formal and transparent appointment process.

Compliance: 4

a. If the COMPANY's Board of Directors is in charge of the duties described in this principle, please indicate whether these functions of the Board are mentioned in any of the COMPANY's document(s).

Bylaws (X)

Internal Regulations (...)

Handbook (...)

Other (...)

*Please specify the document's designation, except in the case of the COMPANY's Bylaws

The Board of Directors is responsible for the duty in question, but it is not regulated (...)

Not applicable: the Board of Directors is not responsible for this duty (...)

b. Please indicate which body is in charge of:

DUTY	BOARD OF DIRECTORS	GENERAL MANAGER	OTHER
Hiring and replacing the General Manager	(X)	(...)	
Hiring and replacing the Management Staff	(X)	(...)	
Setting the main executives' salaries	(X)	(...)	
Evaluating the main executives' salaries	(X)	(...)	
Evaluating the Directors' salaries	(...)	(...)	Bylaws

c. Please indicate whether the COMPANY has internal policies or established procedures for:

POLICIES FOR	YES	NO
Hiring and replacing the main executives	(X)	(...)
Setting the main executives' salaries	(X)	(...)
Evaluating the main executives' salaries	(X)	(...)
Evaluating the Directors' salaries	(X)	(...)
Appointing the Directors	(X)	(...)

d. If the answer to the previous question is affirmative for one or more of the indicated procedures, please indicate whether these procedures are regulated in any of the COMPANY's document(s).

Bylaws	(X)
Internal Regulations	(...)
Handbook	(...)
Other	(...)

*Please specify the document's designation, except in the case of the COMPANY's Bylaws

Not regulated	(...)
---------------	-------

The Board of Directors shall perform certain key duties, as follows:

14. Principle (V.D.4).- Carry out the monitoring and control of possible conflicts of interest between the Management Staff, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

Compliance: 4

a. If the COMPANY's Board of Directors is in charge of the function described in this principle, please indicate whether this function of the Board is included in any of the COMPANY's document(s).

Bylaws	(X)
Internal Regulations	(...)
Handbook	(...)

Other (X)

- o Code of Ethics and Conduct
- o Anti-Fraud Policy
- o Protocol for the hiring of relatives of the shareholders as suppliers or employees of the COMPANY

*Please specify the document's designation, except in the case of the COMPANY's Bylaws

The Board of Directors is responsible for the duty in question, but it is not regulated (...)

Not applicable: the Board of Directors is not responsible for this duty (...)

b. Please list the number of cases of conflict of interests which have been addressed by the Board of Directors during the fiscal year subject matter hereof.

No conflicts of interest subject matter of discussion by the Board of Directors during fiscal year 2013 were registered in the COMPANY.

c. Please indicate whether the COMPANY or its Board of Directors has a Code of Ethics or any similar document(s) wherein possible conflicts of interest are regulated.

YES (X) NO (...)

If the answer is affirmative, please indicate the exact title of the document:

- o Code of Ethics and Conduct
- o Anti-Fraud Policy

d. Please state the pre-established procedures for approval of transactions between related parties.

- o Procedures for purchases of goods and services management in the Lima Corporate Headquarter.
- o Hiring procedures for Third Party Services in the Lima Corporate Headquarter.
- o Procedures for Mining Services contract management.
- o Procedures for Civil works and maintenance services contract management.
- o Procedure to release guarantee funds and standby letters to contractors.

The Board of Directors shall perform certain key duties, as follows:

15. Principle (V.D.5).- Safeguard the integrity of the COMPANY's accounting system and financial statements, including the independent audit, and the existence of appropriate monitoring systems, in particular, the control of financial and non-financial risks and compliance with the law.

Compliance: 3

a. If the COMPANY's Board of Directors is in charge of the function described in this principle, please indicate whether this function of the Board is included in any of the COMPANY's document(s).

Bylaws	(X)
Internal Regulations	(...)

Handbook	(...)
Other	(...)
The Board of Directors is responsible for the duty in question, but it is not regulated	(X)
*Please specify the document 's designation, except in the case of the COMPANY's Bylaws	
b. Please indicate whether the COMPANY has control systems for financial and non-financial risks.	
YES (X)	NO (...)
c. Please indicate whether the control systems described in the preceding point are regulated in any of the COMPANY's document(s).	
Bylaws	(...)
Internal Regulations	(...)
Handbook	(...)
Other	(X)
Guidelines for risk monitoring	
Not regulated	(...)
*Please specify the document 's designation, except in the case of the COMPANY's Bylaws	
The Board of Directors shall perform certain key duties, as follows:	
16. Principle (V.D.6).- Monitor the effectiveness of the governance practices under which it operates and making changes as needed.	
Compliance: 3	
a. Is the COMPANY's Board of Directors in charge of the function described in this principle?	
YES (X)	NO (...)
b. Please list the pre-established procedures for supervising the effectiveness of the governance practices, specifying the number of assessments carried out during the period.	
o Implementation of the protocol for Anti-Fraud evaluations.	
o 35 evaluations of operational issues on the compliance of policies and procedures.	
o 26 evaluations to assess the compliances the Code of Ethic and Conduct.	
c. Please indicate whether the procedures described in the preceding point are regulated in any of the COMPANY's document(s).	
Bylaws	(...)
Internal Regulations	(...)
Handbook	(...)
Other	(X)

Guidelines for the implementation of good corporate governance practices	
Not regulated	(...)
*Please specify the document 's designation, except in the case of the COMPANY's Bylaws	
The Board of Directors shall perform certain key duties, as follows:	
17. Principle (V.D.7).- Oversee the disclosure policy.	
Compliance: 3	
a. If the COMPANY's Board of Directors is in charge of the function described in this principle, please indicate whether this function of the Board is included in any of the COMPANY's document(s).	
Bylaws	(...)
Internal Regulations	(...)
Handbook on Confidential Information Handling Standards	(X)
Other	(...)
The Board of Directors is responsible for the duty in question	(X)
Not applicable: the Board of Directors is not responsible for this duty	(...)
*Please specify the document 's designation, except in the case of the COMPANY's Bylaws	
b. Please state the COMPANY's policy on disclosure and communication of information to shareholders.	
That determined by the Business Corporations Act and the Securities Act, as well as that provided for in the standards of the Peruvian Securities and Exchange Commission (SMV) especially that regulating all aspects related to Events of Importance.	
Not applicable, the COMPANY has no such policy	(...)
c. Please indicate whether the policy described in the preceding point is regulated in any of the COMPANY's document(s).	
Bylaws	(X)
Internal Regulations	(...)
Handbook	(...)
Other	(X)
Securities Act	
Not regulated	(...)
*Please specify the document 's designation, except in the case of the COMPANY's Bylaws	
18. Principle (V.E.1).- The Board of Directors may form special bodies according to the needs and size of the COMPANY, particularly a body to assume the auditing function. Additionally, these special bodies may be used, among other things, for the duties of appointment, compensation, control, and planning. These special	

bodies will be formed within the Board of Directors as support mechanisms and shall preferably include an independent director, in order to make impartial decisions on matters that may involve a conflict of interest.

Compliance: 4

a. If the answer to the preceding point is affirmative, please indicate the following information regarding each Committee of the COMPANY's Board of Directors.

EXECUTIVE COMMITTEE			
I. DATE OF CREATION: March 1996			
II. DUTIES			
Study and resolution of matters entrusted to it by the Board of Directors, except for accountability, distribution of provisional dividends, the presentation of financial statements to the Shareholders' Meeting, and the specific powers which the Shareholders' Meeting grants to the Board of Directors, in accordance with Section 38 of the Bylaws.			
III. MAIN RULES ON ORGANIZATION AND FUNCTIONING:			
Meets regularly each month.			
IV. COMMITTEE MEMBERS:			
FULL NAMES	DATE		POSITION ON THE COMMITTEE
	START	END	
José Picasso S.	01.03.1996		Chairman
Felipe Osterling P.	12.04.2010		Vice-Chairman
José Ignacio de Romaña	06.04.2004		Regular Member
Christopher Eskdale	22.03.2012		Regular Member
V. NUMBER OF MEETINGS HELD DURING THE FISCAL YEAR			12
VI. HAS POWERS DELEGATED AS PER SECTION 174 OF THE BUSINESS CORPORATIONS ACT			YES (X) NO (...)

AUDIT COMMITTEE			
I. DATE OF CREATION: July 30, 2010			
II. DUTIES			
Support the COMPANY's adequate compliance with Good Governance Standards.			
Monitor the effective compliance with the strategic management of the COMPANY's business risks.			
Guarantee the existence of an adequate internal control system.			
Monitor the implement of effective controls based on the cost/benefit system.			
III. MAIN RULES ON ORGANIZATION AND FUNCTIONING:			
Meets once a month throughout the year, except in July and December, given that a presentation is made to the Board of Directors in those two months. The purpose of the monthly meetings is to assess the audit reports and progress made in the Audit Management Work Programs.			

IV. COMMITTEE MEMBERS:			
FULL NAMES	DATE		POSITION ON THE COMMITTEE
	START	END	
José Bayly	07.03.2013		Miembro titular
José Ignacio De Romaña	11.08.2010		Miembro titular
Daniel Maté	07.03.2013		Miembro titular
Pablo Moreyra	07.03.2013		Miembro titular
V. NUMBER OF MEETINGS HELD DURING THE FISCAL YEAR			11
VI. HAS POWERS DELEGATED AS PER SECTION 174 OF THE BUSINESS CORPORATIONS ACT			YES (X) NO (...)

HUMAN RESOURCES COMMITTEE			
I. DATE OF CREATION: April 2013			
II. DUTIES			
Ensure and maintain a consistent organizational structure with business needs; promoting meritocracy and the professional development of executive staff.			
Define compensation schemes guidelines for managers (short and Long Term), seeking greater alignment with business objectives and ensuring consistency with what the market offers, in order to attract and retain the best talent available.			
Participate in establishing annual bonuses for senior management, performance-based.			
III. MAIN RULES ON ORGANIZATION AND FUNCTIONING:			
Semi-annual meetings.			
IV. COMMITTEE MEMBERS:			
FULL NAMES	DATE		POSITION ON THE COMMITTEE
	START	END	
José Bayly L.	18.04.2013		Regular Member
José Ignacio De Romaña	18.04.2013		Regular Member
Pablo Moreyra	18.04.2013		Regular Member
Jose Picasso S.	18.04.2013		Regular Member
V. NUMBER OF MEETINGS HELD DURING THE FISCAL YEAR			2
VI. HAS POWERS DELEGATED AS PER SECTION 174 OF THE BUSINESS CORPORATIONS ACT			YES (X) NO (...)

COMMITTEE ON CORPORATE SOCIAL RESPONSIBILITY			
I. DATE OF CREATION: April 2013			
II. DUTIES			
Define annual objectives and priority initiatives related to communities, environment, safety and occupational health.			
Monitor progress in implementation of priority initiatives, including the Dupont project.			
Analyze and propose specific issues requiring Board decision.			
III. MAIN RULES ON ORGANIZATION AND FUNCTIONING:			
Meeting in the days before Board meetings for the months of February, May, August and November.			

IV. COMMITTEE MEMBERS			
FULL NAMES	DATE		POSITION ON THE COMMITTEE
	START	END	
Christopher Eskdale	18.04.2013		Regular Member
Irene Letts de De Romaña	18.04.2013		Regular Member
Pablo Moreyra	18.04.2013		Regular Member
Madeleine Osterling L.	18.04.2013		Regular Member
V. NUMBER OF MEETINGS HELD DURING THE FISCAL YEAR			2
VI. HAS POWERS DELEGATED AS PER SECTION 174 OF THE BUSINESS CORPORATIONS ACT			YES (X)
			NO (...)

19. Principle (V.E.3).- The number of members of the COMPANY's Board of Directors should ensure a plurality of opinions within the Board, in such a manner that the resolutions adopted therein are the result of adequate deliberation, always observing the best interests of the COMPANY and the shareholders.

Compliance: 4

a. Please provide the following information corresponding to the Directors of the COMPANY during the fiscal year subject matter hereof.

FULL NAMES	EDUCATION ²	DATE		SHAREHOLDERS ³	
		START ¹	END	NUMBER OF SHARES	Stake (%)
DEPENDENT DIRECTORS					
José Picasso S.	Businessman / Other Boards	1996			
Felipe Osterling P.	Attorney/ Other Boards	2009			
José Bayly L.	Businessman / Other Boards	2012			
José Ignacio De Romaña	Administrator / Other Boards	2010			
Irene Letts de De Romaña	Businesswoman / Other Boards	2012			
Madeleine Osterling L.	Attorney	2012			
DIRECTORES INDEPENDIENTES					
Daniel Maté B.	Economist	2006			
Pablo Moreyra A.	Economist	2011			
Christopher Eskdale	Accountant / Other Boards	2012			

¹ First appointment.
² Include the professional education, and whether or not the Director has served on other Boards of Directors.
³ Only for shareholders holding more than 5.0% of the company's shares.

20. Principle (V.F, second paragraph).- The information regarding matters to be addressed in each meeting shall be made available to the Directors with sufficient advance notice so that they may review them, except when dealing with confidential strategic matters, in which case it shall be necessary to establish mechanisms enabling the Directors to properly evaluate such matters.

Compliance: 4

a. How is information regarding issues to be addressed at Board of Directors' meetings sent to the Directors?

Email	(X)
Postal mail	(.)
Others: Direct delivery	(X)
Picked up personally at the COMPANY	(...)

b. How many days prior to a meeting is the information on matters to be addressed in said meeting made available to the COMPANY's Directors?

	LESS THAN 3 DAYS	FROM 3 TO 5 DAYS	MORE THAN 5 DAYS
Non-confidential information	(X)	(...)	(...)
Confidential information	(X)	(...)	(...)

c. Please indicate whether the procedure established so that Directors may analyze confidential information is regulated in any of the COMPANY's document(s).

Bylaws	(...)
Internal Regulations	(...)
Handbook	(...)
Other	(...)
The COMPANY has a procedure, but it is not regulated	(...)
Not applicable: there is no pre-established procedure	(X)

*Please specify the document's designation, except in the case of the COMPANY's Bylaws

21. Principle (V.F, third paragraph).- Following clearly established and defined policies, the Board of Directors may decide to engage the services of specialized advisors that the COMPANY requires in order to make its decisions.

Compliance: 4

a. Please indicate the pre-established policies regarding the hiring of specialized advisory services by the Board of Directors or the Directors.

Not applicable: the COMPANY has no such policy. (X)

b. Please indicate whether the policies described in the preceding point are regulated in any of the COMPANY's document(s).

c. Please list the specialized legal counsels to the Board of Directors who have provided services for the COMPANY's decision-making processes during the fiscal year subject matter hereof.

22. Principle (V.H.1).- New directors shall be instructed regarding their powers and responsibilities, as well as the organizational characteristics and structure of the COMPANY.

Compliance: 3

a. If the COMPANY has induction programs for new directors, please indicate whether such programs are regulated in any of the COMPANY's document(s).

- Bylaws (...)
- Internal Regulations (...)
- Handbook (...)
- Other (...)
- The COMPANY has induction programs, but they are not regulated (...)
- Not applicable: the COMPANY has no such programs. (X)

*Please specify the document 's designation, except in the case of the COMPANY's Bylaws

23. Principle (V.H.3).- The Board of Directors shall establish the procedures to be followed for the appointment of one or more substitutes in the event there are no Alternate Directors and one or more vacancies occur, in such a manner as to complete the number of Directors for the remaining period when the Bylaws do not establish a different procedure.

Compliance: 4

a. During the fiscal year subject matter hereof, were one or more director positions declared vacant?

YES (...) NO (X)

b. If the answer to the previous question is affirmative, according to the second paragraph of Section 157 of the Business Corporations Act, please indicate the following:

	YES	NO
Did the Board of Directors choose the Alternate Director?	(...)	(...)
If applicable, the average delay in appointing the new Director (in calendar days)	-	-

c. Please indicate the pre-established procedures for appointing alternates to vacant director positions.

If the vacancy of one or more Directors occurs, the Board of Directors may select the alternates to complete its number for the remaining period of the Board of Directors.

d. Please indicate whether the procedures described in the preceding point are regulated in any of the COMPANY's document(s).

- Bylaws (X)
- Internal Regulations (...)
- Handbook (...)

Other (...)

Not Regulated (...)

*Please specify the document 's designation, except in the case of the COMPANY's Bylaws

24. Principle (V.I, first paragraph).- The functions of the Chairman of the Board of Directors or CEO; Executive President, if applicable; as well as those of the General Manager, shall be clearly outlined in the COMPANY's Bylaws or Internal Regulations in order to avoid duplicating duties and possible conflicts.

Compliance: 4

25. Principle (V.I, second paragraph).- The organizational structure of the COMPANY shall avoid concentrating duties, powers, and responsibilities in the persons of the Chairman of the Board, the CEO (Executive Chairman) if applicable, the General Manager and other officers with management responsibilities.

Compliance: 3

RESPONSIBILITIES OF	BYLAWS	INTERNAL REGULATIONS	HANDBOOK	OTHER	DOCUMENT TITLE	NOT REGULATED	NOT APPLICABLE**
CHAIRMAN OF THE BOARD	(X)	(...)	(...)	(...)		(...)	(...)
CEO (Executive Chairman)	(...)	(...)	(...)	(...)		(...)	(X)
GENERAL MANAGER	(X)	(...)	(...)	(...)		(...)	(...)
MANAGEMENT STAFF	(...)	(...)	(...)	(X)	Powers of attorney	(...)	(...)

26. Principle (V.I.5).- It is recommended that the Management receives at least part of its compensation based on the COMPANY's results, in such a manner as to ensure compliance with its objective of maximizing the COMPANY's value in favor of the shareholders.

Compliance: 3

a. Regarding the bonus policy for the Management, please indicate the manner(s) in which said bonus is awarded.

- Payment of shares (...)
- Payment of options (...)
- Payment of money (...)
- Others: Profit-sharing provided by law (X)
- Not applicable (...)

b. Please indicate whether the compensation (without considering bonuses) received by the General Manager and Management Staff is:

	FIXED SALARY	VARIABLE SALARY	COMPENSATION (%)*
General Manager and Management Staff	(X)	(...)	0.95

* Please indicate the total amount of annual compensation received by the Management Staff and General Manager, with respect to the level of gross income, according to the COMPANY's Financial Statements.

c. Please indicate whether the COMPANY establishes any severance package or similar payment in case of the dismissal of the General Manager and/or Management Staff.

YES (...) NO (X)

SECTION TWO: ADDITIONAL INFORMATION

II.1 SHAREHOLDERS' RIGHTS

a. Please list the means used to inform new shareholders of their rights and how they may be exercised.

Email	(...)
Directly at the COMPANY	(...)
By phone	(...)
Website	(X)
By mail	(...)
Others	(...)
Not applicable. Rights to new shareholders are not communicated	(...)

b. Please indicate whether shareholders have hard copies of the points of discussion on the Order of the Day and background documents on these points at their disposal during meetings.

YES (X) NO (...)

c. Please list who or what body of the COMPANY is in charge of following up on resolutions adopted at the

Shareholder's Meetings. If a person is responsible, then please list his/her position and the area he/she works in.

RESPONSIBLE AREA	OFFICE OF THE GENERAL MANAGER	
FULL NAME	POSITION	AREA
Juan José Herrera	General Manager	Office of the General Manager

d. Please list whether information regarding shareholder stakes in the COMPANY is kept at:

The COMPANY	(X)
Clearing and settlement house	(X)

e. Please indicate how often the COMPANY updates information on shareholders in its Share Register.

INFORMATION SUBJECT TO UPDATING			
FREQUENCY	ADDRESS	EMAIL	TELEPHONE
LESS THAN MONTHLY	(...)	(...)	(...)
MONTHLY	(X)	(...)	(...)
QUARTERLY	(...)	(...)	(...)
ANNUALLY	(...)	(...)	(...)
MORE THAN ANNUALLY	(...)	(...)	(...)

Others: identity document, number and class of shares (X)

f. Please explain the COMPANY's dividend policy applicable to the fiscal year subject matter hereof.

DATE OF APPROVAL	March 26, 1998
APPROVING BODY	Shareholders' Meeting
DIVIDENDS POLICY (Criteria for profit-sharing)	The COMPANY's dividends policy consists of distributing up to 20% of the freely-available profits for the fiscal year, provided that the available cash flow permits, after meeting the investment commitments assumed, also taking into account any limitations arising from the COMPANY's financing agreements.

g. Please indicate, if applicable, the cash and stock dividends distributed by the COMPANY during the fiscal year subject matter hereof, as well as in the previous fiscal year.

DATE PAID OUT	DIVIDEND PER SHARE	
	IN CASH	IN SHARES
SHARE CLASS: COMMON CLASS "A"		
April 20, 2012	S/. 0.0571	-
May 4, 2012	-	9.01%
November 6, 2012	S/. 0.0200	-
April 17, 2013	S/. 0.0300	-
June 4, 2013	-	10.00%
January 7, 2014	S/. 0.0100	-
SHARE CLASS: COMMON CLASS "B"		
April 20, 2012	S/. 0.0600	-
May 4, 2012	-	9.01%
November 6, 2012	S/. 0.0210	-
April 17, 2013	S/. 0.0315	-
June 4, 2013	-	10.00%
January 7, 2014	S/. 0.0105	-

II.2 BOARD OF DIRECTORS

h. Regarding the meetings of the COMPANY's Board of Directors held during the fiscal year subject matter hereof, please indicate the following information:

NUMBER OF MEETINGS HELD	13
NUMBER OF MEETINGS IN WHICH ONE OR MORE DIRECTORS WERE REPRESENTED BY ALTERNATE OR ACTING DIRECTORS	13
NUMBER OF REGULAR DIRECTORS WHO WERE REPRESENTED BY PROXY AT LEAST ONCE	4

i. Please indicate the types of bonuses received by the Board of Directors for meeting COMPANY goals.

Profit-sharing.

j. Please indicate whether the types of bonuses described in the preceding point are regulated in any of the COMPANY's document(s).

Bylaws	(X)
Internal Regulations	(...)
Handbook	(...)
Other	(...)

*Please specify the document's designation, except in the case of the COMPANY's Bylaws

Not Regulated (..)

k. Please list the percentage of the gross income, according to the COMPANY's Financial Statements, corresponding to the total amount of annual compensation received by the members of the Board of Directors.

REMUNERATIONS	TOTAL (%)
DIRECTORS	0.80%

l. Please indicate whether the Board of Directors debated the Management's performance without the presence of the General Manager

YES (X) NO (...)

II.3 SHAREHOLDERS AND STAKES

m. Please indicate the number of shareholders with the right to vote, shareholders without the right to vote (if applicable), and holders of investment stock (if applicable) of the COMPANY at the end of the fiscal year subject matter hereof.

SHARE CLASS (including investment stock)	NUMBER OF HOLDERS (For the year ended)
Shares with voting rights	592
Shares without voting rights	8,671
TOTAL	9,263

n. Please provide the following information regarding the shareholders and holders of investment stock with a stake in excess of 5% at the end of the fiscal year subject matter hereof.

SHARE CLASS: COMMON CLASS "A" SHARES			
FULL NAMES	NUMBER OF SHARES	STAKE (%)	NATIONALITY
Empresa Minera Paragsha S.A.C.	166'687,652	11.12	Peruvian
De Romaña Letts José Ignacio	154'811,805	10.33	Peruvian
Letts Colmenares de De Romaña Irene Florencia	148'377,359	9.90	Peruvian
Osterling Letts Madeleine	140'563,908	9.38	Peruvian
Letts Colmenares de Osterling María Josefina	133'533,499	8.91	Peruvian
Letts Colmenares Vda. de Bayly Doris	126'505,420	8.44	Peruvian
Blue Streak International N.V.	125'625,286	8.38	Deutch Antilles
Sandown Resources S.A.	117'053,527	7.81	Panamanian

SHARE CLASS: COMMON CLASS "B" SHARES			
FULL NAME	NUMBER OF SHARES	STAKE (%)	NATIONALITY
IN - FOUND 2	336'752,939	15.02	Peruvian
RI - FOUND 2	257'107,878	11.47	Peruvian
IN - FOUND 3	172'428,022	7.69	Peruvian
RI - FOUND 3	148'721,218	6.64	Peruvian

o. Please indicate whether the COMPANY has any Internal Regulations on conduct or the like regarding ethical criteria and professional liability.

YES (X) NO (...)

If the answer is affirmative, please indicate the exact name of such document:

Code of Ethics and Conduct

Anti-Fraud Policy

Is there a record of cases of any failure to comply with the regulations mentioned in the preceding point a)?

YES (X) NO (...)

p. If the answer to the previous question is affirmative, please state which person or COMPANY body is in charge of keeping such records.

Responsible Area	Internal Auditing	
Full Name	Position	Area
Juan Begazo Vizcarra	Audit Manager	Internal Auditing

q. For all the documents (Bylaws, Internal Regulations, Handbook or other documents) mentioned in this report, please provide the following information:

DOCUMENT TITLE	APPROVING BODY	DATE APPROVED	LAST DATE AMMENDED
Bylaws	Shareholders' Meeting	February 01, 1998	March 22, 2012
Code of Ethics and Conduct	Audit Committee	October 22, 2010	
Risk Mapping Handbook	Audit Committee	September 07, 2010	
Anti-Fraud Policy	Audit Committee	October 22, 2010	
Auditing Policy	Board of Directors	February 24, 2011	
Handbook on Confidential Information Handling Standards	Audit Committee	March 29, 2012	
Handbook for the Prevention of Asset Laundering and the Financing of Terrorism	Audit Committee	July 17, 2012	

21. Stock information



Volcan Compañía Minera S.A.A. Stock Symbols

Stock	Lima Stock Exchange	Santiago Stock Exchange	Bolsa de Madrid Latibex
Volcan Class A Common	VOLCAAC1	VCMAC1	
Volcan Class B Common	VOLCABC1	VCMB1	XVOLB.MC

Subscribed, paid and registered capital to date totals 3,739,956,649 Nuevo Soles, represented by 1,498,538,320 class A common shares and 2,241,418,329 class B common shares. The subsidiary Empresa Minera Paragsha S.A.C. holds 166,687,652 class A common shares and 11,224,621 class B common shares. The subsidiary Empresa Administradora Chungar S.A.C. owns 21,497,214 class A common shares. The subsidiary Compañía Minera Alpamarca S.A.C. owns 9,422 class A common shares.

As of December 31, 2013, the composition of share ownership is as follows:

Class A Common Shares

Percentage Held	Number of Shareholders	% Share
Less than 1%	576	5.93
From 1% to 5%	8	19.79
From 5% to 10%	6	52.83
More than 10%	2	21.45
Total	592	100

Class B Common Shares

Percentage Held	Number of Shareholders	% Share
Less than 1%	8,655	32.35
From 1% to 5%	12	26.83
From 5% to 10%	2	14.33
More than 10%	2	26.49
Total	8,671	100

Of total company equity, 74.75% is held by domestic shareholders with 2,795,523,975 shares while 25.25% is held by foreign shareholders with 944,432,674 shares.

Shareholders holding more than 5.0% of the company's shares are as follows:

Class A Common Shares

Principal Shareholders	Porcentaje	Person/Entity	Nationality
Empresa Minera Paragsha S.A.C.	11.12	Legal entity	Peruvian
De Romaña Letts José Ignacio	10.33	Individual	Peruvian

Letts Colmenares de De Romaña Irene Florencia	9.90	Individual	Peruvian
Osterling Letts Madeleine	9.38	Individual	Peruvian
Letts Colmenares de Osterling María Josefina	8.91	Individual	Peruvian
Letts Colmenares Vda. de Bayly Doris	8.44	Individual	Peruvian
Blue Streak International N.V.	8.38	Legal entity	Netherlands Antilles
Sandown Resources S.A.	7.81	Legal entity	Panamanian

Class B Common Shares

Principal Shareholders	%	Person/Entity	Nationality
IN - FONDO 2	15.02	Legal entity	Peruvian
RI - FONDO 2	11.47	Legal entity	Peruvian
IN - FONDO 3	7.69	Legal entity	Peruvian
RI - FONDO 3	6.64	Legal entity	Peruvian

Total dividends paid in cash for 2012 profits and against income from the 2013 fiscal year.

- April 2013 PEN 0.0300 for each class A common share
- December 2013 PEN 0.0100 for each class A common share (to be paid in January 2014)
- April 2013 PEN 0.0315 for each class B common share
- December 2013 PEN 0.0105 for each class B common share (to be paid in January 2014)

Acciones liberadas

Durante el ejercicio 2013 se capitalizó un total de S/. 339,996,059, que representó un beneficio de 10.00% en acciones liberadas, entregadas el 4 de junio del 2013.

Durante el año 2013 la cotización bursátil de las acciones comunes clase "A" y acciones comunes clase "B" expresadas en nuevos soles tuvieron la siguiente evolución:

Class A Common Shares

Month	Opening PEN	Closing PEN	Maximum PEN	Minimum PEN	Average price PEN
January	4.24	4.29	4.29	4.24	4.25
February	4.29	4.26	4.29	4.26	4.26
March	4.25	4.20	4.27	4.20	4.23
April	4.15	3.90	4.15	3.90	4.07

May	3.70	3.70	3.70	3.70	3.57
June	2.80	2.80	2.80	2.80	2.80
July	2.70	2.65	2.70	2.65	2.65
August	2.60	2.60	2.60	2.60	2.60
September	2.60	2.60	2.60	2.50	2.59
October	2.50	2.40	2.60	2.40	2.51
November	2.28	2.03	2.28	2.03	2.06
December	2.03	2.10	2.10	1.88	2.02

Source: Lima Stock Exchange

Class B Common Shares

Month	Opening PEN	Closing PEN	Maximum PEN	Minimum PEN	Average price PEN
January	2.62	2.66	2.81	2.55	2.68
February	2.67	2.39	2.70	2.39	2.55
March	2.39	2.21	2.42	2.14	2.26
April	2.23	1.70	2.29	1.69	1.95
May	1.70	1.22	1.71	1.17	1.50
June	1.22	1.30	1.38	1.14	1.24
July	1.30	1.17	1.30	1.14	1.20
August	1.20	1.38	1.43	1.15	1.31
September	1.38	1.25	1.40	1.22	1.32
October	1.24	1.30	1.34	1.23	1.30
November	1.30	1.13	1.30	1.12	1.22
December	1.13	1.14	1.29	1.07	1.13

Source: Lima Stock Exchange

Latibex Prices 2013

Month	EURO exchange rate	Opening PEN	Closing PEN	Maximum PEN	Minimum PEN	Average price PEN
January	3.394	2.49	2.52	2.82	2.44	2.65
February	3.261	2.42	2.28	2.56	2.25	2.41
March	3.217	2.25	2.17	2.51	2.04	2.24
April	3.340	2.29	1.74	2.35	1.62	1.99
May	3.449	1.79	1.22	1.79	1.17	1.46
June	3.521	1.24	1.21	1.36	1.09	1.25

Julio	3.633	1.25	1.22	1.33	1.17	1.24
Agosto	3.667	1.23	1.43	1.58	1.21	1.35
Setiembre	3.647	1.43	1.36	1.47	1.33	1.40
Octubre	3.758	1.40	1.44	1.47	1.32	1.38
Noviembre	3.760	1.44	1.23	1.58	1.12	1.37
Diciembre	3.715	1.21	1.17	1.30	1.11	1.21

Sources: Madrid Stock Exchange, Peruvian Superintendent of Banks, Insurance and Private Pension Funds

Corporate Bonds

On January 26, 2012, as part of an international bond issue under Rule 144 and Regulation S of the United States Securities Act of 1933, the Company placed corporate bonds for up to USD 600 million, with a 10-year term and a fixed annual interest rate of 5.375%. Total demand for the securities was USD 4.809 billion.

22. Corporate information

Volcan Compañía Minera S.A.A.

Information about incorporation

Volcan Compañía Minera S.A.A. is a mining company that was incorporated by public deed on February 1, 1998, executed before Notary Public Dr. Abraham Velarde Álvarez, as a result of the merger of Volcan Compañía Minera S.A. and Empresa Minera Mahr Tunel S.A. The company is registered in the Public Mining Registry under Entry 1, Record 41074, Card 11363057 of the Registry of Legal Entities of Lima.

The company is engaged in the exploration, production, and processing of its own ore and that of subsidiaries that carry out extraction, concentration, and treatment activities.

The sales of all products and concentrates is performed by Volcan. Its activities are classified ISIC category 1320, Mining of non-ferrous metal ores. The Company is a going concern, limited by the availability of ore reserves that may vary according to investments made in explorations and their results.

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