

Annual Report
2014







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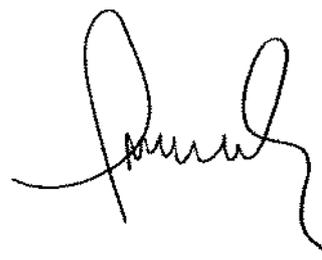
Declaration of responsibility



"This document contains accurate and sufficient information about Volcan Compañía Minera S.A.A.'s business activities during 2014. Regardless of the issuer's liability, the undersigned are responsible for the content herein, in accordance with applicable laws."

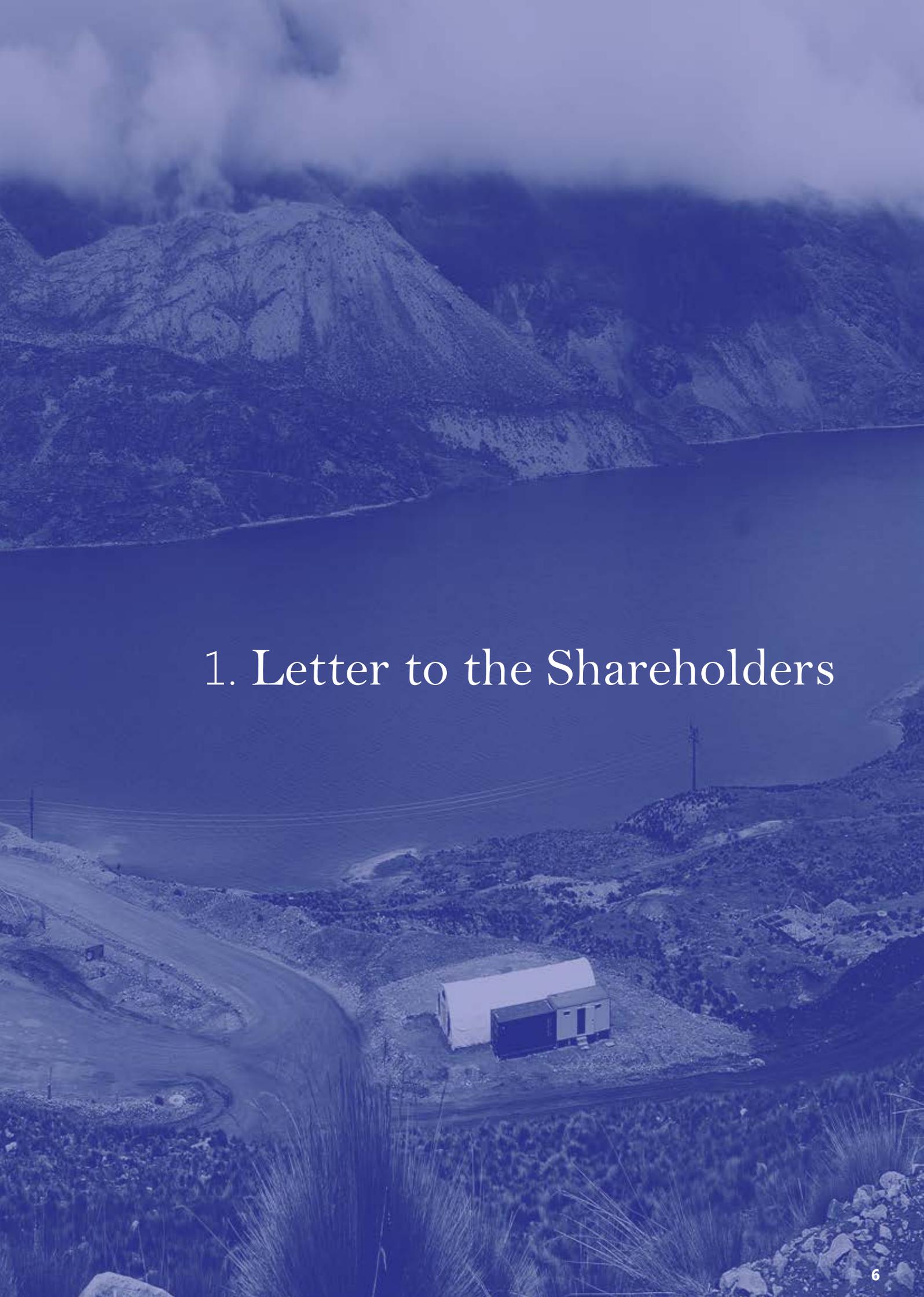
A handwritten signature in black ink, appearing to read "Picasso", with a large, stylized flourish extending from the end.

José Picasso Salinas
Chairman of the Board

A handwritten signature in black ink, appearing to read "Rosado", with a large, stylized flourish extending from the end.

Juan Ignacio Rosado Gómez de la Torre
Chief Executive Officer



A blue-tinted landscape photograph showing a mountainous region. In the foreground, there is a dirt road curving to the left. A small, simple building with a white roof and dark walls sits on a patch of ground. In the middle ground, a large, calm lake stretches across the valley. The background features rugged, rocky mountains under a cloudy sky. The entire image has a monochromatic blue color scheme.

1. Letter to the Shareholders

Dear Shareholders,

I'd like to begin by paying tribute to a distinguished Peruvian, Felipe Osterling Parodi, who honored us with his presence, contribution and unconditional support as Vice Chairman of the Board of Directors until his passing in August 2014. Don Felipe, throughout his 82 years, held numerous prestigious positions: President of the Congress, Senator of the Republic, Minister of Justice, Dean of the Bar Association, leader of the Christian People's Party, professor at the Pontifical Catholic University of Peru, director of Sporting Cristal, founder of the law firm Estudio Osterling and director of several private companies. His lucidity, strength, integrity and dedication to his work in all areas have left a profound and indelible mark. May he rest in peace.

In 2014, as in the previous year, the government continued to provide ambiguous signals about promoting both foreign and domestic private investment. The nation experienced political and social problems that prevented large-scale private projects from moving forward. 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. Although the government has attempted to take measures to promote private investment, they have not yet materialized.

In addition, excessive enforcement on tax, labor, environmental and social matters and bureaucratic red tape have limited opportunities for development of the mining industry in Peru, which has been strongly impacted by the decline in metals prices.

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, emblematic mining projects such as Las Bambas, Tía María, Quellaveco, the expansion of 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 have not progressed.

I mention this constructive criticism once again, as we are all responsible for promoting national development. We are constantly competing to attract new investments, which go to the nations that offer the most favorable conditions.

In 2014, Peru's gross domestic product (GDP) grew 2.4%, the lowest rate since 2009 when the rate of economic growth was just 1.0%. The effects of limited growth in public spending and deterioration of the outlook for the private sector domestically, as well as slowing growth in China and falling metal prices internationally, had an impact on the evolution of the economy.

The nation's current balance of payments showed a deficit equivalent to 4.1% of GDP, similar to 2013, as a result of the decline in metal prices. Meanwhile the Nuevo Sol fell 6.5% against the U.S. dollar, closing the year at 2.98 PEN/USD. Inflation in 2014 was 3.22%, higher than the Central Reserve Bank target between 1% and 3%.

On the international front, the global economy grew 3.3%, a rate similar to the two previous years. The effect of the recovery of the Eurozone, which showed positive growth of 0.8% after two consecutive

years of contraction, was counteracted by slowing of the Chinese economy and lower growth in Latin America. One key factor that will have repercussions in the global economy is the decline in oil prices, which fell from 100 USD/barrel in July 2014 to 46 USD/barrel in March 2015.

In the second half of the year, precious metals resumed a negative trend in prices as a result of lower uncertainty among economic agents regarding the financial situation in the United States. Specifically, the price of silver declined from an average of 23.90 USD/ounce in 2013 to an average of 19.10 USD/ounce in 2014, finally closing at 16.20 USD/ounce in December 2014. However, the higher price of zinc, which rose from an average price of 1,910 USD/MT in 2013 to 2,162 USD/MT in 2014, partially offset the effect of lower silver prices on our results.

As a consequence of lower prices, most mining companies around the world have drastically reduced costs and investments and some have made significant balance sheet adjustments by writing off assets.

For Volcan, 2014 brought significant challenges due to the difficult international situation for metal prices and political and social problems in Peru.

In terms of operations, 2014 was an important year for Volcan. Backed by USD 180 million in investment since 2012, the new Alpamarca UEA, our fourth operating unit, started production in April. The Company had previously made significant investments in exploration and development. The new concentrate plant reached a treatment rate of 2,300 tpd, exceeding its 2,000-tpd nominal capacity, and between April and December 2014 it produced 5,900 tons of zinc fines, 4,000 tons of lead fines and 2.2 million ounces of silver.

Construction of a new silver oxide plant at Cerro de Pasco, the first of its kind in the nation, has entailed investment of approximately USD 280 million since 2007. The operational adjustment period began in April, and by December the plant had reached a treatment rate of 1,368 tpd, 55% of its nominal installed capacity (2,500 tpd). The oxide plant produced more than 233,000 ounces of silver in December and a total of 1.1 million ounces for the year. It is expected to be operating at 100% capacity by the end of the first quarter of 2015.

The start-up of these projects, along with consolidation of the Yauli and Chungar operating units, enabled Volcan to maintain its position as the leading Peruvian producer of zinc (281,000 tons of fines), lead (57,000 tons of fines) and silver (22.5 million ounces).

In an adverse environment characterized by low metal prices, the Company prioritized cost control and rationalization of investments to preserve Company cash flow. Among other actions, the Company reviewed the scope of services provided by specialized contractors, renegotiated prices of key supplies, implemented an energy efficiency program, streamlined corporate expenses, applied numerous initiatives to improve efficiency in our operations and carried out reorganization processes to achieve a significant reduction in both Volcan staff and outsourced personnel. As a result of these initiatives, we reduced our consolidated unit cost by more than 5%, from 67.60 USD/MT in 2013 to 63.90 USD/MT in 2014. In 2015, our priority will be to continue this trend and to increase productivity and reduce production costs in the various units.

Investment in our operating units was down 12%, from USD 204 million in 2013 to USD 180 million in 2014; however, the operational continuity of those units was not affected. In total, Volcan invested USD 368 million in 2014, 31.2% less than the USD 534 million invested in 2013.

Company profit margins were affected by the lower price of silver and growth in sales of third-party concentrates, which generates smaller margins than sales of Volcan production. As a consequence, sales in 2014 were USD 1.042 billion, with EBITDA of USD 257 million and net profits of USD 57 million. The final cash balance was USD 174 million.

Our operating units began systematic exploration programs in the second half of 2014, with the aim of increasing proven and probable reserves; measured, indicated and inferred resources; and the potential of our largest mines. This allowed for replacement of mined reserves and an increase of 6.2% (4.3 million tons) in the Company's proven and probable reserves compared to the year before.

In the second half of 2014, the Company achieved a total of 78,598 meters of diamond drilling among its main units. This drilling enabled the Company to determine the volume of inferred resources at Yauli and Chungar and to confirm the principal mineralized structures in terms of their lateral extension and at depth, ensuring a solid foundation of resources for longer mine life and future growth. This program also allowed the Company to chart the existence of potential in adjacent areas. The Tirol vein was defined at the Alpamarca UEA, with significant potential to complement production at the Alpamarca Mine and San José vein with high-grade silver ore.

Also, in line with Volcan's strategic vision for growth and despite the difficult price scenario, progress continued on other mining projects and exploration activities within the 310,000 hectares of mining concessions held in the portfolio to date. In 2014, a system of veins parallel to the Andaychagua vein was found at Zoraida, with lengths of 2 to 3 kilometers. This would make Zoraida the third polymetallic system in the Yauli dome, after San Cristóbal and Andaychagua. In addition, the viability of Oyama, a copper and silver project within the Yauli UEA, was proven. This resource could be exploited using an open pit soon, given its proximity to current operations.

In 2014, the Company continued to evaluate opportunities for acquiring projects and mining operations aligned with its strategy. Acquisitions are evaluated with the goal of maintaining Volcan leadership in zinc, lead and silver production.

In the energy business, Volcan pressed forward with its strategy of investing in hydroelectric generation and a proprietary electricity transmission system to guarantee a constant, reliable source of power for its operating units and take advantage of the favorable outlook for the electricity business.

As part of this strategy, Volcan acquired the Tingo hydroelectric plant with a capacity of 1.25 MW, as well as 82 km of 22.9 kV and 50 kV transmission lines for a total of USD 13.5 million. In the future, the Tingo plant will be expanded by anywhere from 8 MW to 12 MW and will be connected to the Alpamarca UEA. Likewise, the 220-kV Paragsha II-Françoise and 50-kV Françoise-Animón transmission lines began operations, after a total investment of USD 28 million.

Volcan now has 12 hydroelectric plants with a total nominal capacity of 43 MW. The Company's total energy demand is 88 MW.

To sustain the growth of its energy business, Volcan is currently developing the Rucuy hydroelectric plant (20 MW, under construction) and Chancay II hydroelectrical plant (30 MW). Both are located in the Chancay-Huaral river basin and commissioning is planned for 2016 and 2018, respectively.

Another important event in 2014 was the sale of the 180-MW Belo Horizonte hydroelectric plant for USD 31.5 million. Our strategy of focusing investment in the mining business and hydroelectric plants close to our operations was central to the decision to sell the project.

Regarding our corporate policies on safety and the environment, we made significant progress in our Cultural Change in Safety, Health and the Environment program, developed jointly by all areas of the Company. As a result, in December 2014 we reached 17 consecutive months without any fatal accidents in any of our operating units. This brought our accident rate down to 0.34 in 2014, compared to a rate of 1.27 in 2013.

For Volcan, 2014 was also an important year in regard to its long-term personnel development plans. The most significant achievement was implementation of the Volcan Training and Learning Center at the Yauli UEA. The Center offers four modes of instruction: in-person skills training, online skills training, training with simulators and in-person physical training. The main benefits of this program are the following: the opportunity to learn best practices on the simulator before entering the mine; recognition of dangerous scenarios or accidents on the simulator; improvement of operators' skills and knowledge; and increased safety awareness. Implementation of the Volcan Training and Learning Center has put the Company one step ahead in the Peruvian mining industry in regard to knowledge management.

In 2014, Volcan continued to implement activities aimed at sustainable development of the communities located around its operations. As in previous years, the Company complied with the more than 51 land use agreements it has signed with rural communities. The main activities carried out to benefit communities and population centers were parasite treatment campaigns for cattle, sheep and camelid livestock; sheep and camelid shearing; construction of fish farms; student scholarships and breakfasts; training for mothers; health campaigns; textile workshops; scholarships at SENATI and La Oroya; road paving; construction of bridges; and highway maintenance, among others.

In addition, as part of its commitment to the development of the country and its people, Volcan is constantly seeking to establish broader and closer relations with the population living near our area of influence. Toward that end, the Company has developed and/or been awarded projects under the Public Works and Tax Credit Program, with a total investment thus far of PEN 108 million. Volcan was ranked first in Peru in the number of completed projects, including construction of road improvements and sewage and potable water infrastructure in Colquijilca, and remodeling of the Ticlacayán school, among others.

I would also like to express the gratitude of the Company's Board of Directors, executives and personnel to Juan José Herrera Távara, who served as our chief executive officer until April 2014.

During his five-year tenure at Volcan, he made very significant contributions to the Company's growth and development.

Finally, I would like to thank our employees for their dedication and effort during a difficult year. Likewise, I would like to thank you, our shareholders, for your understanding and support for Company activities.

Sincerely,

A handwritten signature in black ink, appearing to read "Picasso", with a large, stylized flourish extending from the end of the name.

José Picasso Salinas
Chairman of the Board

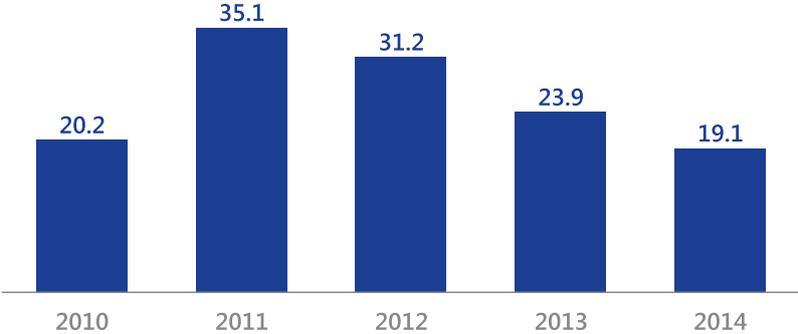


A blue-tinted landscape photograph showing a large lake in the middle ground, surrounded by mountains and hills. The sky is filled with light clouds. The foreground shows a grassy or brushy slope. The overall scene is serene and natural.

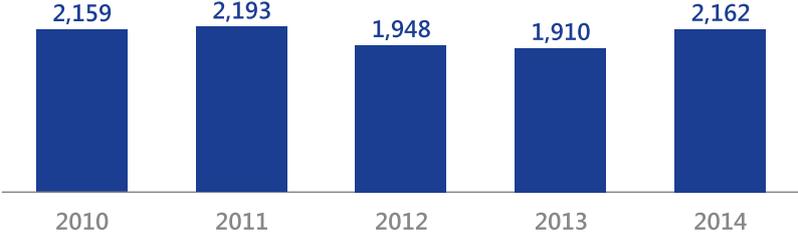
2. Principal Indicators

Market Indicators

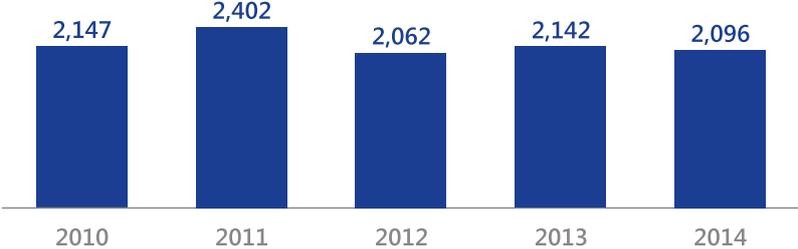
EVOLUTION OF AVERAGE SILVER PRICE (USD/OZ)



EVOLUTION OF AVERAGE ZINC PRICE (USD/FMT)

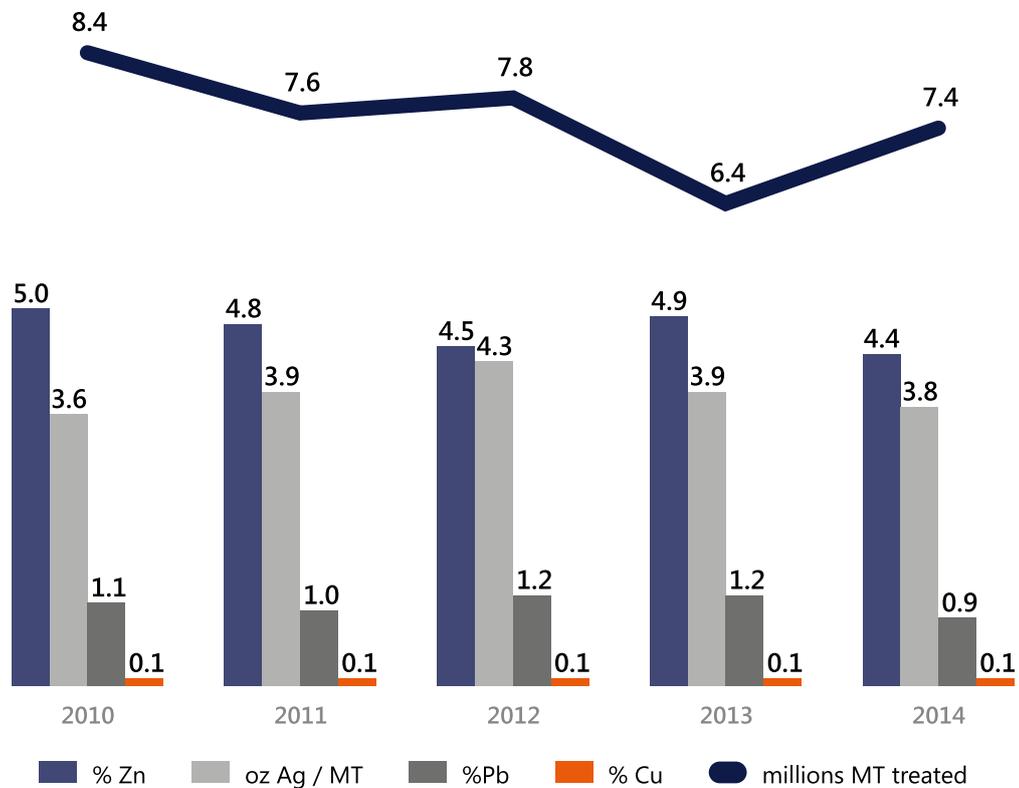


EVOLUTION OF AVERAGE LEAD PRICE (USD/FMT)

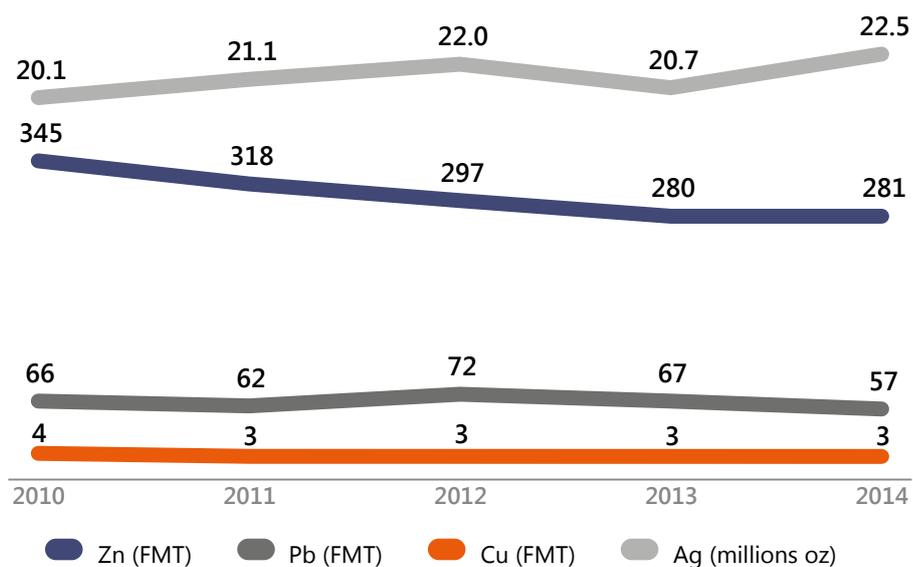


Production Indicators

EVOLUTION OF PRODUCTION AND AVERAGE GRADE



EVOLUTION OF FINES PRODUCTION



2014 RANKING OF PRODUCTION IN PERU – FINES

Zinc	Thousands MT	Share
Volcan Compañía Minera S.A.A. and Subsidiaries	280.7	21.29%
Compañía Minera Milpo S.A.A. ¹	267.7	20.30%
Compañía Minera Antamina S.A.	265.8	20.16%
Empresa Minera Los Quenuales S.A.	110.8	8.40%
Catalina Huanca Sociedad Minera S.A.C.	46.7	3.54%
Others	346.9	26.31%
Total	1,318.7	100.00%

Lead	Thousands MT	Share
Volcan Compañía Minera S.A.A. and Subsidiaries	57.0	20.46%
Compañía Minera Milpo S.A.A. ¹	43.4	15.57%
Sociedad Minera Corona S.A.	22.0	7.90%
Compañía de Minas Buenaventura S.A.A. ²	19.6	7.05%
Empresa Minera Los Quenuales S.A.	15.3	5.48%
Others	121.2	43.54%
Total	278.5	100.00%

Silver	Million Oz	Share
Volcan Compañía Minera S.A.A. and Subsidiaries	22.5	18.52%
Compañía de Minas Buenaventura S.A.A. ²	18.0	14.84%
Compañía Minera Antamina S.A.	13.0	10.72%
Hochschild Perú ³	12.5	10.31%
Compañía Minera Milpo S.A.A. ¹	7.4	6.08%
Others	48.0	39.53%
Total	121.5	100.00%

¹ Includes Compañía Minera Atacocha S.A.A.

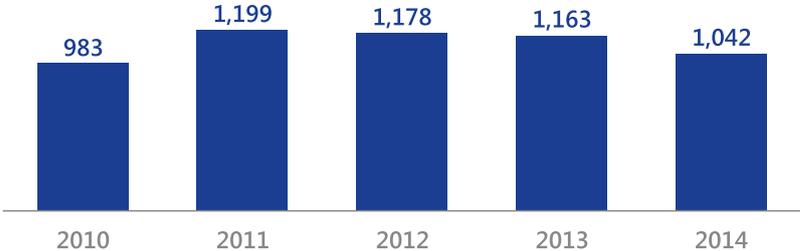
² Includes 54.07% of El Brocal.

³ The total production of Hochschild is 16 million ounces of silver, including Santa Cruz in Argentina.

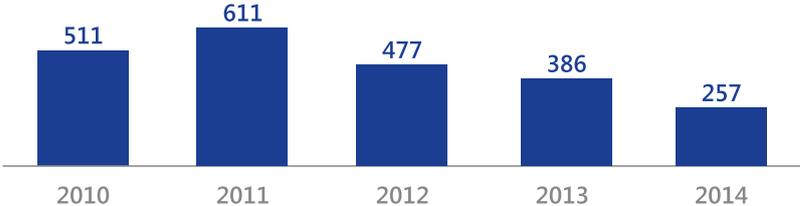
Source: Ministry of Energy and Mines

Financial Indicators

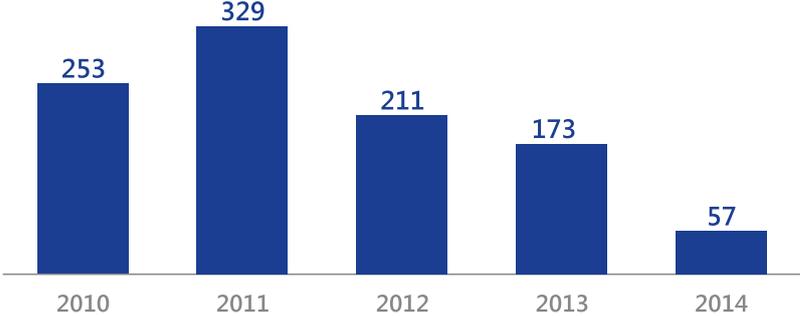
EVOLUTION OF SALES (MM USD)



EVOLUTION OF EBITDA (MM USD)



EVOLUTION OF NET EARNINGS (MM USD)







3. Our Company

Company History

In 2014, Volcan celebrated 71 years since it started operations in 1943 in the heights of the Ticlio pass. Through the continuous hard work and dedication of its directors and employees, Volcan is the leading producer of silver, zinc and lead in Peru. In addition, Volcan is one of the largest zinc, lead, and silver producers in the world.

Initially, Volcan's operations included the Carahuacra and Ticlio mines that were part of a group of 30 mining concessions. The ore extracted was sold to the Mahr Túnel concentrate plant, owned at the time by the U.S. company Cerro de Pasco Copper Corporation. However, the Cerro de Pasco Copper Corporation 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.

Through 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 by purchasing Empresa Minera Mahr Túnel S.A., which then 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. and the resulting company was named 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 transaction included the Cerro de Pasco UEA. 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, in transactions with a total value of USD 20 million in cash and USD 16 million in Volcan Class B shares. This acquisition included the Francois and San José II hydroelectric plants, with total generation capacity of 2.2 MW. Operations began at the Vinchos silver mine in 2004.

Volcan also acquired the Baños I, II, III and IV and Chicrín hydroelectric plants, with a combined capacity of 7.5 MW.

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 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 UEA. 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 a capacity of 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 43 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 acquisition of two nearby mining concessions for USD 17 million. Early that year the Company completed expansion of the Animón concentrate plant, also part of the Chungar UEA, from 4,200 to 5,200 tpd (tons per day). Also in 2013, the Company finished expanding the Victoria and Andaychagua plants in the Yauli UEA, increasing that unit's total treatment capacity by 9% to 10,500 tpd.

In 2014, Volcan continued expanding the treatment capacity of Yauli UEA plants to reach 10,800 tpd. Also, operations began in the Jacob Timmers shaft (Chungar UEA), with a nominal capacity of 4,000 tpd.

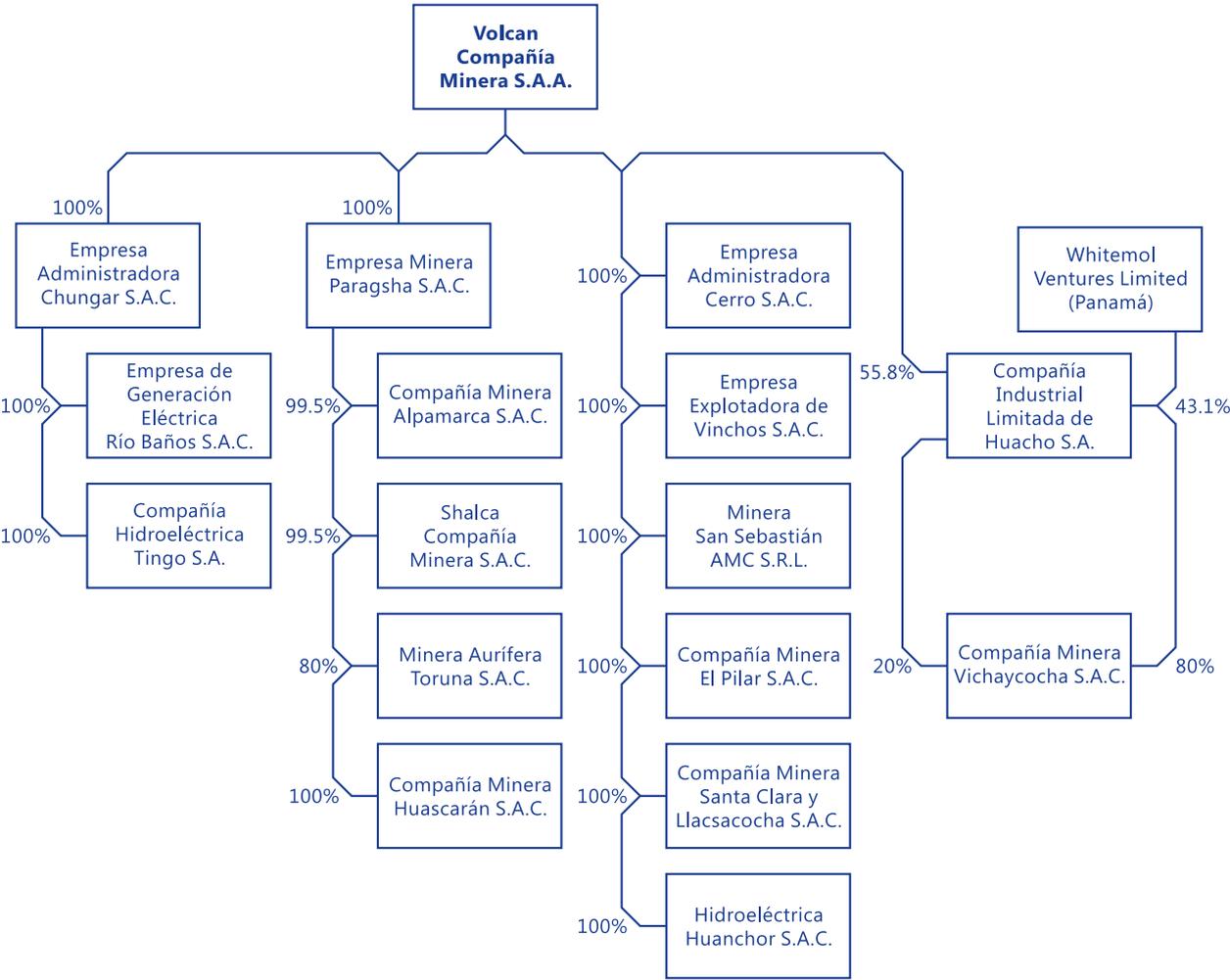
In July 2014, Volcan acquired the 1.25-MW Tingo hydroelectric plant and 82 km of 22.9 kV and 50 kV transmission lines, for a total of USD 13.5 million. The Company plans to expand this plant to a minimum of 10 MW and connect it to the Alpamarca UEA.

Volcan achieved another milestone in 2014 when it started operations at the new Alpamarca UEA and the Cerro de Pasco oxide plant. Between them, they produced 3.3 million ounces of silver in 2014; that figure is expected to double in 2015. As a result, 71 years after its founding Volcan has more than 310,000 hectares of mining concessions, 12 mines, 7 concentrate plants and a lixiviation plant, and is a truly diversified, international leader in zinc, lead and silver production.



Río Pallanga Mine - Alparmarca

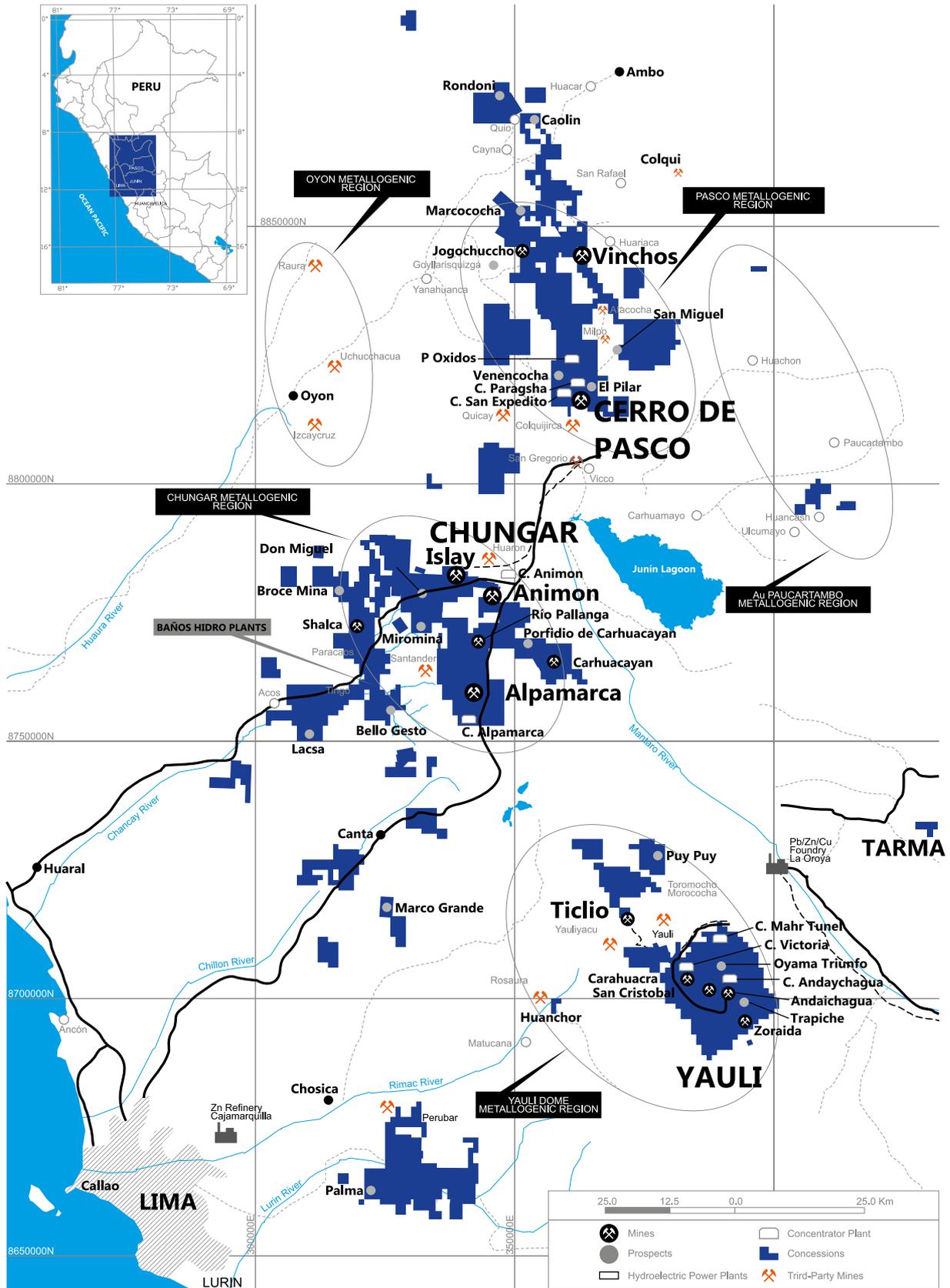
Corporate Structure





Alpamarca Open-Pit Mine - Alpamarca

Location of Principal Mining Holdings





A large, white drilling rig with a tall mast and a cab is positioned on a rocky, uneven terrain. The rig has an 'IR' logo on its mast. In the background, there are several large, circular pits or quarries, suggesting a mining operation. The entire image has a blue tint.

4. Mineral Reserves and Resources

Ore reserves and resources are estimated as of December 31, 2014 in accordance with the international standards of the Joint Ore Reserves Committee (JORC¹).

Volcan has been carrying out an intensive exploration program that began in the second half of 2014 at its Yauli, Chungar and Alpamarca mining units. This program has enabled the Company to confirm the continuity of the main mineralized structures in the different units and significant geological potential. More details about the exploration program are provided in the Exploration and Growth section.

HISTORICAL EVOLUTION OF RESERVES AND RESOURCES - VOLCAN AND SUBSIDIARIES (MM MT)



The prices used to calculate reserves and resources as of December 31, 2014 were as follows: 2,200 USD/MT for zinc, 2,000 USD/MT for lead, 6,500 USD/MT for copper and 18 USD/oz. for silver.

EVOLUTION OF METAL PRICES APPLIED TO RESERVE ESTIMATES

Metal Prices	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	2,200
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	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	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	18.0
Gold (USD/oz)	300	350	350	350	400	700	700	700	900	1,000	1,000	1,000	1,200	1,200

¹ 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.

Mineral Reserves

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

EVOLUTION OF RESERVES - VOLCAN AND SUBSIDIARIES

Evolution of ore reserves	Thousands MT	Grades				Fines		
		Zn %	Pb %	Cu %	Ag oz/MT	Zn Thousands MT	Pb Thousands MT	Ag Millions oz
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
2014	73,699	3.70	0.92	0.14	3.79	2,726	674	279.3

The exploration program begun in the second half of the year resulted in replacement of mined reserves and a 6.2% increase in Company reserves (4.3 million tons) in comparison to the previous year. The increases achieved in the units should continue as the drilling program is carried out, as part of the new focus on emphasizing the value of the geological potential of the units.

Proven and probable reserves for the Yauli UEA increased by 25%, while inferred resources rose 33%.

Chungar UEA reserves fell by 12%, although there was a substantial increase in inferred resources of 51%, which will enable it to quickly increase reserves as the current replacement cycle continues to be developed.

The Cerro de Pasco UEA had only minor variations in its polymetallic ore and oxide ore reserves.

Similarly, Alpamarca UEA's open pit reserves varied only slightly and its Rio Pallanga reserves declined.

PROVEN AND PROBABLE ORE RESERVES BY MINING UNIT

Ore Reserves Proven and probables	Thousands MT	Grades				Fines			
		Zn %	Pb %	Cu %	Ag oz/MT	Zn Thousands MT	Pb Thousands MT	Cu Thousands MT	Ag Millions oz
Yauli	31,723	5.21	0.88	0.21	3.87	1,652	279	65	123
Proven	13,146	5.49	0.92	0.14	4.06	722	121	18	53
Probables	18,578	5.01	0.85	0.25	3.74	930	158	47	69
Cerro	29,350	1.99	0.78	0.06	3.89	584	228	18	114
Proven	1,898	4.82	2.00	0.00	4.50	92	38	0	9
Probables	27,453	1.80	0.69	0.07	3.85	493	190	18	106
Chungar	8,044	5.16	1.47	0.14	3.29	415	118	11	26
Proven	3,519	5.25	1.39	0.14	3.71	185	49	5	13
Probables	4,525	5.10	1.53	0.14	2.96	231	69	6	13
Alpamarca	4,356	1.62	1.04	0.11	3.24	71	45	5	14
Proven	695	1.29	0.92	0.09	3.15	9	6	1	2
Probables	3,661	1.68	1.06	0.11	3.25	62	39	4	12
Vinchos	226	1.69	2.19	0.04	7.12	4	5	0	2
Proven	52	1.79	2.75	0.06	6.66	1	1	0	0
Probables	174	1.66	2.02	0.04	7.26	3	4	0	1
Proven	19,310	5.22	1.12	0.12	4.02	1,008	216	24	78
Probables	54,390	3.16	0.84	0.14	3.71	1,718	459	76	202
Total	73,699	3.70	0.92	0.14	3.79	2,726	674	100	279

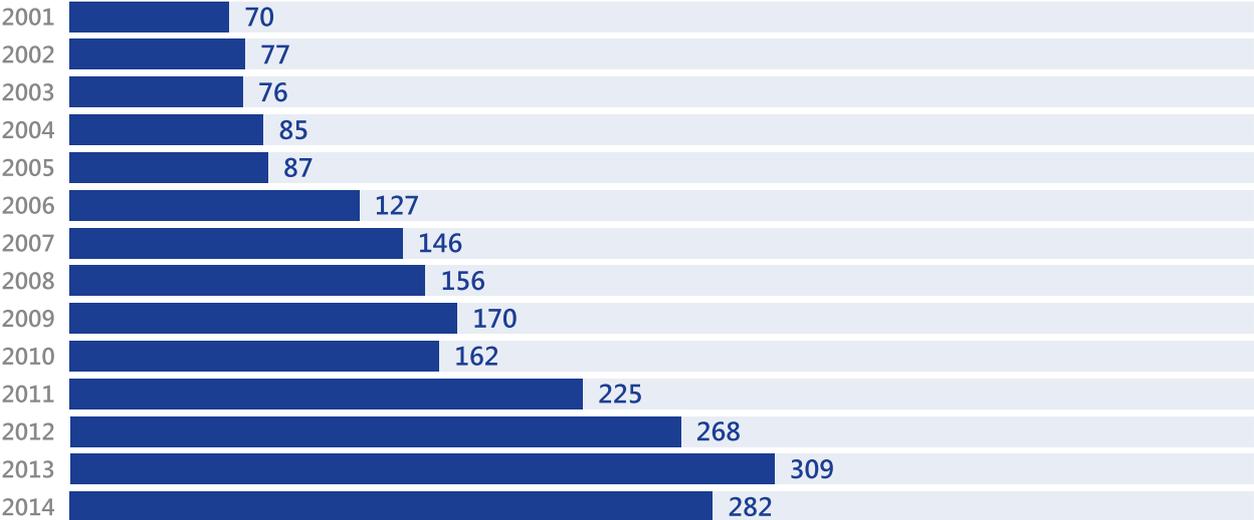
ORE RESERVES BY MINING METHOD

Ore Reserves by Mining Method	Thousands MT	Grades			
		Zn %	Pb %	Cu %	Ag oz/MT
Underground mines	38,354	5.46	1.08	0.15	3.97
Yauli					
San Cristóbal	16,008	6.07	1.10	0.17	4.05
Carahuacra	3,264	6.92	0.41	0.06	2.27
Andaychagua	8,137	4.42	0.73	0.14	5.56
Tidlio	1,886	4.63	1.47	0.26	1.85
Cerro					
Paragsha Mine	476	5.90	2.23	-	3.98
Chungar					
Animón	6,610	5.90	1.62	0.16	2.28
Islay	1,434	1.76	0.76	0.05	7.94
Alpamarca					
Río Pallanga	313	0.74	0.45	0.14	5.27
Vinchos					
Vinchos	226	1.69	2.19	0.04	7.12
Open pits	27,611	2.21	0.83	0.09	2.44
Yauli					
Carahuacra N & others	2,428	0.26	0.05	0.82	0.84
Cerro					
Raúl Rojas	15,290	3.51	1.21	0.00	1.56
<i>In situ oxides</i>	5,850	-	-	-	4.94
Alpamarca					
Alpamarca	4,043	1.69	1.08	0.11	3.08
Stockpiles	7,735	0.26	0.41	0.23	7.70
Cerro					
Oxides SP	3,037	-	-	0.14	8.97
Pyrite Sulfide SP	4,698	0.43	0.67	0.28	6.88
Total Reserves	73,699	3.70	0.92	0.14	3.79

Mineral Resources

The mineral resources listed below are not part of proven and probable reserves.

EVOLUTION OF TOTAL RESOURCES, MEASURED, INDICATED AND INFERRED VOLCAN AND SUBSIDIARIES (MM MT)



Cores

MEASURED, INDICATED AND INFERRED RESOURCES BY MINING UNIT

Resources: measured, indicated and inferred	Thousands MT	Grades				Fines			
		Zn %	Pb %	Cu %	Ag oz/MT	Zn Thousands MT	Pb Thousands MT	Cu Thousands MT	Ag Millions oz
Yauli	55,543	4.07	0.82	0.23	3.23	2,259	456	125	179
Measured	6,184	2.15	0.62	0.08	1.86	133	38	5	11
Indicated	9,505	2.00	0.57	0.13	1.73	190	54	12	16
Inferred	39,854	4.86	0.91	0.27	3.80	1,936	364	108	151
Cerro	136,811	2.92	1.19	0.10	2.97	4,002	1,632	131	406
Measured	22,782	5.23	2.02	0.04	3.08	1,191	460	9	70
Indicated	91,512	2.69	1.09	0.11	2.69	2,463	1,001	97	246
Inferred	22,517	1.54	0.76	0.11	3.99	347	171	25	90
Chungar	12,845	5.63	1.90	0.17	2.95	724	244	22	38
Measured	250	7.42	1.89	0.09	3.33	19	5	0	1
Indicated	571	3.28	0.84	0.08	2.33	19	5	0	1
Inferred	12,024	5.71	1.95	0.18	2.97	686	235	21	36
Alpamarca	5,369	1.11	0.71	0.09	2.53	59	38	5	14
Measured	449	0.71	0.53	0.05	1.79	3	2	0	1
Indicated	2,024	0.83	0.60	0.05	1.55	17	12	1	3
Inferred	2,896	1.36	0.81	0.12	3.34	39	23	3	10
Vinchos	537	2.37	3.02	0.08	8.55	13	16	0	5
Measured	105	1.09	1.57	0.12	7.39	1	2	0	1
Indicated	260	2.19	3.16	0.07	9.32	6	8	0	2
Inferred	173	3.42	3.70	0.08	8.11	6	6	0	1
Rondoní	64,355	0.00	0.00	0.49	0.17	0	0	314	11
Indicated	42,360	0.00	0.00	0.49	0.19	0	0	208	8
Inferred	21,995	0.00	0.00	0.48	0.13	0	0	106	3
Palma	5,590	7.43	1.50	0.00	1.42	415	84	0	8
Inferred	5,590	7.43	1.50	0.00	1.42	415	84	0	8
San Sebastián	910	6.06	3.85	0.48	8.69	55	35	4	8
Inferred	910	6.06	3.85	0.48	8.69	55	35	4	8
Measured	29,770	4.53	1.70	0.05	2.83	1,348	507	15	84
Indicated	146,233	1.84	0.74	0.22	1.90	2,695	1,080	319	277
Inferred	105,958	3.29	0.87	0.25	2.89	3,484	918	268	307
Total Resources	281,961	2.67	0.89	0.21	2.37	7,527	2,505	602	668

*Measured and indicated resources are in addition to reserves.

The Company's measured and indicated resources as of December 31 were 176 million tons, which is a slight reduction of 4.6% from December 31, 2013.

MEASURED AND INDICATED RESOURCES BY MINING METHOD

Measured and Indicated ore resources by mining method		Thousands MT	Grades			
			Zn %	Pb %	Cu %	Ag oz/MT
Underground mines		32,152	6.46	2.28	0.07	2.99
Yauli	San Cristóbal	2,799	3.12	0.46	0.17	2.20
	Carahuacra	528	4.27	0.36	0.04	1.64
	Andaychagua	4,452	2.31	0.33	0.08	2.24
	Tidlio	1,710	2.83	0.56	0.13	0.96
Cerro	Paragsha Mine	20,649	8.51	3.22	0.05	3.36
Chungar	Animón	426	4.33	1.03	0.12	1.82
	Islay	195	0.73	0.32	0.02	3.51
	Shalca	201	8.68	2.25	0.07	3.49
Alpamarca	Alpamarca	828	1.66	1.18	0.12	3.35
Vinchos	Vinchos	365	1.87	2.70	0.08	8.76
Open pits		124,596	1.44	0.59	0.23	1.64
Yauli	Carahuacra N & others	1,631	0.20	0.05	0.00	0.29
	Zoraida	3,660	0.87	1.22	0.00	1.61
	Oyama	910	0.00	0.00	0.69	0.65
Cerro	Raúl Rojas	44,680	3.10	1.15	0.00	1.23
	<i>In situ</i> oxides	170	0.00	0.00	0.00	5.69
	Pyrites (sulfide)	29,540	1.24	0.59	0.25	4.49
Alpamarca	Alpamarca	1,645	0.38	0.29	0.02	0.71
Rondoní	Rondoní	42,360	0.00	0.00	0.49	0.19
Stockpiles		19,255	0.76	0.57	0.17	3.02
Cerro	Pb-Zn Marginal	5,708	1.95	0.60	0.00	0.56
	Oxides SP	1,659	0.00	0.00	0.15	3.34
	Pyrite Sulfide SP	11,887	0.29	0.63	0.25	4.16
Total measured and indicated resources		176,002	2.28	0.90	0.19	2.04

Inferred resources include mineralized material that is economically viable but whose level of geological certainty is not yet sufficient for evaluation and classification as reserves. Such resources are an important indicator of the capacity for growth and the future sustainability of operations. A substantial portion of these resources will become reserves in the short and medium term.

The results of exploration work have been excellent. The Yauli UEA increased its inferred resources by 32.5% (9.8 million tons) and the Chungar UEA recorded a 50.9% increase in inferred resources (4.1 million tons). This will enable the Company to increase its reserves as the reserve replacement cycle continues forward. For the Company as a whole, polymetallic ore resources (zinc, lead, copper and silver) rose by 23.6% (11.4 million tons).

However, inferred pyrite resources fell 61.3% (24.7 million tons) and inferred oxide resources, located in the Cerro de Pasco UEA, declined by 81.1% (3.3 million tons).

These adjustments to inferred pyrite and oxide resources bring the aggregate figure for the Company to 106 million tons, 15.2% (19.0 million tons) less than inferred resources as of December 31, 2013.

INFERRED RESOURCES BY MINING METHOD

Inferred ore resources by mining method		Thousands MT	Grades			
			Zn %	Pb %	Cu %	Ag oz/MT
Underground mines		54,259	5.86	1.36	0.19	3.78
Yauli	San Cristóbal	17,183	6.57	1.14	0.29	5.04
	Carahuacra	2,885	6.86	0.45	0.14	2.60
	Andaychagua	8,099	3.79	0.71	0.13	4.93
	Tidlio	4,917	5.36	1.32	0.31	1.98
Cerro	Paragsha Mine	1,295	7.58	2.66	0.05	2.31
Chungar	Animón	10,308	6.43	2.17	0.20	2.81
	Islay	1,662	1.26	0.61	0.04	4.02
	Shalca	54	5.36	1.13	0.03	1.65
Alpamarca	Alpamarca	718	1.82	1.08	0.12	2.94
	Río Pallanga	465	1.52	0.89	0.25	7.32
Vinchos	Vinchos	173	3.42	3.70	0.08	8.11
Proyecto Palma	Palma	5,590	7.43	1.50	0.00	1.42
Proyecto San Sebastián	San Sebastián	910	6.06	3.85	0.00	8.69
Open pits		47,117	0.61	0.32	0.32	1.63
Yauli	Carahuacra N & others	1,019	1.54	0.39	0.01	1.39
	Zoraida	1,970	1.16	1.45	0.00	1.83
	Oyama	3,780	0.00	0.00	0.73	0.68
Cerro	Raúl Rojas	4,890	2.35	0.92	0.00	0.94
	<i>In situ</i> oxides	390	0.00	0.00	0.00	4.14
	Pyrites (sulfide)	11,360	1.01	0.55	0.13	4.93
Alpamarca	Alpamarca	1,713	1.13	0.67	0.08	2.42
Rondoní	Rondoní	21,995	0.00	0.00	0.48	0.13
Stockpiles		4,582	0.40	0.65	0.20	5.40
Cerro	Oxides SP	382	0.00	0.00	0.17	4.57
	Pyrite Sulfide SP	4,200	0.44	0.71	0.21	5.48
Total inferred resources		105,958	3.29	0.87	0.25	2.89



Animón Mine - Chungar





5. Mining Operations

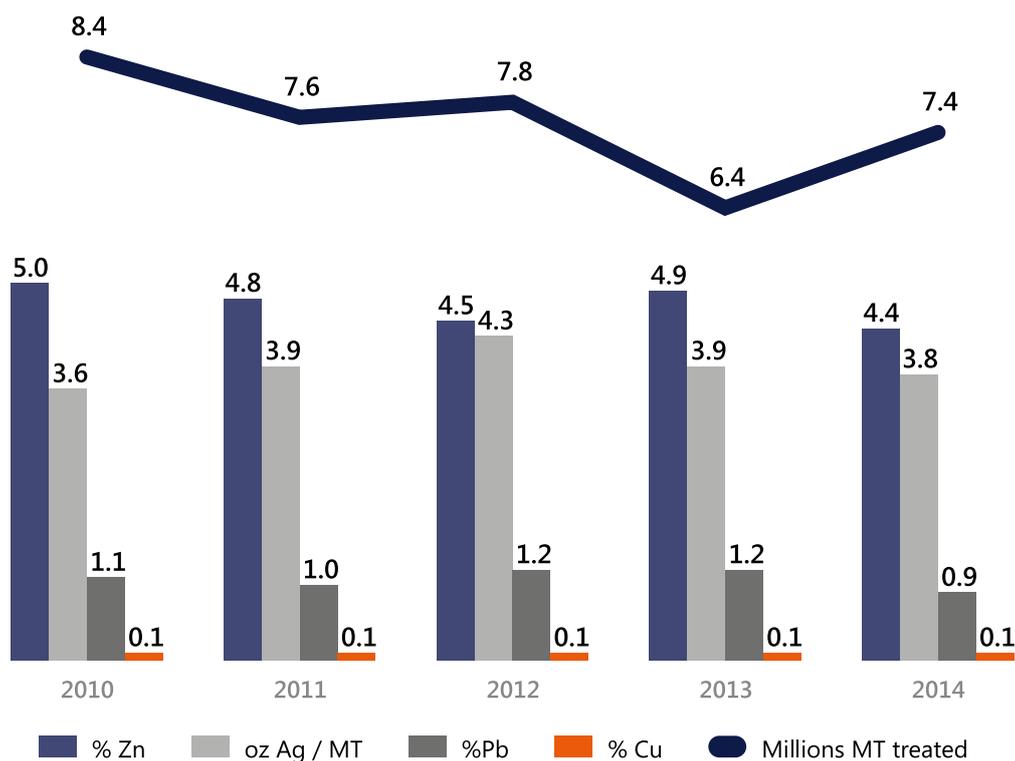
Volcan's mining operations are located in the central highlands of Peru. This region is particularly propitious for mining due to its geological characteristics, proximity to Lima and easy access to principal highways.

Volcan has four economic administrative units (JEA, as abbreviated in Spanish): Yauli, Chungar, Cerro de Pasco and Alpamarca. Together, they have nine underground mines, three open pits, seven concentrate plants and a lixiviation plant. The composition of each unit is detailed below:

Unit	Mines		Plants	
	Name	Type	Name	Type
Yauli	San Cristobal	underground	Victoria	concentrator
	Andaychagua	underground	Mahr Tunel	concentrator
	Ticlio	underground	Andaychagua	concentrator
	Carahuacra	underground		
	Carahuacra Norte	open pit		
Chungar	Animón	underground	Animón	concentrator
	Islay	underground		
Cerro de Pasco	Mina Subterranea	underground	Paragsha	concentrator
	Raúl Rojas	open pit	San Expedito	concentrator
	Vinchos	underground		
	Stockpiles	stockpiles	Óxidos	leaching
Alpamarca	Rio Pallanga	underground	Alpamarca	concentrator
	Alpamarca	open pit		

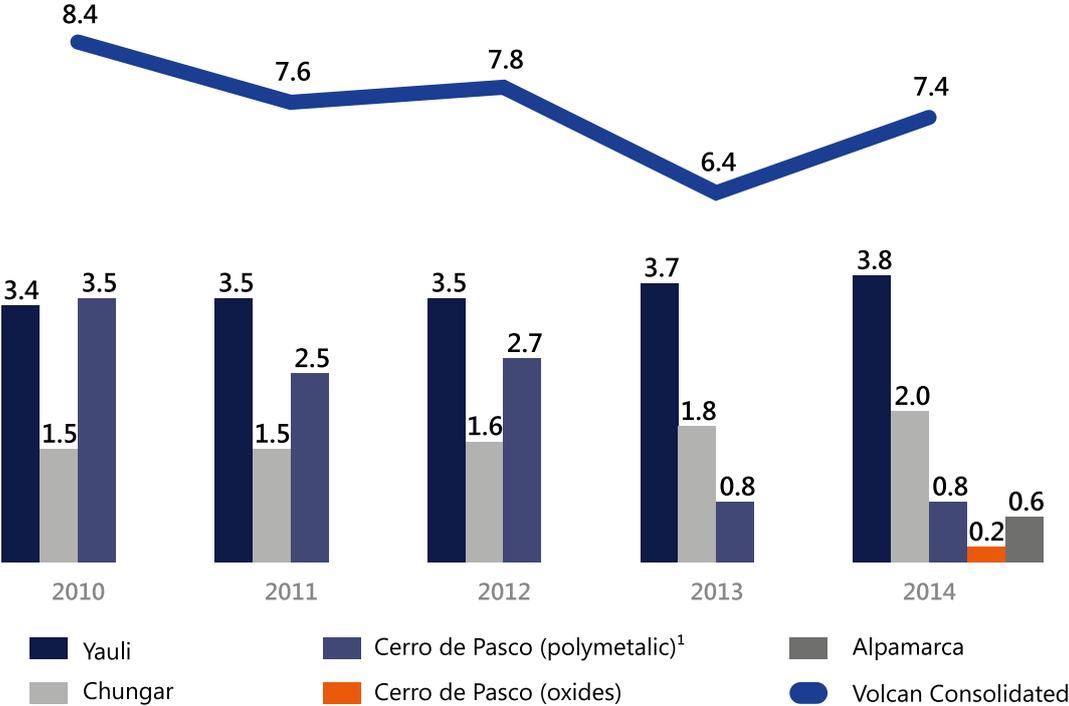
Treated tonnage increased from 6.4 million in 2013 to 7.4 million in 2014, mainly due to the contribution from the new Alpamarca unit and the Cerro de Pasco oxide plant.

EVOLUTION OF TREATED TONNAGE AND AVERAGE GRADES - VOLCAN CONSOLIDATED



The commencement of operations at the Alparmarca UEA and the new silver oxide lixiviation plant at Cerro de Pasco partly offset the downward trend in polymetallic concentrate production since 2011 at the latter unit.

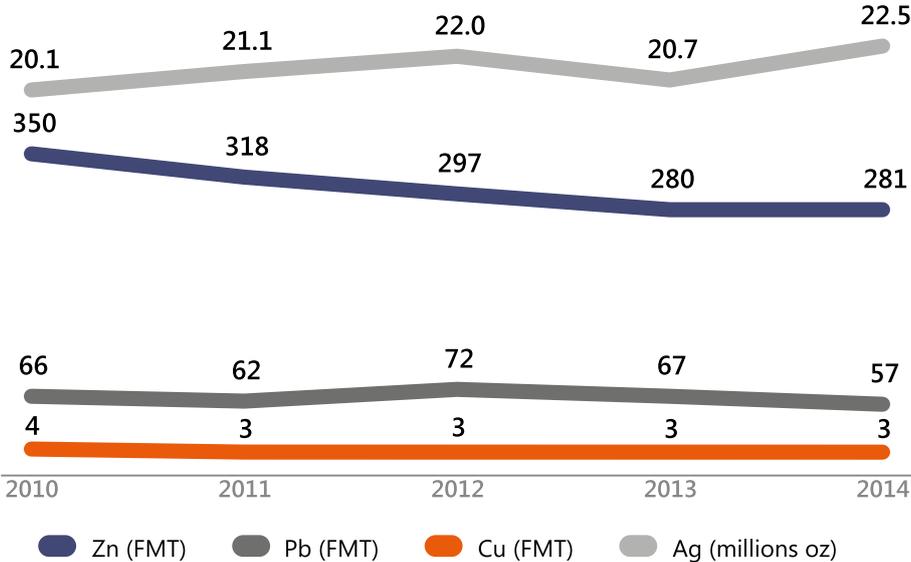
EVOLUTION OF TREATED TONNAGE BY UEA (MILLIONS OF TONS)



¹ Includes 0.2 million tons from Alparmarca treated at Cerro de Pasco.

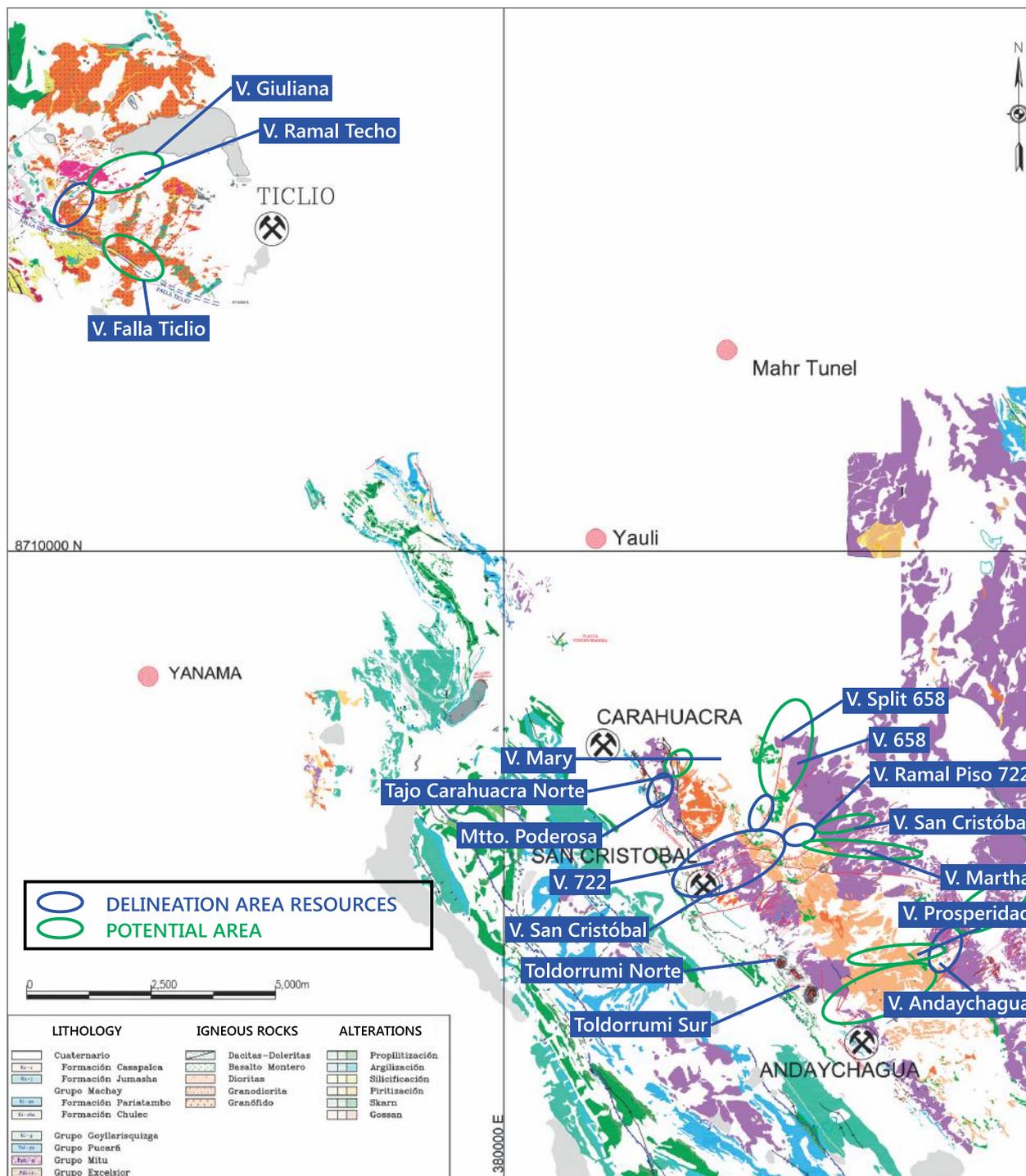
In terms of fines, in 2014 the Company produced 280,700 tons of zinc fines, 57,000 tons of lead fines, 3,400 tons of copper fines and 22.5 million ounces of silver.

EVOLUTION OF FINES PRODUCTION – VOLCAN CONSOLIDATED



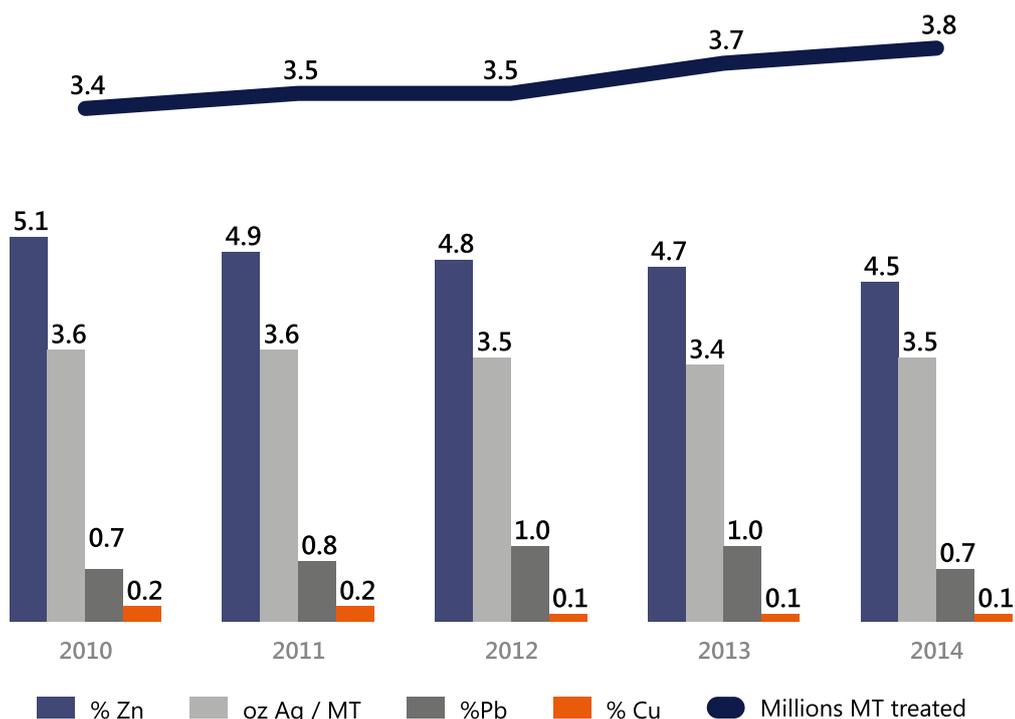
Yauli UEA

Yauli UEA 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.



The unit 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 10,800 tpd. In 2014, treatment of ore at the unit's three concentrate plants reached 3.8 million tons, with grades of 4.49% Zn, 0.67% Pb, 0.12% Cu and 3.45 oz Ag/MT, representing 52% of Volcan's consolidated treated ore.

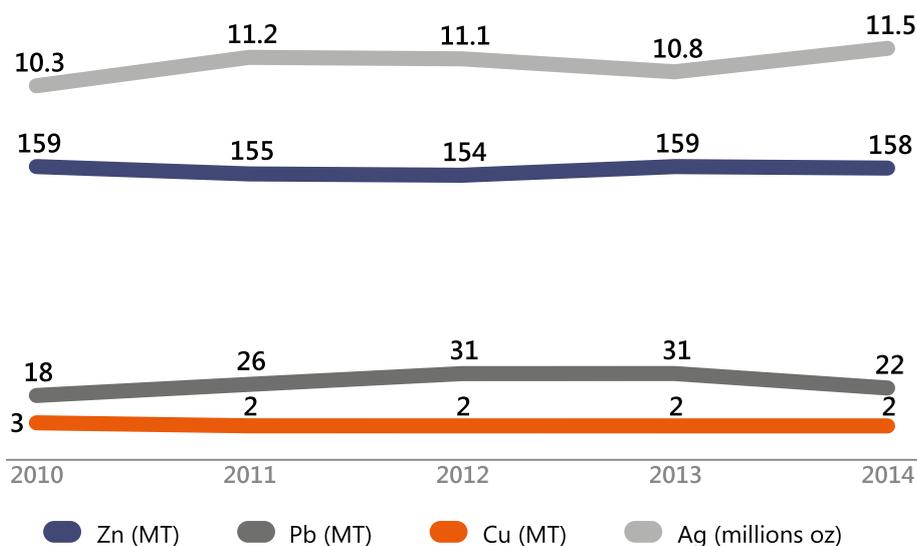
EVOLUTION OF TREATED TONNAGE AND AVERAGE GRADES - YAULI



Silver fines production rose to 11.5 million ounces due to higher treated tonnage and better average grade, which was the result of a larger contribution from the Andaychagua Mine and the Carahuacra Norte Mine.

Zinc production totaled 158,200 FMT, similar to levels in previous years, at a high recovery rate of 91.46% even though the ore grade was lower. Meanwhile, lead production fell to 21,900 FMT, mainly because of the lower contribution of ore purchased from third parties, which is of higher grade.

EVOLUTION OF FINES PRODUCTION – YAULI



Mines

In 2014, Yauli UEA mines increased production thanks to expanded preparation using long-hole drilling, a method that has enabled Volcan to optimize equipment use, improve productivity and cut operating costs. In addition, because of the increased extraction the Company was able to stop buying and treating ore from third parties starting in June. Notably, Carahuacra Norte Mine contributed an additional 157,000 tons, while Andaychagua Mine contributed another 128,000 tons and Carahuacra Mine contributed 87,000 tons. This compensated for the 214,000-ton reduction in purchases of third party ore and 91,000 fewer tons from Toldorumi Mine.

YAULI PRODUCTION BY MINE

	Treated tonnage (000/MT)		Zn grade (%)		Pb grade (%)		Cu grade (%)		Ag grade (Oz/MT)	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
San Cristóbal	1,535	1,532	4.7	4.9	0.6	0.6	0.2	0.2	3.1	3.1
Andaychagua	851	979	4.8	3.8	0.9	0.6	0.1	0.1	5.6	5.3
Ticlio	337	368	4.7	5.1	1.6	1.7	0.2	0.2	2.1	2.2
Carahuacra	346	433	6.8	7.0	0.2	0.3	0.1	0.1	2.0	2.0
Tajo Carahuacra Norte	257	414	2.1	1.8	0.4	0.3	0.0	0.0	2.9	3.4
Toldorumi	144	52	5.3	4.1	0.1	0.2	0.0	0.0	1.2	1.7
Third-party mineral	273	59	3.5	2.9	4.1	2.3	0.3	0.3	2.4	1.7
Total Yauli	3,743	3,837	4.7	4.5	1.0	0.7	0.1	0.1	3.4	3.5

The following section describes the most important activities at each mine:

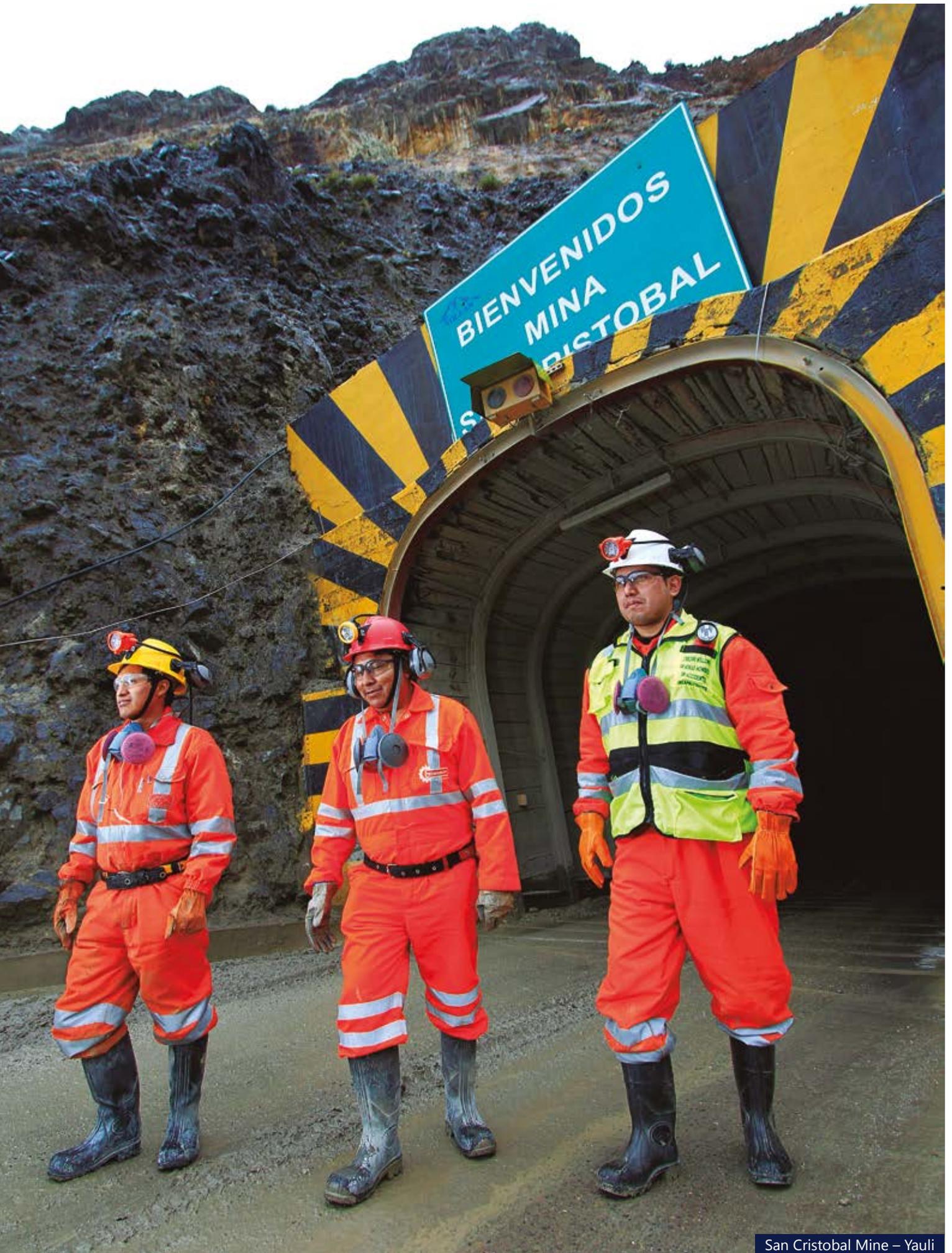
San Cristóbal Mine

By year-end, San Cristóbal Mine production stood at 4,300 tpd.

Over the course of the year, standardization of the mine continued, including improving energy system conditions, optimizing personnel transfers inside the mine, performance of maintenance and lighting projects in the main routes and building a dining facility in the lower areas of the mine.

Likewise, internal mine management was improved through centralization of operations in three areas, which allowed for optimization of mine equipment use, better controls and centralization of services. This, in addition to technological advances such as coverage expansion of the San Cristóbal Mine communication network to the lower levels of the mine, resulted in better control of operations.

Additional cost reductions were achieved by increasing the use of locomotives instead of trucks to transport ore, after a chute was completed.



San Cristobal Mine – Yauli



San Cristobal Mine – Yauli

Another operating improvement was the construction of two pumping systems in the deeper areas of the mine. These systems have prevented flooding of the ramps at those levels. Redesign of production pits also continued, allowing for increased use of hydraulic fill in the mine.

Andaychagua Mine

By year-end, Andaychagua Mine production stood at 2,800 tpd.

In 2014, intensive preparatory work was undertaken for long-hole drilling in the upper part of Recuay, aimed at increasing the mine's contribution and replacing ore from Toldorrumi, where production ended in July. In addition, the central mine was integrated into the upper part of Recuay through construction of an access ramp from the surface.

Inside the mine, work included the development of maintenance workshops, increased reliability of the pumping system with new lines and stationary pump installation, the acquisition of two concrete pumps for the cement fill system, improvement of personnel transportation and the establishment of two dining facilities in the lower levels of the mine.

Cost reductions were also achieved from increased extraction using the ascending cut-and-fill method in the central area and redesign of the concrete slabs, which decreased cement consumption.

In addition, the Company completed construction of the main offices at Andaychagua, a dining hall for staff, changing rooms, a training room, human resources offices and an additional staff building. A drinking water treatment plant was also installed for the camps.

Ticlio Mine

In 2014 the Ticlio Mine achieved production of 1,200 tpd, thanks to an increase in preparation of the Ramal Techo vein, where 50% of the production was obtained through long-hole drilling. In addition, improvements were made to pumping systems in the lower levels of the mine and six raise borer chimneys were built for the ventilation and services systems. Ore extraction was resumed at the Ariana body using the ascending cut-and-fill method, which allowed for better control of the stability of limestone rock. Work also began on expanding the main pumping and water treatment system at the mine.

Meanwhile, on the surface improvements were made to the dining facility, training area, changing rooms and offices.



Carahuacra Open Pit - Yauli

Carahuacra Mine

Development and preparation of the Carahuacra Mine was aimed at expanding production to 1,500 tpd. To reach that goal, the Company undertook a significant campaign to further progress on ramps and accesses for the Mary and María Inés veins, reaching 100% production with long-hole drilling methods.

Regarding mining infrastructure, the mine now has a new pumping system at depth, four raise borer chimneys for ventilation, a dining facility and equipment maintenance workshop.

Surface works included improvements to the staff dining hall, construction of new maintenance offices and upgrades to the drinking water plant.

Carahuacra Norte Pit

At the Carahuacra Norte Mine, work included stripping necessary to reach 1,000 tpd and extend the operating life of the open pit. The Company carried out preliminary evaluations in preparation for increasing the level of resources and reserves.



Victoria Plant – Yauli

Concentrate Plants

The Company obtained positive results at Yauli UEA plants in 2014, reaching total production of 10,800 tpd. Therefore, it was able to prioritize work on automation and process control, as well as increased treatment capacity at the Victoria concentrate plant.

TREATED TONNAGE AT YAULI, BY CONCENTRATE PLANT

	Treated tonnage (000/MT)		Zn concentrate (000/MT)		Pb concentrate (000/MT)		Cu concentrate (000/MT)	
	2013	2014	2013	2014	2013	2014	2013	2014
Victoria	1,580	1,610	142	148	19	16	1	4
Andaychagua	1,153	1,210	87	73	15	15	1	0
Mahr Túnel	1,010	1,017	75	82	25	16	8	5
Total Yauli	3,743	3,837	305	303	59	48	10	9

Victoria Plant

In 2014, the Victoria concentrate plant consolidated its ore treatment capacity to 4,550 tpd, expanding month by month with a target of 5,000 tpd. As a result, production from the Victoria plant represented 42% of treated tonnage for the Yauli UEA.

Also notable was the higher recovery level reached for zinc (92.7%) and silver (83.6%); both figures were higher than 2013, which were 91.3% and 81.9%, respectively. This increased recovery was related to the installation of two additional zinc flotation cells, optimization of the use of reagents and improved milling and crushing performance. An additional ceramic zinc concentrate filter was installed to increase production and reduce moisture.

The Victoria concentrate plant is controlled in real time by a centralized, online SCADA¹ analyzer and a water/ore ratio control system is used in the mill to correct deviations that occur during operation.

Andaychagua Plant

This plant has consolidated its treatment capacity to 3,400 tpd, contributing 32% of treated tonnage in the Yauli UEA. In 2014, to increase metallurgical recovery, high-pressure classification was installed at the secondary mill in addition to two SK-240² flash flotation cells.

Operations at this plant are controlled in real time with an online SCADA analyzer and a high-frequency sieve that eliminates waste in advance, improving conservation of the automatic operations control systems.

¹ 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.

² 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.

Mahr Túnel Plant

Mahr Túnel plant consolidated its treatment capacity to 2,850 tpd, contributing 27% of treated tonnage in the Yauli UEA. In 2014, this concentrate plant increased metallurgical recovery through installation of a double classification system in the mill and lead-silver flotation in an SK-240 flash cell installed in the mill's closed circuit. As a result, lead-copper separation is now done directly, submerging the lead while the copper floats. The control systems are also functioning more efficiently since a waste cleaning sieve was installed.

As for future activities at Yauli UEA, in 2015 the Company plans to move forward with the Carahuacra Norte Mine expansion project to extend its operation until 2017, when production at this mine will be replaced with ore from the Manto Escondida Mine.

At San Cristóbal Mine, the connector tunnel project will continue until completion in 2016. This infrastructure project, which will connect the San Cristóbal, Carahuacra and Andaychagua mines, will serve as an ore transportation route to the Victoria and Andaychagua plants. In addition, it will facilitate air, water, energy, ventilation, hydraulic fill and personnel transportation services.

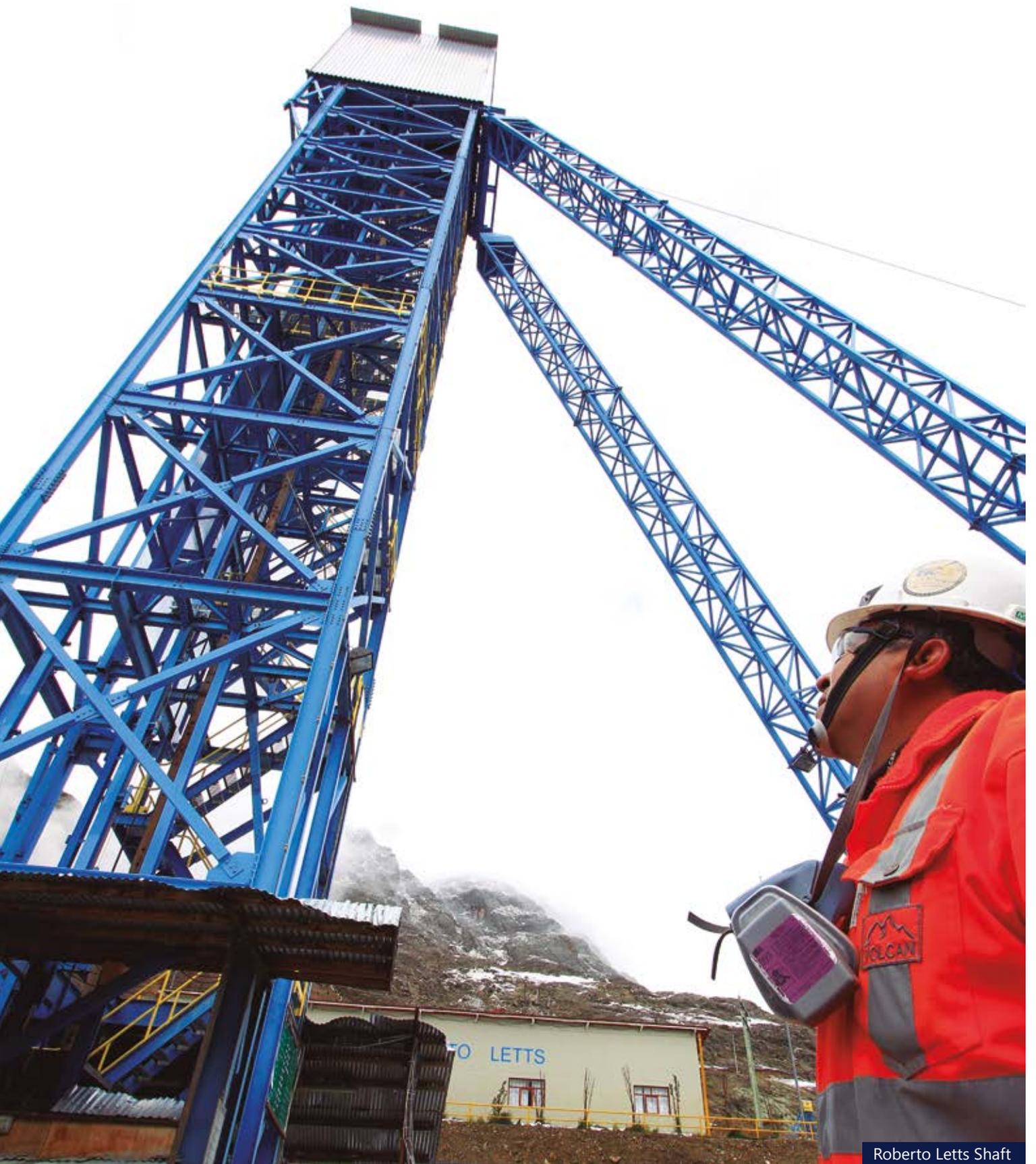
At Carahuacra Mine, rehabilitation work will continue on the Central Shaft until completion in 2016; this project will reduce extraction and ore transportation costs.

With respect to Andaychagua Mine, work on the Roberto Letts Shaft will be finished in 2016 and will help reduce extraction costs and improve operating efficiencies.

At the Ticlio Mine, improvements scheduled for completion in 2016 include the hydraulic fill system for the underground mine, addition of a second 200 l/s pumping system, and an increase in water treatment capacity at the mine to 450 l/s.



Andaychagua Plant- Yauli



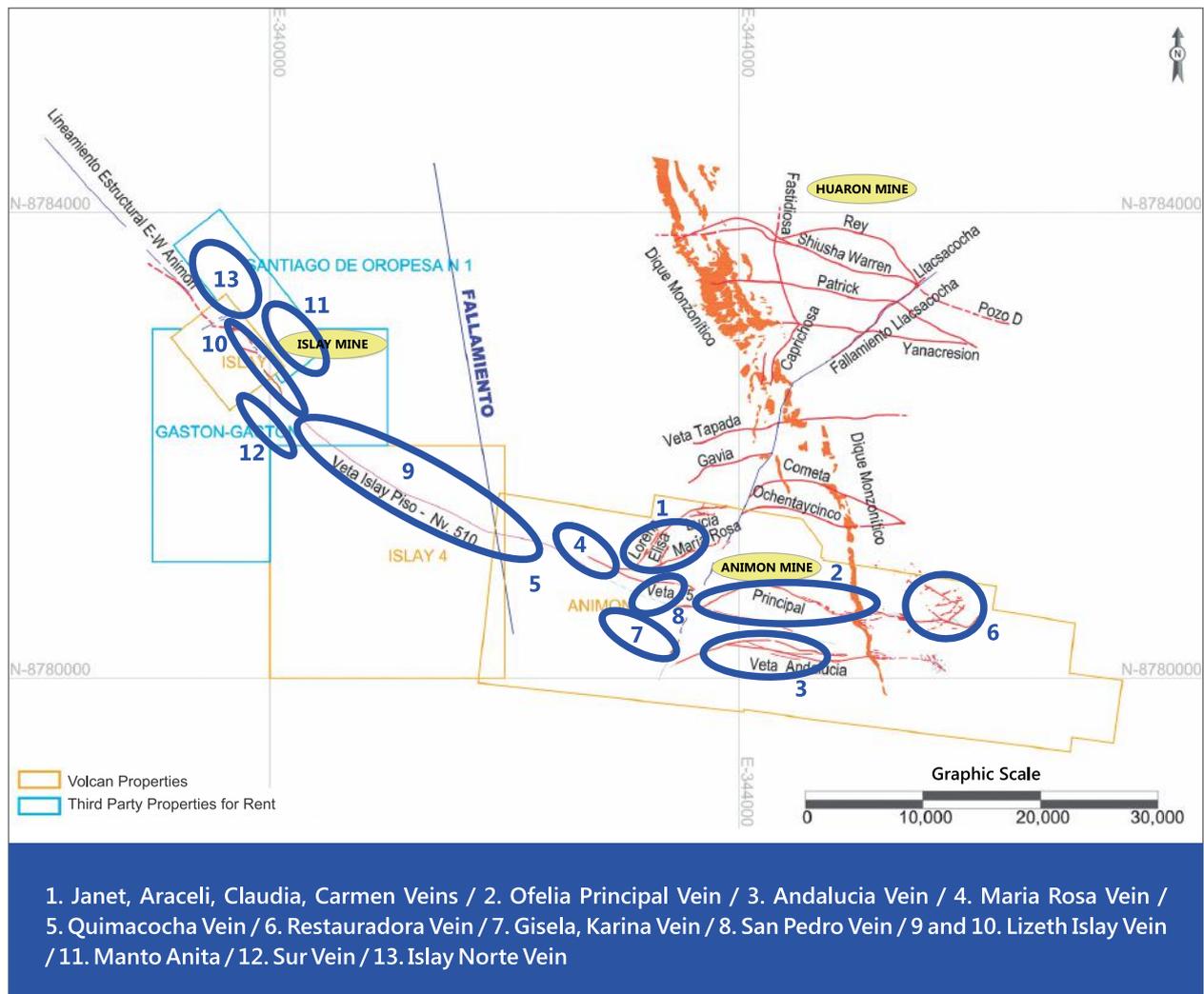
Roberto Letts Shaft



Jacob Timmers Shaft – Chungar

Chungar UEA

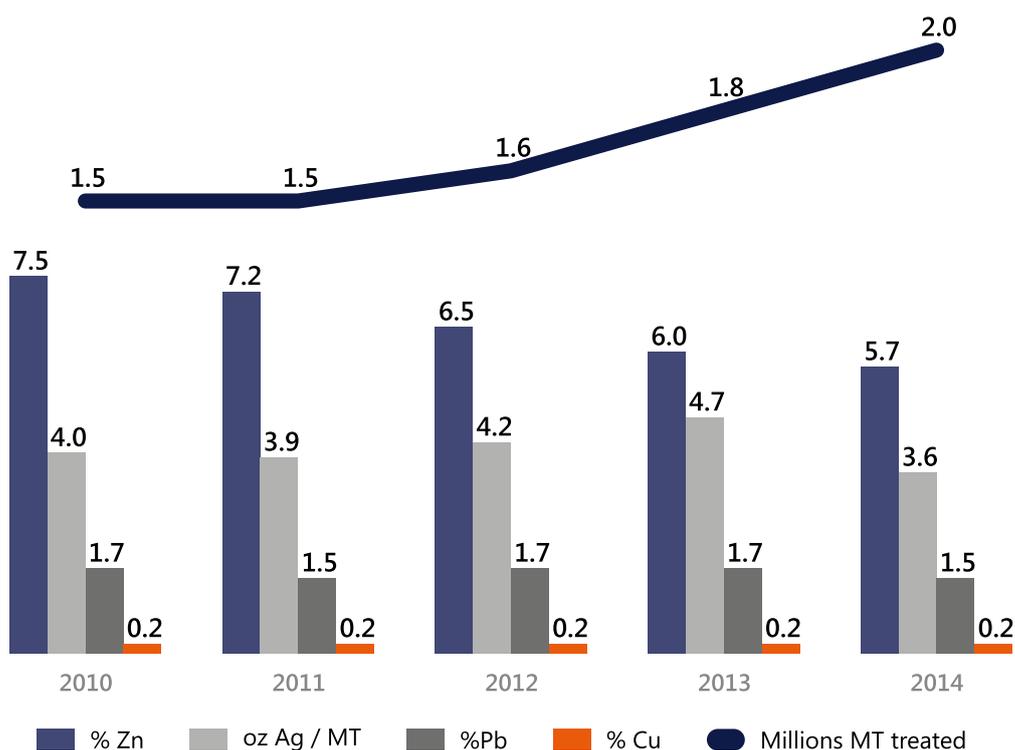
Chungar UEA is located in the Pasco Region, 219 kilometers east of Lima. It consists of two underground mines, Animón and Islay, and a concentrate plant also called Animón.



In 2014, 91.6% of the mineral extracted at the Chungar UEA was processed at the Animón plant, while 8.4% was processed at the San Expedito plant, part of the Cerro de Pasco UEA.

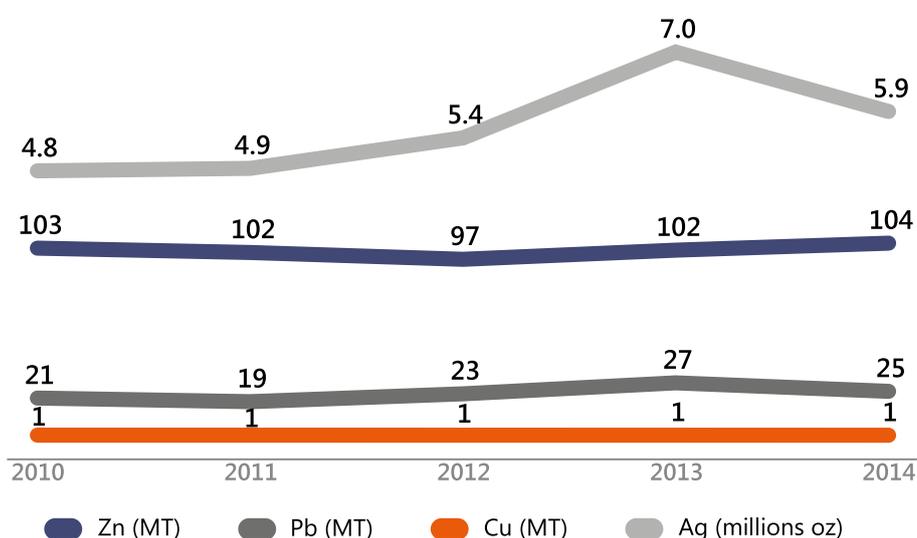
Tonnage treated at the Chungar UEA in 2014 totaled 2.0 million tons, with grades of 5.71% Zn, 1.51% Pb, 0.16% Cu and 3.60 oz Ag/MT, representing 27% of Volcan consolidated treated ore.

EVOLUTION OF TREATED TONNAGE AND AVERAGE GRADES - CHUNGAR



In 2014, fines production totaled 103.6 thousand tons of zinc, 25.2 thousand tons of lead, 1.2 thousand tons of copper and 5.9 million ounces of silver fines in concentrate.

EVOLUTION OF FINES PRODUCTION – CHUNGAR



Mines

The Chungar UEA increased treated tonnage by 6.95% in 2014 due to increases of nearly 105.0 thousand tons from the Animón Mine and nearly 22.0 thousand tons from the Islay Mine. The new ore-feed mixture for the concentrate plant and the reduction in silver grades at Animón and Islay caused the year-over-year decline in silver fines production.

CHUNGAR PRODUCTION, BY MINE

	Treated tonnage (000/MT)		Zn grade (%)		Pb grade (%)		Cu grade (%)		Ag grade (Oz/MT)	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Animón	1,390	1,495	7.3	6.9	2.0	1.7	0.2	0.2	2.9	2.5
Islay	437	459	1.8	1.7	0.9	0.9	0.0	0.1	10.3	7.1
Total Chungar	1,827	1,954	6.0	5.7	1.7	1.5	0.2	0.2	4.7	3.6

Animón Mine

In 2014, the Animón Mine consolidated its production at 4,000 tpd. Central to this result was the renewal of the equipment fleet, the outfitting of a new maintenance workshop in the mine and improvements to the pumping system for water drainage.

In addition, the fiber-optic network was upgraded and expanded to facilitate better communication inside the underground mine. Seven kilometers of WiFi signal were completed to enable communication via IP mobile telephones inside the mine, with access to all corporate extensions and mobile telephones. Implementation of this network will allow for remote control of equipment and personnel inside the mine in the future.

Islay Mine

In 2014, Islay Mine production reached 2,000 tpd, after it was prepared for long-hole drilling. Also, the equipment fleet was upgraded as part of the mechanization process and the equipment maintenance workshop inside the mine was refurbished.



Islay Mine – Chungar

Concentrate Plants

TREATED TONNAGE AT CHUNGAR CONCENTRATE PLANT

Treatment	2013	2014
Animón Plant		
Treated tonnage	1,827	1,954
Zn concentrate	174	179
Pb concentrate	41	38
Cu concentrate	5	5

Animón Plant

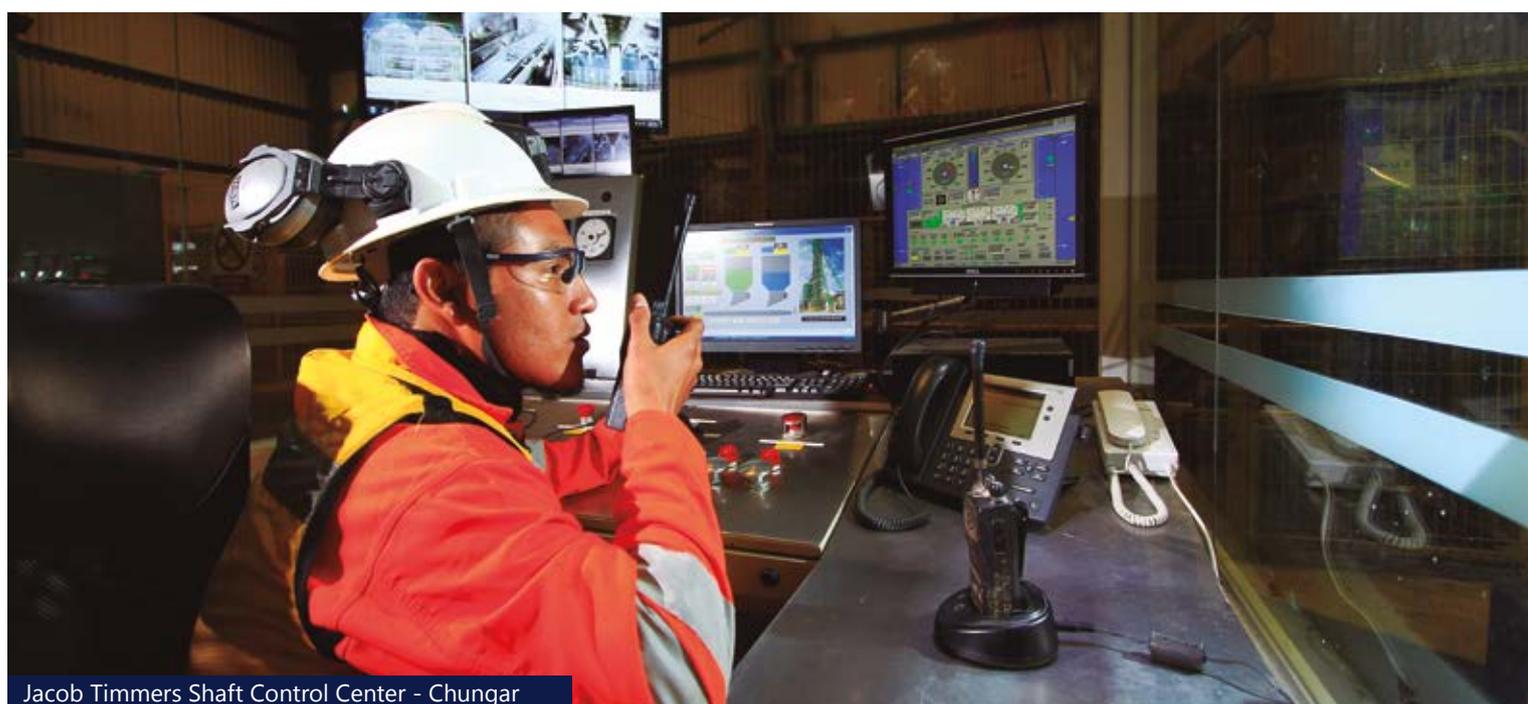
The concentrate plant processed 5,500 tpd of polymetallic ore using selective differential flotation.

In 2014, measures taken to increase metallurgical recovery included installation of an automatic lime dosing system, placement of a third flash cell in the lead-silver circuit and modification of the rotation speed in lead and zinc flotation cells.

The flotation processes are controlled using real-time information provided by the SCADA analysis system.

In 2015, the strategy of the Chungar UEA will be focused on developing and exploring its two mines, Animón and Islay, to increase reserves. This will allow for optimal management of the mining cycle, sufficient planning and sustained results.

By year-end 2014, progress on the Islay-Animón integration tunnel had reached 500 meters; another 2,000 meters are needed to complete the connection.



Jacob Timmers Shaft Control Center - Chungar



Animón Mine Pumping System – Chungar

Cerro de Pasco UEA

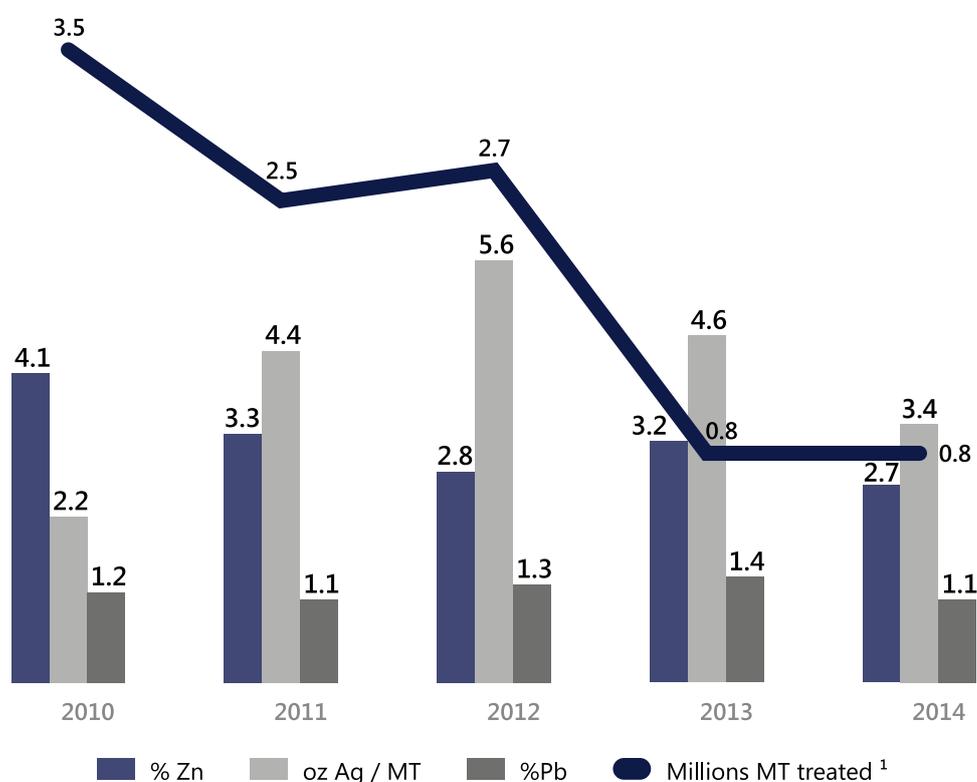
The Cerro de Pasco UEA is located in the Pasco Region approximately 295 kilometers from Lima and can be reached via the Central Highway. Operations at Cerro de Pasco UEA include treatment of polymetallic ore and lixiviation treatment at the new oxide plant.

Plant	Treated tonnage (000)	Zn grade (%)	Pb grade (%)	Ag grade (Oz/MT)
San Expedito / Paragsha	771	2.72	1.06	3.35
Oxides	239			11.30

Polymetallic Ore

In 2014, the San Expedito/Paragsha plant treated 771.0 thousand tons of polymetallic ore with grades of 2.72% Zn, 1.06% Pb, 0.04% Cu and 3.35 oz Ag/MT. This includes ore from the underground mine, marginal ore from the Raúl Rojas pit, ore from the Vinchos Mine and Islay ore from the Chungar UEA. This tonnage represented 10% of Volcan consolidated treated ore.

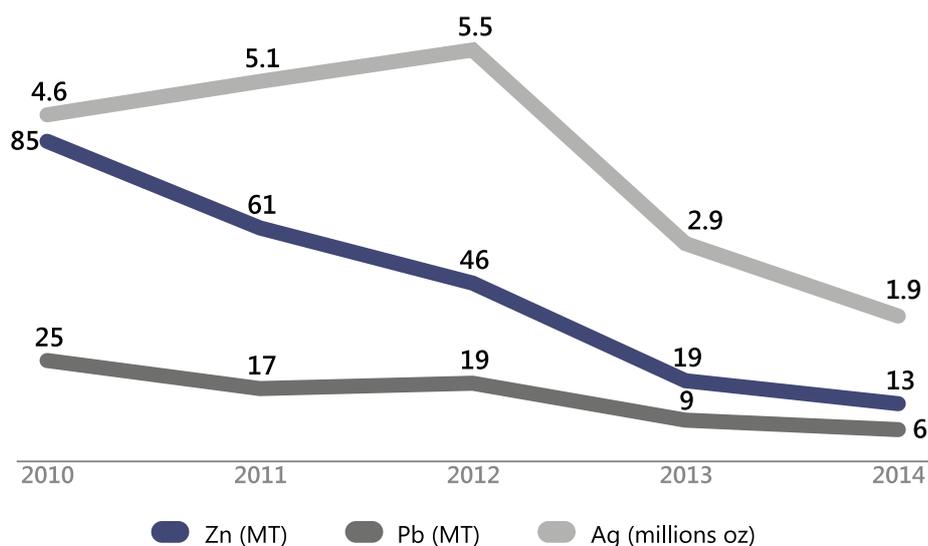
EVOLUTION OF TREATED TONNAGE AND AVERAGE GRADES - CERRO DE PASCO



¹ Includes 0.2 million tons from Alpacamarca treated at Cerro de Pasco.

In 2014, fines production totaled 13.0 thousand 2 tons of zinc, 5.9 thousand tons of lead and 1.9 million ounces of silver.

EVOLUTION OF FINES PRODUCTION – CERRO DE PASCO



Treated tonnage at the San Expedito/Paragsha plant declined 8.21% in 2014. This was the result of a 71 thousand ton reduction in the contribution from the Vinchos Mine and 41 thousand ton reduction from the Paragsha Mine, although these were offset by a 47 thousand ton increase in treatment of marginal ore from the Raúl Rojas Mine.

CERRO DE PASCO PRODUCTION, BY MINE

	Treated tonnage (000)		Zn grade (%)		Pb grade (%)		Ag grade (Oz/MT)	
	2013	2014	2013	2014	2013	2014	2013	2014
Paragsha Underground Mine	265	224	5.9	4.9	2.0	1.7	3.9	4.5
Tajo Raúl Rojas Marginals	227	274	2.4	2.0	1.0	0.6	2.4	1.1
Islay (Chungar)	187	184	1.3	1.3	0.6	0.6	6.4	4.8
Vinchos	161	90	2.3	2.4	1.9	1.7	6.6	4.4
Total Polymetallic	840	771	3.2	2.7	1.4	1.1	4.6	3.3

Paragsha Underground Mine

Production in 2014 was focused on the areas of greatest ore value and largest reserve volume. Due to the quality of the terrain, a conventional, semi-mechanized mining method was used, supported by wood framing and formwork with 1-meter spacing. However, deformations in the underground mine continued to increase, requiring expand production safety measures that included slowing the process and greater use of support elements.

This also required greater cement consumption for hydraulic cement fill to speed up access to adjoining pits and recover more ore reserves.

Studies have been conducted to determine the best way to manage acid drainage with neutralization treatment inside the mine. These have resulted in lower acid drainage flows and reduced treatment costs.

Vinchos Mine

Ore production totaled 89,920 metric tons in 2014; 90% of this production came from the María Inés veins and the María Inés branch. At depth these veins are weaker and shorter but they contain higher grades of zinc and lead, although a lower grade of silver. During 2014 the mine operated for seven months, due to a strike by workers from the community of Jarria.

On December 29, 2014 the Company requested the temporary suspension of operations at Vinchos; this request was approved by the Ministry of Energy and Mines in January 2015.

San Expedito/Paragsha Plant

During 2014 the Company continued using crushing, milling and filtration circuits at the Paragsha plant to increase the treatment capacity of the San Expedito plant. In addition, recovery improved after installation of a flash SK-240 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 plant. However metallurgical testing was continued in order to improve recovery and zinc grade, given the higher copper head grade of the ore.

Treatment	2013	2014
San Expedito / Paragsha Plant		
Treated tonnage (Thousands MT)	840	771
Zn Concentrate (Thousands MT)	42	29
Pb Concentrate (Thousands MT)	20	14



Raúl Rojas Pit - Cerro de Pasco

Oxide Plants

Construction of the oxide plant began in July 2012. The first lixiviation plant in Peru, it has a capacity of 2,500 tpd and required an investment of approximately USD 280 million. The plant is designed for a future expansion to 4,000 tpd and is certified by the International Cyanide Management Institute.

At the end of 2014, the ore available for treatment at the plant consists of:

- 3.04 million tons of oxide stockpiles, with a grade of 8.97 oz Ag/MT
- 5.85 million tons in situ (south of the Raúl Rojas pit) with grades of 4.94 oz Ag/MT and 1.69 gr Au/MT
- 4.70 million tons of pyrite stockpiles, with a grade of 6.88 oz Ag/MT

The oxide plant testing period began in April 2014 and production increased gradually increased to reach 50% capacity in December 2014. The plant is expected to be operating at 100% capacity by the end of the first quarter of 2015.

During 2014, 239.0 thousand tons of oxide ore were treated, with production of 1.1 million ounces of silver fines. Once the plant is operating at 100% capacity, annual silver production will be approximately 3.6 million ounces.

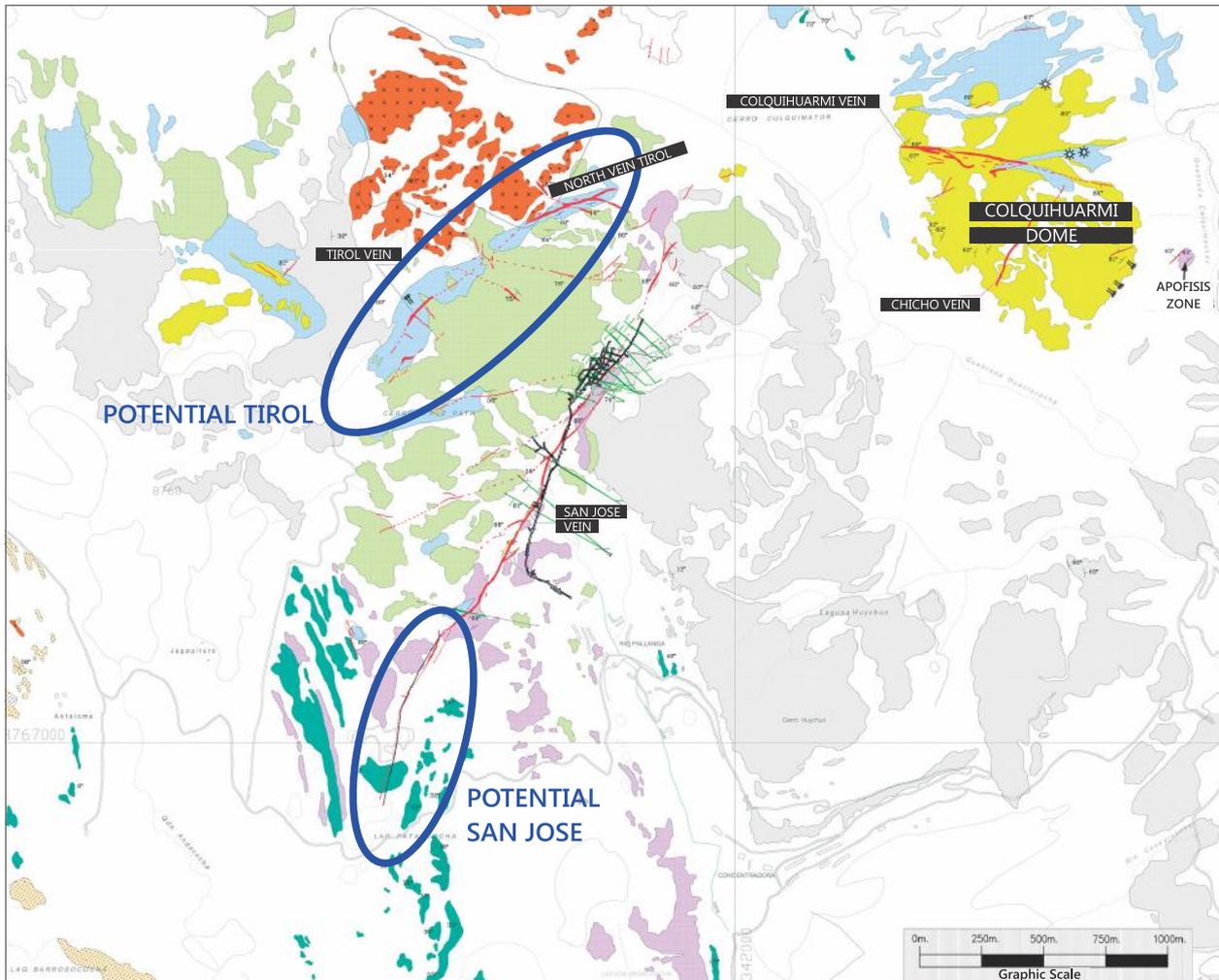
Treatment	2014
Oxides Plant	
Treated tonnage (Thousands MT)	239
Dore bars (Thousands kg)	40
Ag Fines (Millions oz)	1.1
Au Fines (oz)	651



Oxide Plant - Cerro de Pasco

Alpamarca UEA

The Alpamarca UEA is located in the Santa Bárbara area of Carhuacayán, Yauli Province, Junín Region, 182 kilometers east of Lima.



Operations began at Alpamarca in April 2014 and consist of the Río Pallanga underground mine, Alpamarca open pit and Alpamarca concentrate plant.

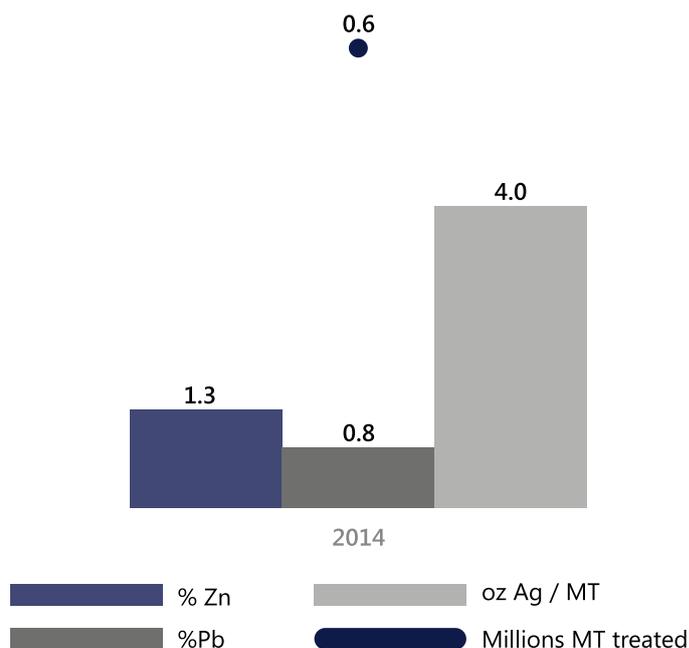
The installed capacity of the plant as designed is 2,000 tpd. Prior to the start-up of operations, testing was conducted by a specialized firm with assistance from Alpamarca professionals. The start-up period began on March 20 and included ramp-up at 50%, 90% and 100% capacity, which was reached in May 2014. In June, the plant exceeded its nominal installed capacity by 15%.

From April to December 2014, treatment of ore from Alpamarca and Río Pallanga totaled 0.6 million tons with grades of 1.25% Zn, 0.79% Pb, and 4.0 oz Ag/MT. This represented 8% of all Volcan consolidated treated ore.



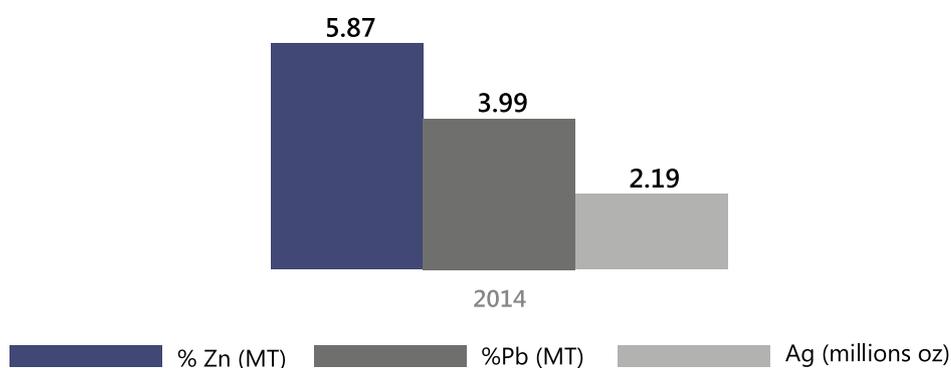
Alpamarca Mine – Alpamarca

TREATED TONNAGE AND AVERAGE GRADES – ALPAMARCA



Since it began operation in 2014, fines production totals are 5.9 thousand tons of zinc, 4.0 thousand tons of lead, 0.1 thousand tons of copper and 2.2 million ounces of silver fines in concentrate.

FINES PRODUCTION – ALPAMARCA



In 2014, a total of 603 thousand tons of mineral were treated, including 443 thousand tons from Alpamarca Mine and 160 thousand from Río Pallanga underground mine.

ALPAMARCA PRODUCTION, BY MINE

	2014			
	Treated tonnage (000)	Zn grade (%)	Pb grade (%)	Ag grade (Oz/MT)
Río Pallanga	160	1.1	0.7	6.9
Alpamarca	443	1.3	0.8	3.0
Total Alpamarca	603	1.3	0.8	4.0

Mines

Río Pallanga Mine

Operations were carried out within the Pallanga 3 concession and continued with preparation, development and production of the Ramal 1 and San José veins. Long-hole drilling was used in narrow veins, where very good results were obtained in controlling mining widths. In addition, there was excellent control of the supports using bolts and mesh. Finally, the auxiliary drainage and ventilation systems for deepening the mine were completed.

Alpamarca Mine

In 2014 operations took place within the Alpamarca 1 and Alpamarca 4 concessions. Pre-operations stripping was continued to provide access to the mineralized areas and begin production in April 2014. The design includes cutting 10-meter embankments that were divided into five-meter embankments in mineralized areas to improve selectivity.





Alpamarca Plant - Alpamarca

Alpamarca Plant

Investigation of metallurgical processes was primarily focused on improving recovery, resulting in a substantial increase in the percentage of Pb, Cu, Ag and Zn. The final products were zinc concentrates and bulk concentrates of Pb-Cu-Ag.

The Alpamarca concentrate plant is controlled in real time by a centralized, online SCADA analyzer and has a water/ore ratio control system in the mill to correct deviations that occur during operation.

In 2015, work will include deepening the main ramp to gain access to resources at lower levels and ensure operations continuity for production in the Ramal 1 and San José veins.

Based on the positive results of exploration in the Tirol vein, exploitation is viable in the short term due to its proximity to the Ramal and San José veins.



SCADA System - Alparmarca Plant - Alparmarca



A large industrial drilling rig is positioned on a rocky, uneven terrain. The rig features a tall, vertical mast with a logo at the top. The base of the rig has a control cabin with the number '13-21' and the text 'DM45E' on its side. A large, rectangular engine compartment with a metal grille is visible, labeled 'INSENGOLL RAND'. The background shows a steep, rocky mountain slope under a clear sky. The entire image has a blue color cast.

6. Explorations and Growth

Growth Strategy

Substantial progress was made on implementing the growth strategy in 2014. The initiatives developed were aimed at strengthening the Company's competitive position as a leading global producer of zinc, silver and lead.

Volcan's goal is to create value through growth supported by the geological wealth of its holdings, excellence throughout the business value chain and diversification of its range of metals. In this sense, the Company's growth strategy has two fronts: organic growth through exploration, project development and expansion of operations, and inorganic growth through acquisitions or joint ventures¹.

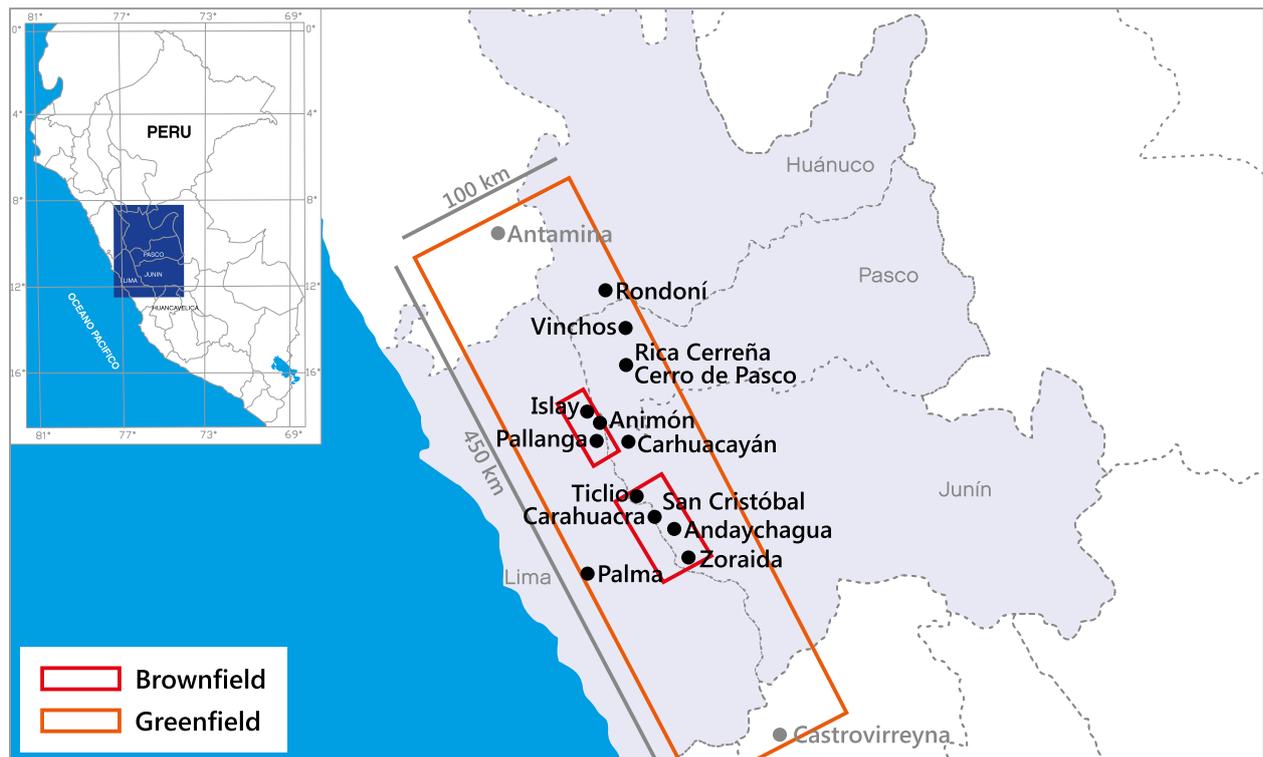


Explorations

Leveraging the geological wealth of its holdings, the Company solidified its capacity to generate value through development of the geological potential of each unit and its area of influence, enabling it to take better advantage of growth opportunities requiring lower investment and a shorter time frame, thus limiting risks.

¹ Joint ventures are long-term joint investment agreements involving two or more companies.

PROJECT LOCATION MAP



To find more opportunities that will sustain and increase future production of the units, the explorations and geology area was reorganized to carry out systematic work throughout the entire value chain and an aggressive exploration program was started. In line with this, in mid-2014 responsibility for brownfield¹ exploration was transferred to the new Operational Geology Division.

Finally, greenfield exploration was organized to focus on transformational projects in the central highlands. This strategy leverages Volcan's position in terms of concessions, operations knowledge and the region's potential.

¹ Exploration in areas adjoining the operating units.

Greenfield Exploration

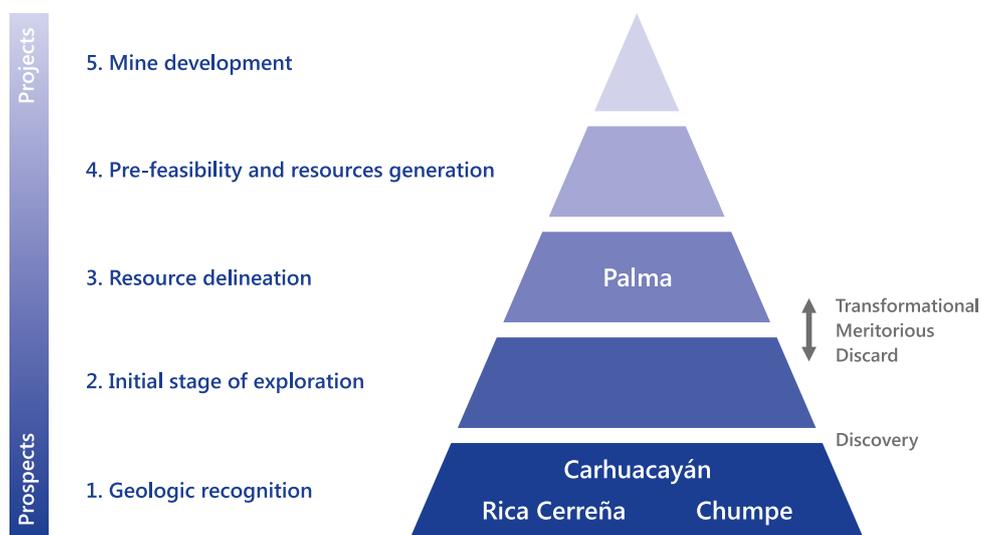
The Company implemented new strategic and operating criteria for focused, effective exploration in 2014, in order to identify, evaluate and develop new transformational targets in central Peru. Greenfield exploration is based on two key pillars:

- Generating new, transformational projects
- Post-discovery development of projects in the transformational or worthy categories

To achieve transformational growth, the area added new talent with the necessary competencies. In addition, the Company acquired state-of-the-art tools and equipment and completed installation of a mineralogical microanalysis laboratory in Lima.

The aim is to develop polymetallic prospects and projects with zinc, lead and silver, as well as porphyry copper deposits, focusing exploration on the central highlands. The priority for this work is the 310,000 hectares of Volcan mining concessions and outside of those, in a polygon 450 kilometers long and 100 kilometers wide.

In 2014, the Company's portfolio of projects was analyzed to prioritize development of projects that meet the new criteria. Those chosen include Carhuacayán, Palma, Rica Cerreña and Chumpe, all of which are planned for development in 2015.



Palma

Located 60 kilometers southeast of Lima. Palma is a project aimed at extracting volcanogenic massive sulfides (VMS) distributed in mineralized layers of zinc, lead and silver.

The first stage of the project involved 17,000 meters of diamond drilling. Drilling allowed for estimation of inferred resources and recognition that the ore is structured in layers, with optimal potencies and good rock quality, with mineralization open at depth and laterally.

Given the results obtained from exploration and the possibility of expanding the resource base, in 2014 the Company conducted a conceptual study for the project. The goal of the study was to evaluate the project viability and sustain continued exploration activities. It provided confirmation that conditions in the area are favorable for developing a mining project.

According to the study, considering a cut-off of 5% in Zn in the existing resource base of 5.59 million tons and grades of 7.43% Zn, 1.50% Pb and 1.42 Oz/t Ag, it would be possible to develop a mining plan of 5.3 million tons with grades of 6.19% Zn, 1.26% Pb, 1.24 Oz/t Ag at an operating cost of 60 USD/ton and production of 2,000 tpd from underground production. A geomechanical study was performed to evaluate possible mining methods and design dimensions. In addition, metallurgical tests were carried out, revealing a clean concentrate with average recovery rates of 88% Zn, 84% Pb and 80% Ag.

The results obtained at this level show that the project is viable and therefore it is worth continuing to explore the recognized structures that are open at depth and laterally, as well as to identify adjoining targets.

The semi-detailed environmental impact study (EIS) for project exploration has been approved and the Company has obtained an exploration permit and land-use agreements.

In 2015, exploration will advance with diamond drilling, considering that the Company has confirmed the existence of mineralization open at depth and laterally, as well as new layers mostly in the Santa Lidia area. This exploration will be aimed at expanding the resource base in lateral areas of the deposit and in the area adjacent to Santa Lidia to confirm a volume of resources that supports development of a project. In addition, the Company will continue to evaluate aspects that enable it to optimize project investments.

Carhuacayán

Located 20 kilometers east of Alpamarca. Carhuacayán is a polymetallic project of zinc, lead and silver located in a mountainous area. The mineralization is observed in veins, breccia bodies, and replacement layers.

The priority in 2014 was advancing on the semi-detailed EIS, now being reviewed by the Ministry of Energy and Mines. In addition, there is now an approved land-use agreement between Volcan and the community of Santa Bárbara for project exploration.

The project is currently in an initial exploration phase and in 2015 preliminary work will begin to develop the full potential of the project, defining targets for future diamond drilling and evaluating its geological potential.

Rica Cerreña

Located in Cerro de Pasco, just west of the Raúl Rojas pit. Rica Cerreña is a porphyry copper prospect with gold that could become a transformational project, depending on the results.

In March 2014 Volcan identified concrete manifestations of porphyry copper mineralization with clasts of volcanic agglomerates featuring quartz-molybdenum veins (boreholes in the west wall of the pit), as well as a small outcropping in the east portion of Rica Cerreña with veins of magnetite, quartz and chalcopyrite.

Given the geological evidence, the potential porphyry is expected to be found at a depth of less than 500 meters. To recognize the porphyry at depth, the Company has begun preparation of an Environmental Impact Statement (EIS) for exploration to drill five 1,000-foot diamond-drill perforations on land belonging to Volcan.

Chumpe

Located in the Yauli dome, 20 kilometers southeast of Toromocho. Chumpe is a porphyry copper prospect with evidence similar to the Toromocho megaproject, and if the results are positive it could become a transformational project.

In 2014, specialized analyses were conducted¹ that revealed the presence of a lithocap² or roof of a probable porphyry. This lithocap extends broadly over an area of one square kilometer. The dimensions and intensity of the lithocap, in addition to the system of polymetallic veins that surround it, suggest an important prospect for porphyry copper at depth. Given the geological evidence, potential porphyry is expected to be found at a depth of less than 500 meters.

¹ A Raman spectroscopy analysis was conducted. The Raman spectrometer uses light to excite the molecule (or mineral) so it will radiate an inelastic component. This component reflects a unique vibrational state for each molecule (or mineral), which facilitates its identification. Based on this principle, the Raman spectrometer produces a diagram (spectrum) that can be compared to a database of more than 3,000 minerals.

² Lithocap: The top of a porphyritic system (porphyry Cu) where typically there is mineralization and acid and oxidizing epithermal alteration (with high sulphidation). The lower portions of the lithocap typically contain minerals such as pyrophyllite, diaspore, andalusite and others.



Zoraida



Zoraida

Brownfield Exploration

With respect to exploration in the area of influence of the operating units – brownfield exploration – the Company is evaluating the size of known structures as well as new structures near its operations.

In 2014, the results obtained in this regard were important, confirming the continuity of the main structures and delineating and incorporating new potential and inferred resources.

The projects developed were Zoraida, Islay, Río Pallanga (Tirol) and Colquihuarmi. Based on positive results from the economic viability study, the Oyama project is now going to be developed to complement production from Yauli. The San Sebastián project, however, was stopped due to metal prices and the current situation at Cerro de Pasco.

Zoraida (Yauli)

Located 7 kilometers south of Andaychagua (Yauli UEA), Zoraida is a polymetallic project containing silver with lead and zinc content. Given its geological characteristics—mountain veins—Zoraida could become the third polymetallic system in the Yauli dome, along with San Cristóbal and Andaychagua.

In 2014, geological mapping of the area began, revealing a system of veins parallel to the Andaychagua vein with lengths between 2 and 3 kilometers. Deep-hole drilling was conducted in the first structure, cutting polymetallic sulphide ore with grades similar to the Andaychagua vein. The best impact in this vein was 11 meters with grades of 2.3% PB, 4.5% Zn and 3.7 oz/t Ag.

In 2015, the Company will continue exploring this important system of veins using diamond drilling for recognition, as the semi-detailed EIS was approved pending the exploration permit.

Islay (Chungar)

Exploration of this mine in 2014 was focused on continuing to the north and south of the Islay and Manto Anita veins, and included diamond drilling of ten diamond-drill perforations for a total of 4,734 meters.

PRINCIPAL INTERCEPTS OF THE 2014 DRILLING PROGRAM – ISLAY PROJECT

Drilling	Meters	From	To	Oz/t Ag	% Zn	% Pb	% Cu	Vein
DDHSOP14032	2.3	30.7	33	6.3	0.15	0.08	0.01	Veinlets
	2.5	153.9	156.4	4.14	1.89	0.47	0.06	Anita Stratum
DDHSOP14033	7.2	154	161.2	2.69	1.09	0.77	0.02	Anita Stratum
Includes	1	154	155	13.09	1.38	0.38	0.03	
DDHSOP14034	1	98.2	99.2	13.54	1.86	0.52	0.03	Bx Hydrothermal
	0.8	99.2	100	11.83	0.79	0.38	0.01	Veinlets
DDHSOP14036	4	230.75	234.75	2.48	0.31	0.2	0.01	Anita Stratum
Includes	2.15	231.75	233.9	4	0.48	0.33	0.02	
DDHSOP14036	2.2	360.1	362.3	6.37	0.53	0.19	0.02	Veinlets
DDHSOP14036	2.3	376.1	378.4	8.13	1.71	0.92	0.03	Bx Hydrothermal
DDHSOP14037	0.5	16.4	16.9	10.26	0.13	0.89	0.01	Veinlets
	1.7	95.5	97.2	5.3	3.5	2.01	0.11	Bn Chert
DDHSOP14037	1.8	266.4	268.2	11.29	0.85	0.43	0.05	Veinlets
Includes	0.6	266.4	267	28	1.42	0.85	0.14	
DDHSOP14037	3.85	301.5	304.9	9.63	0.44	0.32	0.06	Veinlets
Includes	1.5	301.6	303.1	19.62	0.18	0.08	0.13	
DDHSOP14037	7.25	354.45	367.8	2.59	0.32	0.09	0.01	Chert
	1.35	361.9	365.1	12.91	1.38	0.41	0.05	
DDHSOP14038	2.5	54.2	56.7	3.8	0.29	0.13	0	Veinlets

These results have significantly expanded the exploration potential of structures north of the mine. The Company is planning a broader program to define the potential with a regular diamond-drilling grid and underground mine recognition work. These results are important to projecting mine life at the Chungar EUA.

Río Pallanga (Alpamarca)

Located in Alpamarca. In 2014 the focus was on determining the mineralization potential in the Tirol vein. This vein emerges approximately 600 meters north and parallel to the San José vein and represents an important option to complement Alpamarca UEA underground production.

Eight diamond-drill perforations were made from the surface, totaling 2,436 meters of diamond drilling. The results obtained were very favorable and have enabled recognition thus far of an economically viable mineralized body more than 500 meters long and 200 meters deep. The mineralization is open both at depth as well as laterally.



Rio Pallanga



Alpamarca

Drilling	Meters	From	To	Oz/t Ag	% Zn	% Pb	% Cu	Vein
DDH-S-RP-14-001	0.3	212.1	212.45	0.88	0.06	0.08	0.03	Tirol
	0.3	355.35	355.7	0.36	0.02	0.01	0	Tirol 1
DDH-S-RP-14-002	1.2	130.2	131.35	1	0.14	0.12	0.03	Tirol
	0.6	263.1	263.7	56	11.89	0.53	0.12	Tirol W
DDH-S-AL-14-003	5.8	196.85	202.6	4.02	0.12	0.11	0.06	Tirol
Includes	1.0	197.2	198.15	13.46	0.38	0.41	0.24	Tirol
DDH-S-AL-14-004	2.4	210.9	213.3	13.04	0.22	0.37	0.28	Tirol
	2.1	321.95	324	0.14	0.08	0.01	0	Tirol 1
DDH-S-AL-14-005	3.0	104.45	107.4	0.21	0.07	0.02	0	Tirol
	1.0	238.9	239.9	0.1	0.03	0	1	Tirol 1
DDH-S-AL-14-006	6.1	181.35	187.4	13.32	2.31	2.02	0.48	Tirol
DDH-S-AL-14-007	1.9	199.2	201.05	0.06	0.01	0	0	Tirol
DDH-S-RP-AL-008	1.6	300.1	301.7	2.45	0.33	0.31	0.11	Tirol

Colquihuarmi (Alpamarca)

Located 3 kilometers northeast of the Río Pallanga Mine in the Alpamarca UEA, in a volcanic complex similar to the one containing the San José and Tirol veins. The upper part of this project presents breccia mineralization made up of a system of antimony veins. The lower part of the deposit shows evidence of ore with silver content and will be part of the exploration programs planned for 2015.

In 2014 the resources of the upper part of this deposit were estimated as 0.66 million tons with 1.21% Sb (measured and indicated resources) and 0.16 million tons with 1.06% Sb (inferred resources). Metallurgical tests found concentrate with a grade of 44% Sb and metallurgical recovery of 76%. The tests show that this ore produces a very clean concentrate without penalizable elements.

A study is also underway to determine the extent of the economic viability of antimony resources to be worked in the open pit. The mining evaluation is being developed to generate the optimal cone for mining and proceed with the operation design, mining plan and project value analysis.

The advantage of this project is that it could provide ore to the Alpamarca plant with minimal infrastructure requirements and without significant investment in development. This is because the ore is on the surface, requires limited removal of overburden and has a low stripping ratio. The project would also complement production at the Alpamarca UEA.

Exploration will continue in the lower part to define the silver mineralization.

Development of Mining Projects

Development of mining projects refers to the many engineering studies carried out at projects with defined resources. These studies vary in precision and are used to support different development alternatives and project viability.

West Wall Polymetallics (Cerro de Pasco)

Several studies were conducted in 2014 as part of the evaluation of the mining project in the west wall of the Raúl Rojas pit. The studies included a feasibility study, design study for the final pit, hydraulic simulation study to define the behavior of the water table and effluents, and design of the in-pit dump to optimize stripping costs.

Once those were completed, the technical-economic evaluation of the project was conducted, including preparation of the final design, mining plan and analysis of the project value. According to the evaluation, the optimal alternative was to use a pushback in the northern part of the west wall. A mining plan was developed for total production of 5 million tons with grades of 4.11% Zn, 1.46% Pb and 1.88 oz/t Ag at a production rate of 2,500 tpd and a stripping ratio¹ of 8.3 for the entire project. The analysis estimated that the project would require investment of USD 65 million, including the expense of the initial stripping.

Complementary studies will be continued to determine future development.

In Situ Pyrites (Cerro de Pasco)

During 2014, 13,620 meters of diamond-drill perforations were made to define in greater detail the large body of pyrites with silver and copper ore located in the west wall of the Raúl Rojas pit. This included 7,060 meters drilled from the surface and 6,560 meters drilled inside the mine, for a precise definition of the limits of the pyrite and silver body, raising the level of certainty regarding resources and defining the location of the copper ore within this body.

Considering the new data from the drill holes, the results indicate that the body contains pyrite with silver at a cut-off² of 2 oz/t Ag.

Resources	Mt	Ag (oz/t)	%Cu	%Zn	%Pb	%As	Au (g/t)
Measured	2.62	4.26	0.29	1.14	0.51	0.1	0.22
Indicated	26.92	4.51	0.25	1.26	0.6	0.09	0.16
Measured and Indicated	29.54	4.49	0.25	1.24	0.59	0.1	0.16
Inferred	11.36	4.93	0.13	1.01	0.55	0.06	0.1

¹ This ratio refers to the volume of overburden removed in order to extract a volume of ore.

² The cut-off grade is the minimum required ore grade of an economically viable mine.

In addition to drilling work and estimation of resources, mineralogical studies and metallurgical tests were performed to determine the best treatment of the mineralized material.

The viability of exploiting this large body is being analyzed and will depend on the metallurgical options obtained from treatment of pyrites and copper ore with silver.

Oyama (Yauli)

Oyama is a deposit of copper with silver close to Andaychagua Mine.

To evaluate the viability of the project, several technical studies were conducted in 2014, including a slope stability study to determine final pit angles and study of the location and capacity of waste dumps and roads. In addition, the Company developed the general plan for the project and conducted a technical-economic evaluation to define the design, mining plan and project value analysis.

According to these studies, the project is viable. This deposit could be exploited as an open pit in the short term due to its proximity to operations and the low level of stripping required. According to the evaluation, total reserves include 2.12 million tons with 0.94% Cu and 0.73 oz/t Ag, with a stripping ratio of 2.4.

The mining plan indicates a total of five years of production at 1,500 tpd, with maximum production capacity beginning in the second year. The investment considered in the analysis was USD 27 million. The project is currently in the permitting stage and will be ready to begin production and contribute ore to the Yauli UEA.

Rondoní

Located in the Cayna district, Huánuco Region. Rondoní is a skarn¹ project with magnetite and phyrrotite with copper mineralization.

The economic viability studies conducted in 2013 did not support the original open pit exploitation planned for the project.

Resources	MM de MT	% Cu
Measured and Indicated	42.36	0.49
Inferred*	21.99	0.48

*Include 8.33 MM tonnes with 0.49% Cu of the area of Acejar

¹ A skarn is coarse-grained rock with abundant calcium silicates like garnet and amphiboles commonly formed by the reaction between plutonic rock and carbonated rock such as limestone. Skarns are important because the mineralization within them can develop as at Antamina, or because these may be closely related to copper porphyries as at Toromocho.

However, the possibility of concentrating mining in the richest part of the skarn halo formed around the intrusion in a perimeter of almost 3,000 meters with widths of up to 20 meters offers significant potential for underground mining. Given the initial focus of an open pit project, the exploration carried out did not drill deeply in the skarn; mineralization has not been recognized beyond the first 200 meters below the surface.

The tonnage-grade curve contained in the most recent study indicates that based on a cut-off of 0.6% Cu, there are 8.04 million tons of resources with 0.83% Cu. This provides an opportunity to evaluate exploitation using underground methods.

In 2015 a study will be conducted to define the characteristics and viability of developing an underground mining project in the high-grade areas of the skarn, taking advantage of its morphology and vertical continuity.

Current Operations

Explorations at the Yauli UEA

In line with its strategy, in 2014 the Company carried out an exploration program at Yauli. This included 27,225 meters of diamond drilling, aimed at delineating and adding new inferred resources with 70 x 70 meter grids and confirming the ore potential of the largest and most productive structures of its principal mines.

The results were favorable, with the interception of significant degrees of polymetallic and silver mineralization and confirmation of the main structures laterally and at depth as well as important potential. The results obtained support the continuity and intensity of the exploration program designed for the units in 2015.

YAULI DRILLING

Mine	Drilled meters
San Cristóbal	7,409
Andaychagua	10,020
Ticlio	6,930
Carahuacra	2,866
Total	27,225

San Cristóbal Mine

In 2014, 26 diamond-drill perforations were drilled for a total of 7,409 meters inside the mine. The goal was to intercept veins 658 and Split 658 and delineate new inferred resources with 70 x 70 meter grids at 250 meters below 1270 level (3,780 masl). The veins Ramal A, 722, K Vein, Ramales and Tensionales were also intercepted in the course of drilling. In addition, three diamond-drill perforations were

drilled from the surface above Manto Escondida, and all generated positive results with interception of significant polymetallic and silver mineralization.

Andaychagua Mine

In 2014, diamond drilling totaled 10,020 meters distributed over 47 perforations. This was executed inside the mine to intercept the Andaychagua veins and outline new inferred resources at 100 meters below 1200 level (3,800 masl) and in the Prosperidad Este vein at 200 meters below 1000 level (4,000 masl). Drilling also intercepted the Andaychagua Techo and Piso, Split, Milagro and Tensionales veins with positive results in terms of polymetallic mineralization, mainly lead, zinc and silver. Perforations have also been drilled to determine the potential of the Melissa, Pucaurco and Esther veins.

Carahuacra Mine

In 2014, 2,866 meters were drilled in nine diamond-drill perforations from inside the mine aimed at intercepting the Mary Vein, to delineate new inferred resources with 70 x 70 meter grids at 200 meters below 1,070 level (3,960 masl). The boreholes also intercepted the Ramal Mary and Tensionales veins with positive results in terms of polymetallic mineralization, mainly zinc. The ore potential in Manto Principal has been confirmed with favorable results.

Ticlio Mine

In 2014, 6,903 meters in 47 diamond-drill perforations were executed inside the mine and aimed at intercepting the Ramal Techo Vein, to delineate new inferred resources with 70 x 70 meter grids at 150 meters below 10 level (4,440 masl). The drilling also intercepted the Split Ramal Techo, Liliana and Manto Ariana veins with positive polymetallic and silver mineralization results. Drilling to determine the potential of the Giuliana and Manto Guadalupe veins did not produce favorable results.

Explorations in the Chungar UEA

The local exploration program at Chungar was carried out to delineate inferred resources and determine the ore potential of the main structures. In total, 44,689 meters of diamond boreholes were drilled with 60 x 60 meter grids. At Animón Mine, drilling progress was 28,673 meters, while at Islay Mine progress was 16,016 meters.

Animón Mine

Inside the mine, 28,673 meters were drilled in 140 diamond-drill holes mainly to delineate inferred resources and determine ore potential of the following veins: Ramal Piso Principal, Andalucía, Andalucía 120, Araceli, Carmen, Carola, Gavia, Gisela, Janeth, Jenny, Karina I, María Rosa, Ofelia, Principal, Ramal 85 and Split 225 Principal.



Río Pallanga

Islay Mine

In 2014, diamond drilling totaled 16,016 meters in 69 boreholes to delineate inferred resources and determine ore potential in the Islay, Islay Piso, Lizeth, Veta Sur and Manto Anita veins. The results were positive.

Explorations in the Alpamarca UEA

The exploration program was mainly focused on the Río Pallanga Mine with the goal of extending the mineralization of the San José vein.

Río Pallanga Mine

In 2014, exploration was centered on the southwest sector of the San José vein to evaluate the possibility of increasing ore resources in that portion.

Detailed structural geological mapping was conducted through drilling of 19 diamond-drill perforations with regular grids 50 meters apart, for a total of 6,684 meters.

The preliminary estimates based on the mapping are inferred ore resources on the order of 200,000 tons with grades of 4.88 oz/t Ag, 2.79% Pb, 5.86% Zn and 0.21% Cu. These will be confirmed when the geological model and resource calculation are developed.

Inorganic Growth – Acquisitions and Joint Ventures

In 2014, the Company continued to evaluate opportunities to acquire projects and mining operations that are aligned with its strategy. Inorganic growth, through prioritizing activities in the central highlands, continues to be an important path for growth.

All evaluated acquisitions are aimed at maintaining Volcan's leadership in production of zinc, lead and silver and developing the foundations for its future growth as a copper producer. The evaluation process and criteria were defined to ensure the quality and strategic alignment of the opportunities analyzed and optimize resources used for that purpose. The priorities for the Company are opportunities in the area of influence and the existence of competitive advantages that will support development of synergies through the addition of these assets.





7. Energy

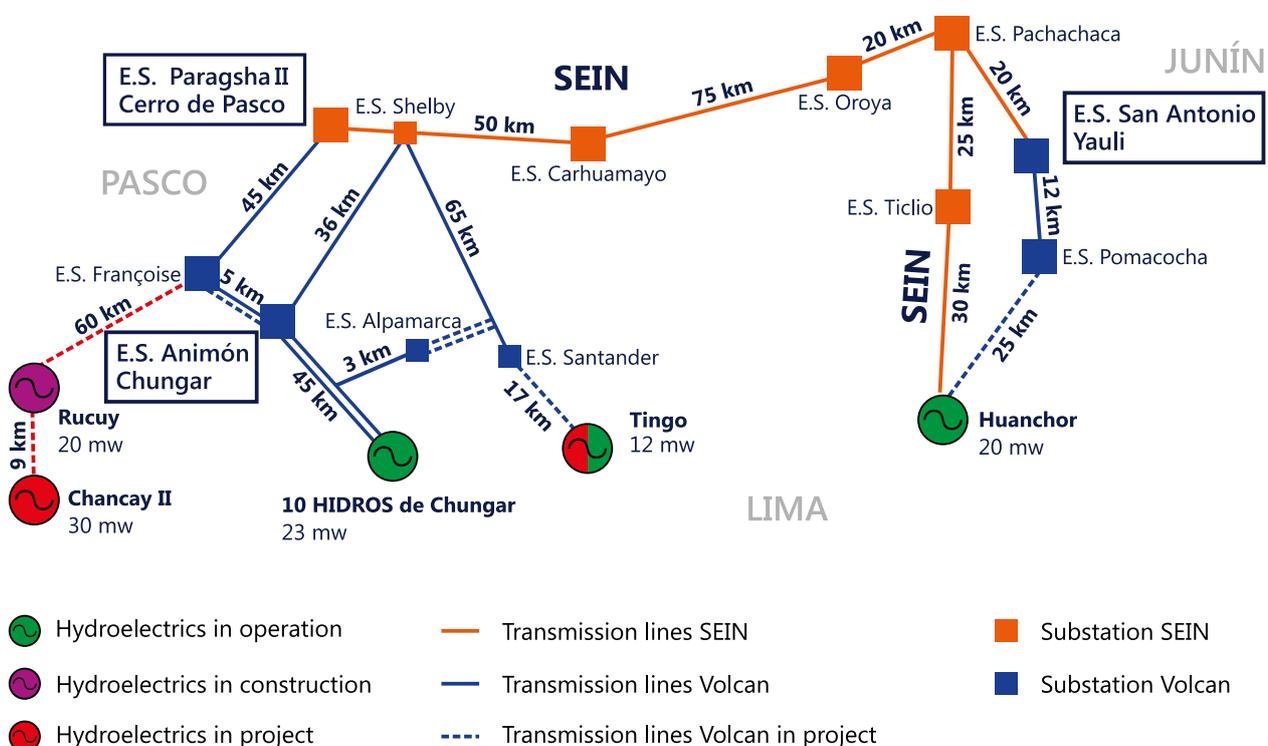
Current Energy Operations

The development and operation of mining projects requires a constant, reliable energy supply to ensure continuity of operations. To increase efficiency and reduce costs, Volcan invests in its own hydroelectric generation and electricity transmission system.

In 2014, the Company consumed 644 GWh of electricity with a maximum power demand of 88 MW. This 12% increase in energy consumption compared to 2013 is mainly due to the start-up of operations at the Alpamarca UEA and the new oxide lixiviation plant at Cerro de Pasco. The unit cost of energy per metric ton of processed ore increased to 5.60 USD/MT, equivalent to 9% of total operating costs for Volcan Group.

Volcan's energy generation holdings include 12 hydroelectric plants with 43 MW of installed capacity. Energy demand exceeding the generation capacity was obtained from the National Interconnected Electrical System (SEIN) through a supply contract with Electroperú S.A. That contract is valid until 2017. Chungar generated 164 GWh at its 10 hydroelectric plants with a total installed capacity of 22 MW; all of the energy generated supplied the Chungar UEA. Huanchor, with an installed capacity of 20 MW, produced 152 GWh in 2014. Huanchor is part of the Economic Operation Committee of the National Interconnected Electrical System (COES-SINAC) and supplied electricity to eight clients (three mining companies and five electricity distributors) through contracts in 2014.

VOLCAN ELECTRIC SYSTEM



* Tingo Hydroelectric Plant with 1MW currently operating and 10MW amplification project

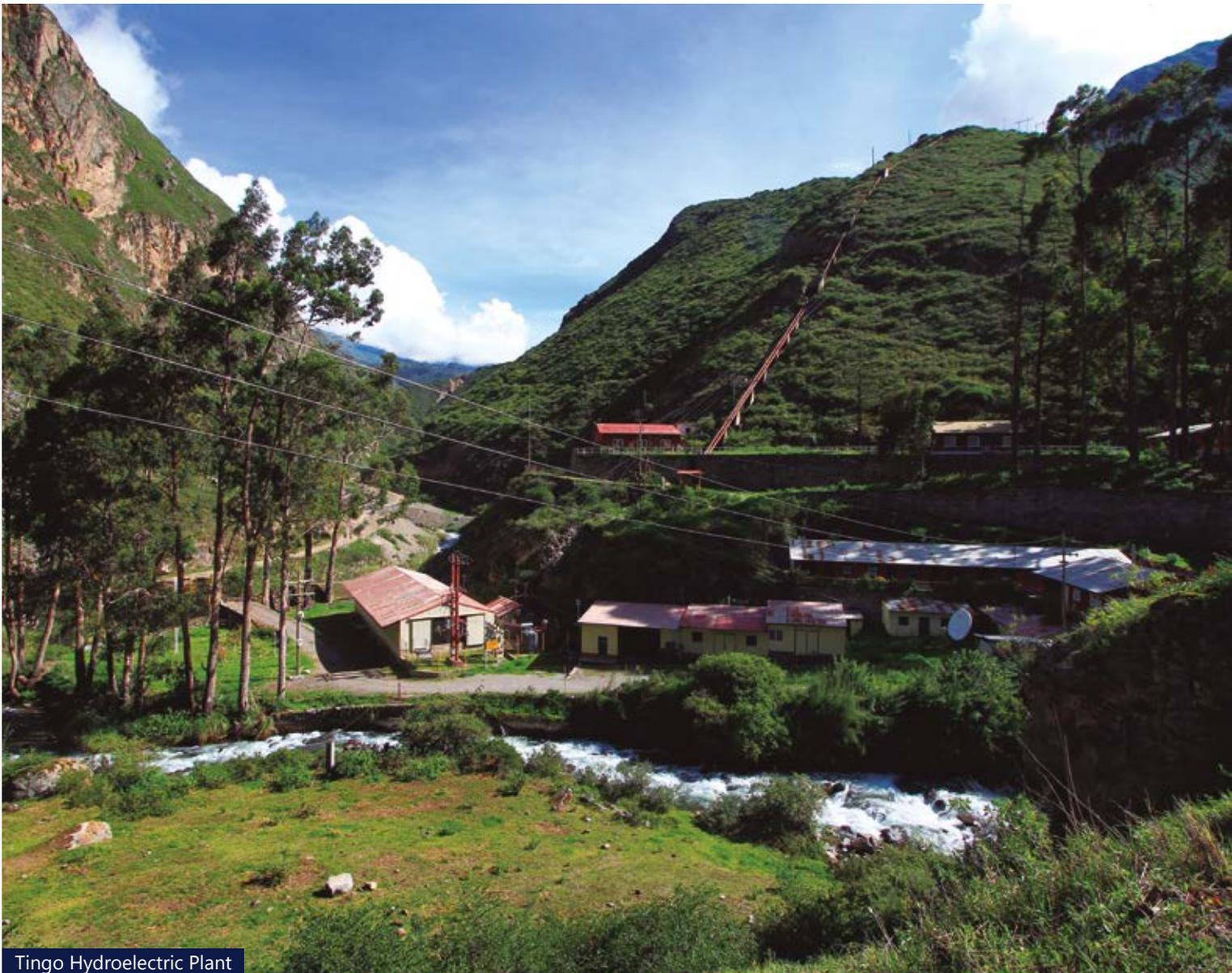


50-kV Pomacocha - San Antonio / San Cristóbal Transmission Line

In June 2014 Chungar signed a contract with Odebrecht Energía del Perú S.A. to sell 100% of the shares of Compañía Energética del Centro S.A.C., owner of the Belo Horizonte hydroelectric plant. This transaction, which provides a net gain of USD 7.5 million, allows Volcan to focus on hydroelectricity investments in areas near its operations, to supply its own energy in the medium term.

That same month Volcan also began operating the 220-kV Paragsha II-Françoise (45 km) and 50-kV Françoise-Animón (4.8 km) transmission lines, after a total investment of USD 28 million.

In July 2014, through its acquisition of Compañía Hidroeléctrica Tingo S.A.C., Volcan added a 1.25 MW power plant, 82 km of 50-kV and 22.9-kV transmission lines and plans to expand the existing plant to 10 MW. In August, the transmission contract for the 50-kV Shelby-Santander line (65 km) went into effect, as part of the acquisition of Tingo assets. Tingo, now a subsidiary of Volcan, receives USD 1.1 million annually from Trevali Perú S.A.C. for tolls associated with the transmission system.



Tingo Hydroelectric Plant



Hydroelectric Projects

Rucuy and Chancay II Hydroelectric Plants

The Rucuy hydroelectric plant in the Chancay Huaral river basin (Lima) will have an installed capacity of 20 MW and produce an estimated 146 GWh annually. With an approximate investment of USD 45 million, this power plant will initially sell energy through the SEIN coastal grid and in the future is expected to inject power at the Françoise 220-kV substation along with other hydroelectric plants in the portfolio.

Construction of preliminary works for the Rucuy project began in late 2013, and in September 2014 the Company obtained the definitive generation concession. As of December 2014 the project was 40% complete, with accumulated disbursements totaling USD 18 million. The project is expected to be finished in early 2016.

Regarding the 30-MW Chancay II hydroelectric plant, as of year-end 2014 the study phase—including the final project engineering and the EIS—was 70% complete.

Expansion of the Tingo Hydroelectric Plant

In July 2014, the Company acquired the Tingo hydroelectric plant, with a generation capacity of 1.25 MW and 82 km transmission lines, for USD 13.5 million. Volcan's objective in acquiring the plant is to expand the capacity to 10 MW. Work on the feasibility study for the expansion, including definition of the final capacity of the project, began in late 2014.



Construction of Conveyance Channel - Rucuy Hydroelectric Plant

220-kV Paragsha II- Françoise Transmission Line

The Tingo project included construction of a 45-kilometer, 220-kV power line with 118 metal towers, passing through nine communities in the high Andes, and with a single-circuit transmission capacity of 150 MW. Energy transmission is provided by the company ATN1, part of the Abengoa Group, which holds the concession.

The project connects the Paragsha II substation at Cerro de Pasco and the Françoise substation, located 5 kilometers from the Chungar UEA, near Huayllay in the Pasco Region. After a total investment of USD 26 million, the project began operating in June 2014.

It provides sufficient, reliable energy to the Chungar and Alpamarca units, providing better quality energy, allowing for future power evacuation for Volcan hydroelectric plants and eliminating the use of thermal generators.

The line is prepared for a double circuit and the Françoise substation has a 60-MVA power transformer, with the possibility of future expansion to 180 MVA.

50-kV Françoise-Animón Transmission Line

The project encompassed construction of a 4.8-km, 50-kV power transmission line between the Françoise and Animón substations, for a total investment of USD 2 million.

The line was commissioned in June 2014 and is prepared for two circuits to be installed in the second half of 2015. This will expand the transmission capacity from 25 MW to 50 MW and improve the stability and reliability of the power supply in the event that one of the circuits is out of service.



Inauguration of 220-kV Paragsha II - Françoise Line



8. Corporate Affairs



Safety

For Volcan, 2014 was a year of consolidating a world-class safety culture. The organization focused its efforts on four management tools– Risk Management, Operational Discipline, Auditing of Safe Behavior and Incident Investigation – as well as three critical safety risks: falling rock, energy blockage, and vehicles and mobile equipment.

Risk Management Tools

Risk Management

Preparation of the Hazard Identification and Risk Assessment and Control Project (IPERC Base) was completed for all Company operating units, with the analysis of an average of 6,000 to 23,000 tasks using the new format. This provides a better picture of all the tasks to be controlled using pure and residual risk assessment.

Operations Discipline

With the IPERC Base standardized and updated, the Operational Discipline team began to review and prepare standards and safe work procedures (SWPs) at the corporate level, identifying 31 standards and 334 SWPs largely for the mine and plant areas. In 2015, the Company will continue to build on these standards and SWPs and make sure they are distributed, along with training, to all units. In addition, the use of this database will be expanded to the maintenance and projects areas.



Alpamarca Safety Talk



Safe Behavior Audit

In 2014, the focus was on measuring the quality of observations for this tool. The operating units have experience using this tool and the objective now is to continuously improve this process.

Incident Investigation

The use of root-cause analysis methodology was established at the corporate level for use in all units. This methodology has enabled the Company to identify the origin of errors when accidents occur, take action to prevent them from happening again and systematically communicate that information to all units to promote learning.

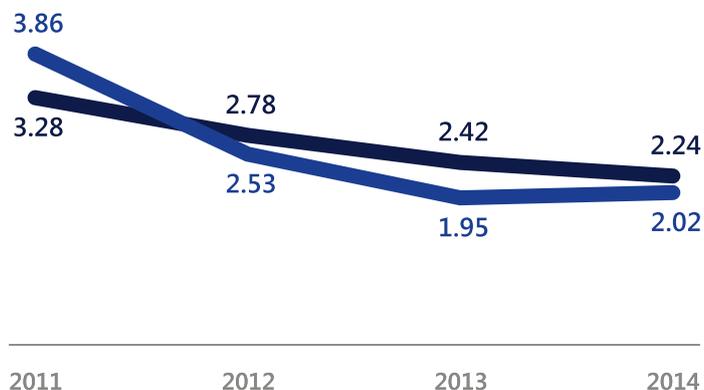
Critical Risks

In 2014, the Company gained control of three critical risks: falling rock hazards, energy blockage, and vehicles and mobile equipment. A training plan was developed for Volcan personnel and third-party personnel in the first implementation stage. In addition, the Company worked to create the conditions needed to mitigate accidents related to these critical risks. Efforts to implement better conditions and training on explosives and electric power risks will be the focus in 2015.

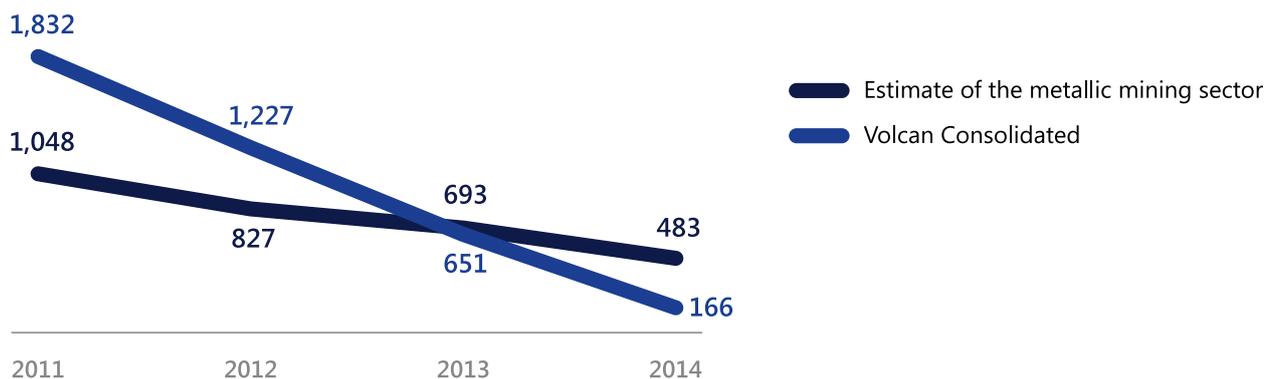
Safety Indicators

The company reduced the overall accident rate and frequency and severity indicators to the lowest figures in the last five years through implementation of management and critical-risk tools and accident-prevention campaigns.

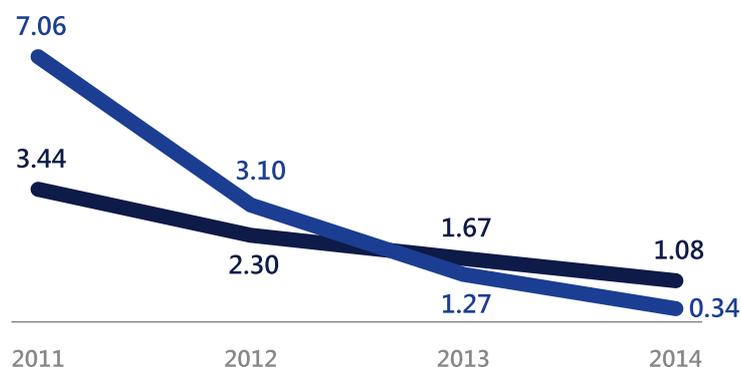
FREQUENCY INDICATOR



SEVERITY INDICATOR



INCIDENCE INDICATOR



Source: Ministry of Energy and Mines

The mining safety objectives for 2015 are aimed at continued reduction of the frequency index and incorporating contractor companies into the Health, Occupational Safety, Environment and Quality system (SSOMAC) to ensure ongoing improvement and compliance with internal policies.



Safety Talk

Human Resource Management

For Volcan, 2014 was an important year of progress toward its goal of becoming a more people-centric company. The Company has made major efforts to incorporate established policies and procedures into the everyday actions of its employees.

Processes such as recruitment and hiring, training, performance management, occupational health and personnel management have now been adopted by the organizational culture and the corporate-management model. These processes constitute the basis of responsible and competitive human resources management for a world-class mining company.

Training

In 2014, the annual training plan was based on evaluation of employee competencies. Personnel actively organized and participated in these important assessments.

In terms of training, the most significant achievement was implementation of the Volcan Training and Learning Center at the Yauli UEA. This center provides opportunities for operations personnel and community members to acquire technical skills and competencies. This will contribute to continuous improvement of the Company's efficiency and productivity levels, as well as the professional development of community members living near our area of influence.

The Volcan Training and Learning Center offers four instruction methods: in-person skills training, online skills training, training with simulators and in-person physical training. The key benefits of this program are:

- Learning best practices on the simulator, before entering the mine
- Recognizing dangerous scenarios or accidents on the simulator
- Improving operator skills and knowledge
- Increasing safety awareness

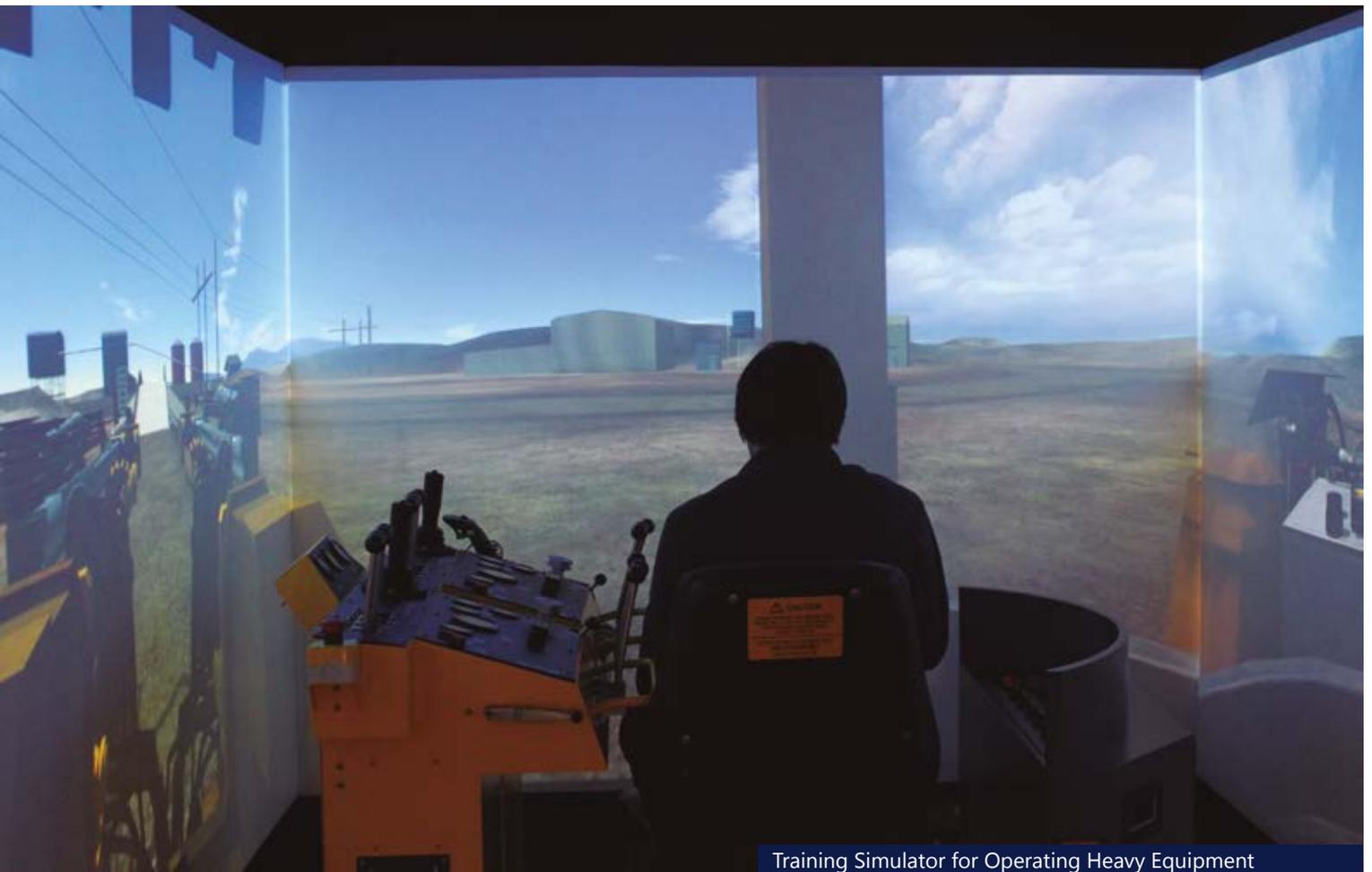
Implementation of the Volcan Training and Learning Center has put the Company one step ahead in the Peruvian mining industry in regard to knowledge management.

The Company also continued the Management Skills Development Program, which has served as an incentive for our top-performing employees, according to the 2013 Performance Evaluation. This seven-month training program underscores the importance of promoting learning and new behavioral patterns among our leaders when it comes to heading up an area or improving production and quality.

Finally, the Volcan Supervisors Program was implemented to develop business competencies that improve professional performance and growth.



Training and Learning Center



Training Simulator for Operating Heavy Equipment

Employer Brand

Volcan continued to strengthen its employer brand in 2014 by attending job fairs at the Universidad Nacional de Ingeniería, Pontificia Universidad Católica del Perú and Universidad Nacional Mayor de San Marcos, where Company representatives engaged with more than 1,000 students who had graduated or will graduate in the coming years.

Company representatives also participated in a workshop at the Pontificia Universidad Católica del Perú, where they gave a presentation on the company and promoted the internship program.

Compensation and Benefits

In 2014, the Company's organizational foundations were strengthened through preparation of Functional Organization Manuals for the main operating units and definition of the organizational structure for senior management.

The new Corporate Compensation Policy was approved by the Board of Directors in the first quarter of the year. The Compensation Policy establishes policies related to personnel movement, benefits, variable compensation, profit-sharing, organizational structure and company salary administration.

In addition, an ideal structure was designed for the Yauli UEA, the unit that is most representative of the Company. The new structure contains the necessary number of positions, hierarchical levels and responsibilities of the main functions of the unit. Implementation of the structure began in late 2014.

Personnel Management

The Company optimized processes by developing efficiencies in personnel turnover procedures, improving new employee incorporation times, updating formats, optimizing the signature and documentation process, and aligning employee selection processes.

In regard to payments to personnel, all legal deadlines were met, including management of benefits contained in union agreements and resolution of contingencies.

Personnel Wellbeing and Workplace Climate

Volcan made improvements to the dining halls both in terms of logistics and service quality for personnel. Camp housing at the various mining units was repaired and painted. In addition, the Company enhanced personnel transportation by refurbishing buses, raising the quality of service and implementing better control of schedules at departure points.

In 2014, integration activities organized included "A Week of Getting to Know Volcan," during which the children of employees ages 10 to 15 had an opportunity to help out in different areas of the

company, enabling them to discover and develop good work habits.

To ensure a healthy workplace climate characterized by camaraderie and integration, the Company organized the Brazil 2014 Auction, garnering strong participation from all mining units.

The Company also supported an enriching talk by Venezuelan motivational coach Maickel Melamed, who shared his knowledge about reaching individual goals. The experience was very stimulating for our employees.



Yauli Workers

Occupational Health and Safety

Volcan strengthened its occupational health management system to reduce the potential risk of illness among direct employees as well as employees of specialized contractors.

In 2014, the main prevention activities carried out were:

- Evaluation of occupational agents and factors, to assess the risk of each position. As a result, 50% of the main positions with the greatest risk exposure were analyzed. The information gathered will be used to take measures to reduce, attenuate or even eliminate specific risks.
- New employees underwent medical exams while continuing employees were subject to periodic exams. In 2014, compliance reached 98% of all direct employees and 90% of employees of permanent contractor companies.
- The Company also carried out programs to increase physical activity among employees who occupy the most sedentary positions through workplace exercises. These programs were aimed at administrative personnel in particular.
- Flu vaccines were given to employees to reduce the number of cases and mitigate the severity of complications from the illness.

In addition, Volcan has an emergency plan in case of an accident. The Company has a team of doctors available 24 hours a day to provide immediate response, ambulance service with necessary equipment and basic support, and a reference network for transferring patients to a medical center with greater capacity.

Finally, the Medical Health Plan provided to Volcan employees and their family members provides broad coverage and a network of facilities throughout the country that offer preventive check-ups, consultations with specialists and complex procedures.

Collective Bargaining and Labor Relations

The Company maintained a policy of dialogue with union organizations in each operating unit through bi-weekly or monthly meetings and periodic presentations to personnel by corporate finance division. Through these activities, the Company reported on financial and operational results, enabling it to avoid expectations that can result in labor conflicts, work stoppages or strikes.

In addition, Volcan concluded direct collective bargaining with the Metallurgical Mining Workers Federation, which encompasses four unions: the Yauli Workers Union, the Yauli Employees Union, the Animón-Cerro de Pasco Mining Workers Union and the Cerro de Pasco Employees Union.

Likewise, the Company was able to negotiate with the Metallurgical Mining Workers Federation and the Carahuacra Workers Union regarding Clause 5.20 of the collective bargaining agreement on applicability of complementary health insurance for high-risk work. As a result, the Company will choose an insurer to provide such coverage.

In 2014, the Company undertook a reorganization that entailed a significant reduction in personnel, including Volcan and contractor personnel.

As of December 31, 2014, the Company had a total of 3,107 direct employees in Lima and its operating units. An additional 9,105 people work for companies that provide specialized services to Volcan.

VOLCAN DIRECT EMPLOYEES

Number of Personnel	Laborers			Employees			Officers			Total		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Volcan Cía Minera S.A.A.	853	810	795	886	808	903	32	10	5	1,771	1,628	1,703
Emp. Administradora Cerro S.A.C.	609	196	228	190	135	163	1	1	1	800	332	392
Emp. Administradora Chungar S.A.C.	290	308	327	374	357	368	1	29	31	665	694	726
Cia. Minera Alpamarca S.A.C.	16	31	65	77	157	179	-	1	1	93	189	245
Emp. Minera San Sebastián AMC S.R.L.	29	-	-	9	2	1	-	-	-	38	2	1
Emp. Explotadora de Vinchos S.A.C.	-	-	-	25	22	20	-	-	-	25	22	20
Hidroeléctrica Huanchor S.A.C.	-	-	-	20	20	20	-	-	-	20	20	20
Cia Minera El Pilar S.A.C.	5	-	-	-	-	-	-	-	-	5	-	-
Minera Aurífera Toruna S.A.C.	-	-	-	-	-	-	1	-	-	1	-	-
Total	1,802	1,345	1,415	1,581	1,501	1,654	35	41	38	3,418	2,887	3,107

Social Responsibility

In 2014, Volcan continued to implement activities aimed at sustainable development of the communities located near its operations. The Company serves as a strategic partner for communities, promoting sustainable economic activities to improve the quality of life in adjoining areas.

As in previous years and as part of its community relations strategy, Volcan complied with the more than 51 land use agreements it has signed with farming communities. This includes payments totaling PEN 2.3 million for use of land, as well as social investment in productive activities and diverse forms of support, totaling PEN 4.2 million.

The main activities carried out to benefit communities and villages near its operations are described below.

Yauli UEA

Sustainable Economic Development

- Construction of an animal bathing area and repair of the community fish farm in Pomacocha were completed by Ecosempo, a community enterprise, with technical supervision from Volcan.
- Parasite treatment campaigns for cattle, sheep and South American camelids in the communities of Yauli and Suitucancho, covering a total of 32,239 animals
- Shearing of 4,201 sheep and 45 camelids
- Provision of 30 tons of balanced feed for livestock in the community of Yauli and 70 sacks of fertilizer for the community of Huayhuay
- Fish farming technical assistance program: cultivation, technical management, feed systems and sanitary control, benefiting more than 50 community members engaged in this activity

Infrastructure

- Repair of the Virgen de la Macarena bullring in the community of Yauli, helping to preserve traditional activities
- Paving of 180 meters of road facing the Institución Educativa Andrés Avelino Cáceres de San José de Andaychagua, a school in Huayhuay, and installation of curbs, access ramps and speed bumps to improve student safety
- Installation of a new 200-meter lane in the Huayhuay urbanized area to improve transit
- Installation, repair and ongoing maintenance of road signs on the JU 102 highway (kilometer 62) which passes through the communities of Pachachaca, Yauli, Pomacocha, San José de Andaychagua, Huayhuay, Colpa, Suitucancho, Huari and the Manuel Montero and San José de Andaychagua villages



Vegetable Garden



Bridge Construction



- Installation of lightning rods in the community of Yauli as a preventive measure against electrical shocks caused by intense rainfall

Education, Health and Training

- Donation of student supplies to schools in the surrounding area as part of the "Pledging for Education" program to benefit 1,980 school-age children and youth.
- Organization of the "Strengthening Skills" textile workshop operated by the National Service for Training in Industrial Work (SENATI).
- Summer 2014 internship program
- Comprehensive technical scholarships through La Oroya SENATI for members of the community of Yauli.
- Health care campaigns in pulmonology, rheumatology, ophthalmology, pediatrics and general medicine, including provision of medicine, in the communities of Yauli and Suitucancho, benefiting 1,170 residents.

Job Creation

- The following units provided work to local companies that employed 566 people at year-end.

Chungar UEA

Sustainable Economic Development

- Agricultural projects in villages in the community of Huayllay; seeding of grass crops, automated irrigation and perimeter fencing in Poglocancha, the Small Animal Breeding project for Condorcayán and expansion of the fish farm in León Pata
- Support for livestock activity in the community of San Agustín de Huaychao through provision of doses to 35,000 head of cattle
- Construction of infrastructure in villages in Huayllay; a shelter home in Canchacucho, cabins for the Yanatuto thermal baths in Andacancha, a community center in La Cruzada and a recreational complex in San Carlos
- Completion of the community hotel in Huayllay and construction of the second stage of the community center in Santo Rosario de Huaychao
- Provision of doses and parasite treatment for approximately 10,000 head of cattle and artificial insemination of 80 head in the communities of Santa Cruz, Santa Catalina, Viscas, Ravira, Vichaycocha and Pacaraos del Valle Huaral
- Installation and management of vegetable gardens and agricultural plots in the communities of Santa Cruz de Andamarca, Viscas, Pacaraos and Santa Catalina
- Education and skills development workshops in the clothing industry, computers and sports in the communities of Santa Cruz, San José de Baños, Viscas, Ravira, Vichaycocha and Pacaraos

Infrastructure

- Construction of a bridge in Shaly
- Maintenance of the Tingo – Alpamarca highway
- Leveling, grass seeding and fencing of the community stadium in San José de Baños

Education, Health and Training

- Support for education through hiring 11 teachers for schools in the community of Huayllay and three teachers for San Agustín de Huaychao
- Training for 30 teachers in schools in the community of San Agustín de Huaychao, in coordination with the Local Educational Management Unit of Pasco, through the program Heading Toward



Excellence in Teacher Performance

- Thirteen full scholarships granted at SENATI for community members and their children in Huayllay and San Agustín de Huaychao
- Distribution of 314,160 breakfasts to students during the school year in the communities of Huayllay and San Agustín de Huaychao
- Sewing workshops for 74 mothers in the community of San Agustín de Huaychao
- Training for community members and their children on mining-related topics in the communities of Huayllay and San Agustín de Huaychao
- Health care campaigns with diverse specialists and delivery of medicine in the communities of Ravira, San José de Baños and Santa Cruz
- Seven full scholarships for technical studies at SENATI granted to community members and their children in the communities of Santa Cruz de Andamarca and San José de Baños

Cerro de Pasco UEA

Sustainable Economic Development

- Animal dosing campaigns covering a total of 133,188 sheep, cattle and camelids in the communities of San Antonio de Rancas, Quiulacocha, Santa Ana de Tusi, Tingo Palca, Sacra Familia and CAP Yanamate,
- Support for the community of Quiulacocha by leasing six male alpaca studs with high genetic value

Education, Health and Training

- Donation of 255 school-supply packets in sectors 1,3 and 4 of the José Carlos Mariátegui village in Cerro de Pasco
- Vocational guidance programs for students in 4th, 5th and 6th grades at the Institución Educativa 34032 Los Mártires de Rancas and Colegio Nacional Simón Bolívar, both in San Antonio de Rancas
- Fifteen internships for children of community members in San Antonio de Rancas, Yurajhuanca and Quiulacocha
- Skills courses in fabrication of handicrafts for mothers in the Paraghsa and José Carlos Mariátegui villages
- Health care campaigns with specialists in cardiology, rheumatology, pulmonology, gynecology, urology, ophthalmology and physical therapy, as well as lab tests, x-rays and sonograms benefiting 2,200 residents in the communities of San Antonio de Rancas, Quiulacocha and Yurajhuanca



Ticlacayán School - Cerro de Pasco



Construction of Lanes and Sidewalks - Colquijirca - Pasco

Job Creation

- Service supply opportunities for community-based and private enterprises staffed by local residents and their children, benefiting more than 400 people
- Christmas workshop on making handicrafts with fabric and wood, with the participation of residents from Paragsha and José Carlos Mariátegui villages, to promote self-employment

Public Works and Tax Credit Program

Despite the adverse environment for the mining industry in 2014, Volcan maintained its leadership position providing significant financial and technical support for projects under the Public Works and Tax Credit Program. To date, Volcan has carried out and/or committed resources for projects valued at PEN 108 million, and is the leading company in the country in terms of completed projects, with an investment of 46 million. The projects are aimed at improving the quality of life of nearby populations through provision of basic services and infrastructure improvements.

In 2014, three projects representing an investment of PEN 10.9 million were completed, benefiting a total of 12,601 residents. Those projects include:

- Improvement of Institución Educativa 34438 in San Isidro de Yanapampa, Ticlacyán, Cerro de Pasco (PEN 2.6 million).
- Improvement and expansion of sewer and drinking water system in Colquijirca, Cerro de Pasco (PEN 5.1 million).
- Construction of lanes, sidewalks and green spaces in Colquijirca, Cerro de Pasco (PEN 3.2 million).

One of the objectives of the Public Works and Tax Credit Program is to provide inhabitants of the area of influence with adequate drinking water and sanitation services. Towards that end, in 2014 Volcan continued work on the Huayllay-Pasco drinking water, sewer and wastewater treatment project (PEN 11.2 million) and began work on three additional projects:

- Drinking water, sewer and wastewater treatment project in Yauli District (PEN 9.9 million) - in partnership with Ferreyros and Chinalco
- Improvement and expansion of the Ticlacayán sewer and drinking water system, Cerro de Pasco (PEN 14.4 million).
- Construction of lanes and sidewalks on Avenida 9 de Enero in Chaupimarca, Cerro de Pasco (PEN 5.4 million).

Finally, Volcan currently has a portfolio of projects under evaluation for a total of PEN 80 million that it has shared with the new local and regional authorities in Pasco and Junín. The evaluation will give priority to projects that reduce gaps in:

- Social infrastructure: school reconstruction, improvement and expansion of sanitation and drinking water systems and comprehensive solid waste management
- Economic infrastructure: repair of lanes, sidewalks and rural roads, particularly to benefit low-income populations

NUMBER OF PROJECTS COMPLETED THROUGH THE PUBLIC WORKS AND TAX CREDIT PROGRAM

Volcan	■	■	■	■	■	■	■	■	8
Backus	■	■	■	■					4
Banco de Crédito	■	■	■	■					4
Southern	■	■							2
Pacasmayo	■	■							2
Antamina	■								1



Water and Sewer Service - Colquijirca - Pasco

Environment

In 2014, environmental management was focused on preventing environmental impacts and complying with legal-environmental obligations through the Environmental Management Plan developed for each mining unit. In this area, the general activities carried out during the year were:

- Presentation of environmental reports to the General Directorate for Mining Environmental Affairs (DGAAM), which is part of the Ministry of Energy and Mines (MEM); the National Water Authority (ANA); the General Directorate for Environmental Health (DIGESA); and the Environmental Evaluation and Enforcement Organism (OEFA).
- Participation in OEFA environmental enforcement activities, as the supervised entity, to verify compliance with environmental protection and conservation regulations at the mining units
- Provision of training in environmental awareness and water, effluent and solid waste management
- Presentation of quarterly monitoring results for air quality, water quality, noise, soils, flora and fauna, as well as hydrobiological and wetlands monitoring for each of the mining units and/or exploration projects, per the terms of commitments made to the regulatory authority.
- Presentation to the OEFA of the Annual Solid Waste Management Declaration for 2013 and the Solid Waste Management Plan for 2014.
- Presentation to MEM of half-yearly reports on compliance with mine closure plans.
- Participation in environmental inspections and verification of compliance with regulations to identify and prevent environmental impacts and possible deviations in compliance that could occur during operations.
- Audit of the baseline for the Environmental Management System to provide support and guide strategies for improving environmental performance and operational control of impacts.

In addition, the following specific objectives were achieved in the operating units:

Yauli UEA

Andaychagua

- Authorization for the third stage of regrowth of the Andaychagua Alto tailings dam to 4,402 masl, granted by the General Directorate for Mining in Resolution 0284-2014-MEM-DGM/V (August 2014).

Carahuacra

- Approval of the Non-existence of Archaeological Remains Certificate (CIRA) for the third expansion of the Rumichaca tailings dam, with a total area of 53,000 square meters and a total perimeter of 1,603 meters, granted by the Ministry of Culture in Resolution 2014-082-JUN (April 2014).
- Approval of Modification of the Carahuacra Mine Closure Plan, granted by the General Directorate for Mining Environmental Affairs in Resolution 296-2014-MEM/AAM (June 2014).
- Approval of the Supporting Technical Report for modification of the Victoria concentrate plant to 5,200 tpd and the useful life of the Rumichaca tailings dam, granted by the General Directorate for Mining Environmental Affairs in Resolution 543-2014-MEM-DGAAM (October 2014).

San Cristóbal

- Approval of the Supporting Technical Report for technological improvements to the existing concentrate warehouse and transfer of tailings pumping stations 50 and 51 at the Mahr Túnel concentrate plant, granted by the General Directorate for Mining Environmental Affairs in Resolution 476-2014-MEM-DGAAM (September 2014).
- Authorization for the second stage of regrowth of tailings dam reservoir 06 to a level of 4,024 masl, granted by the General Directorate for Mining in Resolution 0440-2014-MEM-DGM/V (September 2014).

Ticlio

- Authorization to begin mining exploration activities for the Zoraida project, granted by the General Directorate for Mining in Resolution 290-2014-MEM/DGM (November 2014).
- Sanitary authorization for septic tank and infiltration on the San Nicolás camp parcel, granted by the General Directorate for Environmental Health in Resolution 561-2014-DSB-DIGESA (December 2014).

Chungar UEA

Animón

- Authorization for stage II regrowth of the Animón tailings dam to 4,614 masl, granted by the General Directorate for Mining in Resolution 273-2014-MEM-DGM/V (July 2014).

Islay

- Approval of modification of the Islay EIS, granted by the General Directorate for Mining Environmental Affairs in Resolution 580-2014-MEM/DGAAM (November 2014).

Cerro de Pasco UEA

Paragsha

- Operation permit for expansion of Paragsha benefit plant capacity from 12,500 to 15,000 tpd and authorization of 13 additional components at the oxide ore benefit plant, granted by the General Directorate for Mining in Resolution 070-2014-MEM/DGM (March 2014).
- Authorization for intermittent industrial discharge from the Ocroyoc tailings dam drainage basin, with annual volume of 7,128,000 cubic meters (550 l/s) in the rainy season (December-April) and 6,687,360 cubic meters (360 l/s) in the dry season (May-November) into the Ragra River, granted by the National Water Authority in Resolution 113-2014-ANA-DGCRH (June 2014).
- Authorization of industrial discharge of run-off from the head of the Ocroyoc tailings dam, granted by the National Water Authority in Resolution 189-2014-ANA-DGCRH (September 2014).

Vinchos

- Permit for discharge of treated industrial wastewater at the unit, with an annual volume of 4,692,557 cubic meters, to be discharged into Mancancoto Lagoon, granted by the National Water Authority in Resolution 95-2014-ANA-DCPRH (April 2014).
- Notification to the General Directorate for Mining of the Ministry of Energy and Mines (December 2014) of temporary suspension of operational activities.

Oxide Plant

- Authorization of domestic waste discharge from the oxide plant at the Cerro de Pasco UEA, granted by the National Water Authority in Resolution 118-2014-ANA-DGCRH (June 2014).

Alpamarca UEA

Alpamarca

- Authorization for discharge of mine wastewater from the mine entrance at 400 level into Aguascocha Lagoon (80 l/s) and from the San Miguel mine entrance into San Miguel Lagoon (2 l/s), granted by the National Water Authority in Resolution 22-2014-ANA-DGCRH (January 2014).
- Authorization for discharge of domestic wastewater from Las Lomas mining camp, granted by the National Water Authority in Resolution 59-2014-ANA-DGCRH (March 2014).
- Ownership of operation concession for Alpamarca plant with an area of 89,588 hectares and operation permits for the Alpamarca plant at 2,000 tpd, the tailings deposit and auxiliary and/or

complementary facilities, granted by the General Directorate for Mining in Resolution 101-2014-MEM/DGM (April 2014).

- Approval of license to use surface water for mining and industrial purposes, with an annual volume up to 1,734,480 cubic meters, from the 400 level of the tunnel, granted by the Local Mantaro Authority in Resolution 131-2014-ANA-AAA-MANTARO (April 2014).
- Approval of Modification of the Alpamarca Mine Closure Plan, granted by the General Directorate for Mining Environmental Affairs in Resolution 232-2014-MEM/DGAAM (May 2014).
- Approval of the Final Report for Las Lechuzas Cave Archaeological Recovery Project, executed in a total area of 1,241 square meters with a perimeter of 161 meters, granted by the Ministry of Culture in Resolution 457-2014-DGPA-VMPCIC/MC (October 2014).
- Approval of the Supporting Technical Report for modification of the EIS to expand the capacity of the Alpamarca benefit plant to 2,500 tpd and carry out technological improvements, granted by the Ministry of Energy and Mines in Resolution 591-2014-MEM-DGAAM (December 2014).

Río Pallanga

- Approval of the Archaeological Monitoring Plan for the Pallanga 1, 2, 3, 4, 5, 6 Mijaigui and Santiago Apóstol de Pallanga concessions and the Alpamarca 1, 4 and 8 concessions, granted by the Ministry of Culture in Resolution 007-DDC-JUN-MC (January 2014).
- Authorization for development, preparation and exploitation activities (including mine plan and waste dumps) at the Pallanga mining unit, granted by the General Directorate for Mining in Resolution 130-2014-MEM-DGM/V (April 2014).
- Authorization to conduct studies on water use for settlement purposes on [name of lagoon] in the Pillococha area, granted by the Mantaro Local Authority in Resolution 340-2014-ANA-AAA-MANTARO (July 2014).

San Sebastian

- Approval of the San Sebastián Mine Closure Plan, granted by the General Directorate for Mining Environmental Affairs in Resolution 458-2014-MEM-DGAAM (November 2014).

Meanwhile, the following specific objectives were achieved in the energy sector:

Empresa de Generación Eléctrica Río Baños

- Authorization to conduct water use studies for the CH5-Margen Izquierda hydroelectric plant, granted by the Cañete Local Authority in resolution 1308-2014-ANA-AAA-CAÑETE-FORTALEZA (November 2014).

In regard to projects, the following specific objectives were achieved:

Zoraida I Exploration Project (Yauli)

- Approval of Supporting Technical Report for the EIS for exploitation of the Zoraida I project, granted by the General Directorate for Mining Environmental Affairs in Resolution 310-2014-MEM-DGAAM (June 2014).

Zoraida II Exploration Project (Yauli)

- Approval of semi-detailed EIS for exploitation of the Zoraida II project, granted by the General Directorate for Mining Environmental Affairs in Resolution 576-2014-MEM-DGAAM (November 2014).



Palma Exploration Project (Chungar)

- Approval of Non-existence of Archaeological Remains Certificate (CIRA) for the Palma project, granted by the Ministry of Culture in Resolution 020-2014/MC (January 2014).
- Authorization of the Archaeological Monitoring Plan for Palma, granted by the Ministry of Culture in Resolution 192-2014-DCE-DGPA/MC (January 2014).
- Authorization for water use granted by the Chillón Rímac Lurín Local Water Administration in Resolution 1308-2014-ANA-ALA-CAÑETE-FORTALEZA (January 2014).
- Approval of modification to the semi-detailed EIS for the Palma project, granted by the General Directorate for Mining Environmental Affairs in Resolution 344-2014-MEM/DGAAM (July 2014). This permit also authorizes the start of mining activities.
- Presentation of four monitoring reports on water and air quality, soils and environmental noise.

Santiago de Oropeza Exploration Project (Chungar)

- Approval of Environmental Impact Statement (EIS) for the Santiago de Oropeza project, granted by the General Directorate for Mining Environmental Affairs in Resolution 028-2014-MEM-DGAAM (July 2014).
- Presentation of four monitoring reports on water and air quality, soils and environmental noise.

Tirol Exploration Project (Alpamarca)

- Approval of the Environmental Impact Statement (EIS), granted by the General Directorate for Mining Environmental Affairs in Resolution 033-2014-MEM/DGAAM (September 2014).
- Authorization to begin mining exploration activities for the project, granted by the General Directorate for Mining in Resolution 293-2014-MEM/DGM (November 2014).

Legal Affairs

Volcan Compañía Minera S.A.A.

Labor Cases

The Company is facing labor lawsuits totaling USD 7.4 million for compensation for damages, work-related illness, reimbursement of benefits, payment of profits, reinstatement of workers and other matters. These cases are in the appeals and/or sentencing process.

In addition, there are eight cases (2010 profits, 1998 production bonuses, incorporation of workers, compensation for damages), for which the amount involved in the lawsuits has not been determined, as this will be determined in the execution of the sentences in the improbable event of rulings against the Company.

Tax Cases

The Company has several administrative cases pending with the National Superintendent of Tax Administration (SUNAT) for rulings related to determination of taxes, fines and interest totaling approximately USD 267 million.

Tax, fines and interest determination rulings correspond mainly to differences in criteria for determining the taxable bases for payment of the third-category income tax and the general sales tax (VAT) for the 1998-2007 period, and in the opinion of SUNAT, failure to pay taxes and withhold taxes from third parties.

The main issue in dispute is SUNAT's qualification of concentrate export operations as internal sales subject to general sales tax. Other mining companies are being assessed similar charges. To date, there have been diverse rulings in administrative and legal courts that have established that the operations in question are exports and not subject to sales tax under the law.

To date, these cases are being challenged administratively in complaints filed with SUNAT and appeals before the Tax Court, as well as in the courts of law.

Cases Before Municipal Authorities

As of December 31, 2014, the Company has an administrative tax case pending with the Pasco Provincial Municipality regarding a property tax ruling for USD 206,000. The case is in the appeals process. However, to date and despite an order from the Tax Court, the Municipality has not yet presented the file.

Administrative sanction procedures and administrative litigation actions

The Company has several environmental, safety and occupational health cases pending before the following regulatory entities: National Water Authority – Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, Supervisory Agency of Investment in Energy and Mining (OSINERGMIN) and the Environmental Evaluation and Enforcement Organism (OEFA) for alleged violations of various environmental regulations and the Mining Safety and Hygiene Regulation in the amount of USD 10 million.

Company management and its external legal counsel, based on reasons in fact and law, are of the opinion that final resolution of these cases will not result in significant additional liabilities for Volcan.

Provision for Contingencies

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 8 million. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.

Empresa Administradora Chungar S.A.C.

Labor Cases

Chungar faces labor lawsuits totaling USD 131,000 in compensation for damages, work-related illness, reimbursement of benefits and other matters in the appeals and/or sentencing process.

Tax Cases

Chungar has several administrative cases pending with SUNAT for rulings related to determination of taxes, fines and interest totaling approximately USD 71 million.

Rulings on taxes, fines and interest correspond mainly to differences in criteria regarding determination of the taxable bases for payment of the third-category income tax and general sales tax (VAT) for the 2001-2005 period, and in the opinion of SUNAT, failure to pay taxes and withhold taxes from third parties. To date, these cases are being challenged administratively in complaints filed with SUNAT and appeals before the Tax Court, as well as in the courts of law.

Administrative sanction procedures and administrative litigation actions

Chungar has several environmental, safety and occupational health cases pending before the following regulatory entities: National Water Authority – Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violations of various environmental and safety regulations totaling USD 1.3 million.

Cases Before Municipal Authorities

As of December 31, 2014, the subsidiary has an administrative tax case pending with the Huayllay District Municipality regarding property taxes for 2006 to 2012, in the amount of USD 160,000. The case is currently in the appeals stage.

In addition, as of the same date there is an administrative procedure pending with the aforementioned District Municipality in regard to several fines totaling USD 204,000, also in the appeals stage.

Provision for Contingencies

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 100,000. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.

Empresa Administradora Cerro S.A.C.

Labor Cases

The subsidiary is facing labor lawsuits totaling USD 3.3 million for compensation for damages for work-related illness, reimbursement of benefits, reinstatement of profits, payment of production bonuses and other matters in the appeals and/or sentencing process.

Cases Before Municipal Authorities

As of December 31, 2014 the subsidiary has two pending administrative cases with District Municipalities, for diverse payment orders and tax determinations, with respect to property tax for 2012 and 2013 totaling USD 138,000. These rulings have been appealed.

In addition, there are two administrative cases pending with the Yanacancha District Municipality for various payment orders, based on determination of supposed non-payment of rights to obtain demolition licenses, in the amount of USD 195,000. These are currently in the claims stage.

In addition, the Cerro de Pasco Provincial Municipality imposed a USD 1.3 million fine for construction of fencing without a construction permit. The fine has been challenged through administrative litigation in the courts of law and is pending resolution.

Finally, as of the same date, there is a pending request filed with the Pasco Provincial Municipality for reimbursement of improper payment of USD 129,000 in property taxes for 2011. The case is currently in the appeals process.

Administrative sanction procedures and administrative litigation actions

The subsidiary has several environmental, safety and occupational health cases pending before the following regulatory entities: National Water Authority – Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violation of various environmental regulations and the Mining Safety and Hygiene Regulation, totaling USD 162,000.

Provision for Contingencies

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 2.6 million. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.

Compañía Minera Alpamarca S.A.C.

Administrative sanction procedures and administrative litigation actions

The subsidiary has several environmental, safety and occupational health cases pending before the following regulatory entities: National Water Authority – Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violation of various environmental regulations and the Mining Safety and Hygiene Regulation, totaling USD 2,000.

Compañía Minera Huascarán S.A.C.

Administrative sanction procedures and administrative litigation actions

The subsidiary has several environmental, safety and occupational health cases pending before the following regulatory entities: National Water Authority – Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violation of various environmental regulations and the Mining Safety and Hygiene Regulation, totaling USD 65,000.

Provision for Contingencies

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 100,000. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.

Empresa Explotadora de Vinchos Ltda S.A.C.

Labor Cases

There are labor lawsuits, qualified as probable, totaling USD 29,000 for compensation for damages, work-related illness, reimbursement of benefits and others. These lawsuits are in the appeals and/or sentencing process.

Administrative sanction procedures and administrative litigation actions

The subsidiary has several environmental, safety and occupational health cases pending before the following regulatory entities: National Water Authority – Local Water Authorities, Ministry of Labor and Employment Promotion (National Superintendent of Labor Enforcement), Ministry of Energy and Mines, Ministry of Production, OSINERGMIN and OEFA, for alleged violation of various environmental regulations and the Mining Safety and Hygiene Regulation, totaling USD 446,000.

Provision for Contingencies

Company management, based on the opinion of external legal counsel, has undertaken a review of all cases related to tax, labor, civil and administrative matters, among others, and has established a provision for probable contingencies of USD 400,000. Company management and its legal counsel are of the opinion that this provision covers probable contingencies and additional provisions are not necessary.





9. Analysis of Financial Results

Macroeconomic Environment

Peruvian Economy

In 2014, Peru's gross domestic product (GDP) grew 2.4%, the lowest rate since 2009, when the rate of economic growth was just 1.0%. The effects of limited growth in public spending and deterioration of the outlook for the private sector domestically, as well as slowing growth in China and falling metal prices internationally, had an impact on economic trends.

The nation's current balance of payments had a deficit equivalent to 4.1% of GDP, similar to 2013, as a result of the decline in metal prices and lower volumes of exported goods. This deficit, along with the end of the monthly bond purchasing (quantitative easing) program by the U.S. Federal Reserve Bank, generated pressure in the currency market that resulted in a 6.5% depreciation of the Nuevo Sol. The Nuevo Sol closed 2014 at 2.98 PEN/USD.

Inflation in Metropolitan Lima ended the year at 3.22%, higher than the target range of Peru's Central Bank (between 1.0% and 3.0%). This result reflected a rise in food and beverage prices (4.8%) and educational and cultural services (3.4%).

In particular, the mining and oil and gas sector GDP contracted 0.8%, mainly due to a decrease in metal mining activity (-2.1%). The setback in this sub-sector is associated with lower gold production (-10.4%) and zinc production (-2.4%), which were offset by increased copper production (0.7%).

International Outlook

In 2014 the global economy grew 3.3%, a rate similar to the two previous years. The effect of the recovery of the Eurozone, which showed positive growth of 0.8% after two consecutive years of contraction, was counteracted by slowing of the Chinese economy and lower growth in Latin America.

In line with the foregoing, stock market indices in the leading developed markets showed a positive trend in 2014. The Dow Jones Index in the United States rose 8%, the Nikkei 225 in Japan grew 7%, and the DAX 30 in Germany was up 3%. In contrast, the results for Latin American stock markets were mixed. While the IGBVL in Peru and COLCAP in Colombia fell 6%, Brazil's BOVESPA was down 3% and Chile's IPSA rose 4%.

Metal Prices

The economic recovery of early 2014 had a positive impact on industrial metal prices. As a result, zinc surpassed 2,400 USD/MT in July.

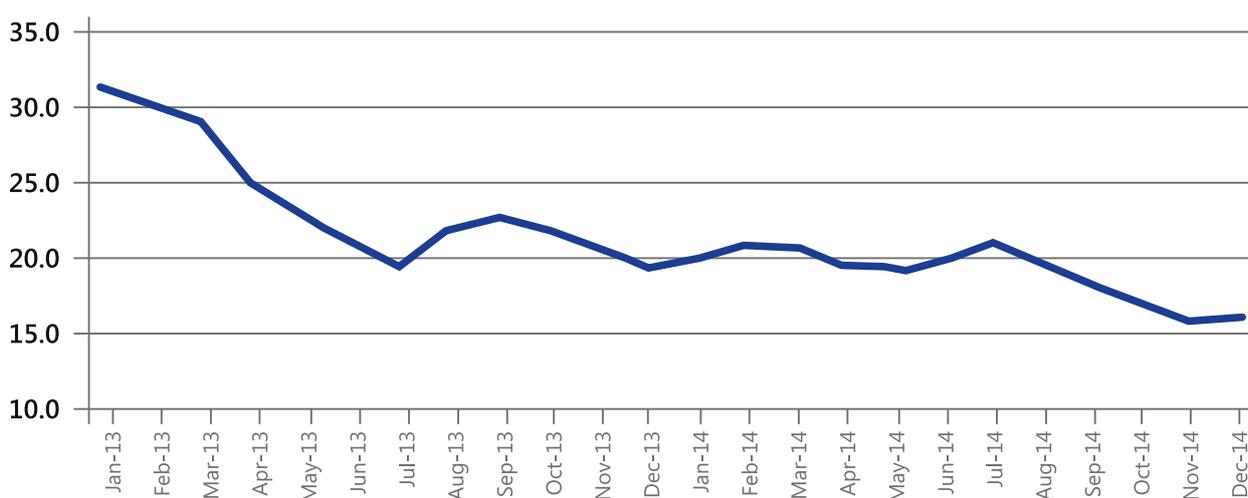
However, in the last quarter of the year the outlook for the Chinese market and other regions around the world deteriorated, lowering expectations regarding demand for basic metals. Prices of those metals continued falling to end the year with zinc at 2,167 USD/MT, for an annual average of 2,162 USD/MT. Meanwhile, lead closed 2014 at 1,853 USD/MT with an average for the year of 2,096 USD/MT.

EVOLUTION OF AVERAGE METALS PRICES

Metal Prices	2010	2011	2012	2013	2014
Zinc (USD/MT)	2,168	2,193	1,948	1,910	2,162
Plomo (USD/MT)	2,141	2,402	2,062	2,142	2,096
Cobre (USD/MT)	7,535	8,821	7,958	7,326	6,860
Plata (USD/oz)	20.2	35.1	31.2	23.9	19.1

Precious metals prices, meanwhile, were on a downward trend during the year. Dissipation of the risks of financial collapse or inflation that caused historic gold and silver prices in previous years discouraged investors from maintaining positions in those metals or increasing their holdings. The end of economic stimulus packages in the United States and an imminent increase in interest rates also added to the factors causing a decline in these markets in 2014. As a result, silver ended the year at 16.00 USD/oz. with an annual average of 19.07 USD/oz.

SILVER PRICE (US\$ / OZ)



Business Management

Markets for concentrates were highly volatile during 2014.

Commercial conditions for zinc concentrate, expressed in treatment charges, rose as a consequence of lower demand from China and a delay in some scheduled mine closures in the short term. Spot zinc treatment charges in China rose from around 120 USD/MT of concentrate to close to 200 USD/MT.

For lead concentrates, the market was divided into two clearly defined segments: clean concentrates with a low silver content, mainly in demand in China, and more complex concentrates with a high silver content. Like zinc concentrates, demand for lead concentrates fell. However, the market for more complex concentrates with a high silver content increased in dynamism principally because of technological developments implemented in refineries around the world, as they seek higher recovery levels for silver and other sub-products that add value to their processes.

Finally, in the copper concentrates market there was excess supply of complex concentrates with a high arsenic content. Increased production of such concentrates was the result of the start of operations at the new Chinalco mine in Toromocho, along with technical problems at Ministro Hales mine in Chile, which led to congestion in the market for complex concentrates and less favorable business conditions for the same.

Volcan was not immune to the deterioration in market conditions. However these less favorable terms had a minor impact on Volcan sales because of the Company's sales planning in previous years with better business conditions.

In terms of operations, deteriorating business conditions caused congestion in logistics channels and some delays in contract fulfillment. Nevertheless, sales program planning and market diversification prevented longer storage periods or delays in the conversion cycles of cash inventories from boosting sales costs.

In 2014, Volcan continued to diversify its business to optimize sales. The search for new markets and increased sales of third-party concentrates increased the quantity and quality of Company products. In regard to markets served, the proportion of direct sales to refineries in relation to sales to metal trading companies reduced intermediation costs.



Unloading Concentrate at the Refinery

Sales

Concentrate sales volume rose 6.7%, mainly due to a 59.9% increase in third-party concentrates. Meanwhile, the volume of Volcan concentrates fell 4.7% in large part because of the lower volume of lead concentrates sold (-16.4%).

DETAILS OF CONCENTRATE SALES VOLUME

Thousands DMT		2013	2014	Var. %
Mining Business	Zinc	527.3	519.8	-1.4
	Lead	121.4	101.5	-16.4
	Copper	18.2	14.9	-18.2
	Silver Bulk	0.7	0.0	-95.9
		667.6	636.3	-4.7
Commercialization Business	Zinc	90.7	184.7	103.5
	Lead	17.2	15.9	-7.6
	Copper	35.8	29.2	-18.4
		143.7	229.8	59.9
Total	Zinc	618.0	704.5	14.0
	Lead	138.6	117.4	-15.3
	Copper	54.0	44.1	-18.3
	Silver Bulk	0.7	0.0	-95.9
		811.3	866.0	6.7

FINES SALES VOLUME BY BUSINESS

Fine Sales		2013	2014	Var. %
Mining Business	Zinc (thousands FMT)	283.5	282.4	-0.4
	Lead (thousands FMT)	68.7	54.6	-20.5
	Copper (thousands FMT)	3.5	3.3	-6.2
	Silver (million Oz)	20.0	21.3	6.4
	Gold (thousands Oz)	10.6	13.1	23.2
Commercialization Business	Zinc (thousands FMT)	48.4	98.3	103.1
	Lead (thousands FMT)	8.9	9.2	3.4
	Copper (thousands FMT)	8.1	6.5	-19.6
	Silver (million Oz)	4.2	4.5	9.2
Total	Zinc (thousands FMT)	331.9	380.6	14.7
	Lead (thousands FMT)	77.5	63.8	-17.8
	Copper (thousands FMT)	11.6	9.8	-15.5
	Silver (million Oz)	24.2	25.8	6.9
	Gold (thousands Oz)	10.6	13.3	24.4

In 2014, unadjusted sales were USD 1,057 million, 1.2% less than unadjusted sales of USD 1,069.3 million in 2013. This decline was mainly due to the lower average sales price of silver (-21.7%). However, net sales in 2014 were USD 1,042.4 million, 10.4% below 2013 net sales of USD 1,162.8 million. This was largely because of the USD 127.3 million in hedging results obtained in 2013. The hedging results in 2013 led to a positive total adjustment of USD 93.5 million that year, compared to a negative adjustment of USD 14.5 million in 2014, in other words, a negative impact on sales of USD 108 million.

SALES PRICES BY METAL

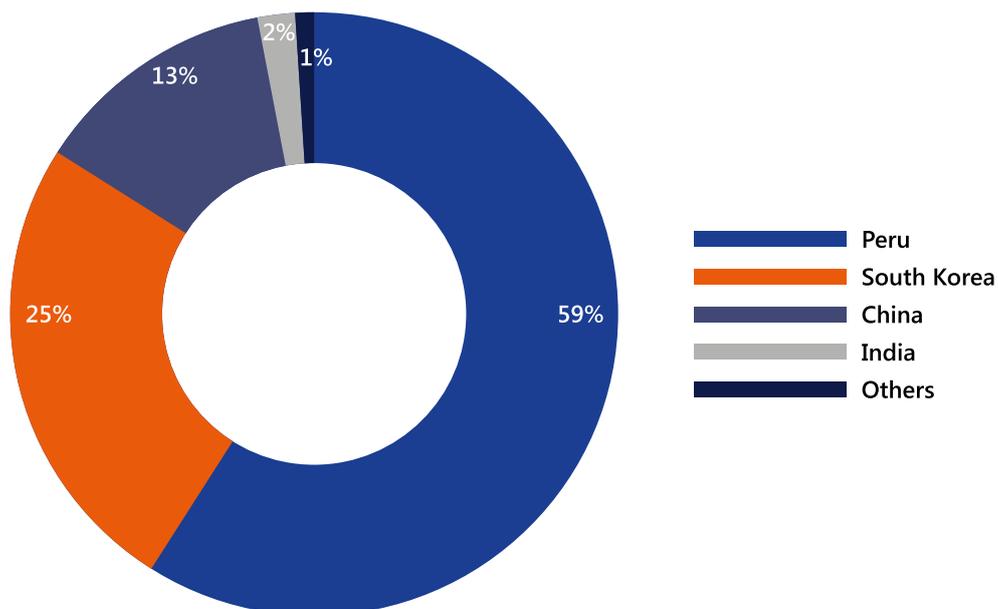
Sale Prices	2013	2014	Var. %
Zinc (USD/MT)	1,914	2,143	12.0
Lead (USD/MT)	2,172	2,103	-3.2
Copper (USD/MT)	7,295	6,837	-6.3
Silver (USD/Oz)	24.4	19.1	-21.7

NET SALES BREAKDOWN

Sales (millions USD)		2013	2014	Var. %
Mining Business	Zinc	371.3	395.8	6.6
	Lead	108.1	79.9	-26.1
	Copper	8.3	8.8	7.0
	Silver	386.5	309.7	-19.9
	Gold	6.2	9.6	54.6
	Total	880.4	803.8	-8.7
	Adjustments ¹	69.1	-22.1	
Net Sales		949.5	781.7	-17.7
Commercialization Business	Zinc	63.3	144.8	128.6
	Lead	12.9	15.3	18.1
	Copper	32.3	28.6	-11.5
	Silver	80.3	64.4	-19.9
	Total	188.9	253.0	34.0
	Adjustments ¹	24.4	7.6	
	Net Sales		213.3	260.6
Total	Zinc	434.6	540.6	24.4
	Lead	121.1	95.2	-21.4
	Copper	40.6	37.4	-7.7
	Silver	466.8	374.1	-19.9
	Gold	6.2	9.6	55.0
	Total	1,069.3	1,056.9	-1.2
	Adjustments ¹	93.5	-14.5	
Net Sales		1,162.8	1,042.4	-10.4

¹ Adjustments: i) settlement of prior period adjustments, ii) adjustments for open positions (embedded derivative and sales adjustments), iii) hedging results

SALES BY DESTINATION (% OF VALUE IN USD)



Costs

In 2014, 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. Volcan implemented initiatives such as a broad personnel reduction program, a review of specialized companies and their scopes of service, renegotiation of supply prices, an energy efficiency program and streamlining of administrative expenses.

In addition, lower mining costs at Chungar and the commissioning of Alpamarca, which has the lowest unit cost of any operating unit in the Company, caused the consolidated unit cost to fall 5.4% from 67.60 USD/MT in 2013 to 63.90 USD/MT in 2014. It should be noted that the high unit cost at the Cerro de Pasco Unit (99.60 USD/MT) is due to the significant decrease in production over the past two years, which has boosted the consolidated unit cost by 2.90 USD/MT.

In absolute terms, the cost of production increased 7.5%, from USD 412.3 million in 2013 to USD 443.1 million in 2014, due mainly to the higher volume treated at Alpamarca operations and increased ore extraction volume at Yauli.

ABSOLUTE COSTS (MILLION USD)

Unit	2013	2014	var %
Yauli	236.9	250.7	5.8
Chungar	110.0	110.0	0.0
Cerro	54.1	47.3	-12.7
Vinchos	8.0	4.4	-44.7
Alpamarca		28.0	
Transport*	3.1	2.7	-15.1
Consolidated	412.3	443.1	7.5

*Corresponds to the transport cost of intercompany ore.

UNIT COST (USD/MT)

Unit	2013	2014	var %
Yauli	66.2	66.1	-0.2
Chungar	56.9	53.6	-5.8
Cerro**	96.3	99.6	3.3
Vinchos	50.1	49.0	-2.1
Alpamarca		47.6	
Consolidated**	67.6	63.9	-5.4

** The reported cost of production is the cost of production itself, which does not include the cost of buying ore concentrates and third parties, nor those extra costs from the liquidation of staff.

At Yauli UEA, the unit cost of production remained unchanged at 66.00 USD/MT. This was the result of cost-reduction initiatives put in place during the year, notably changes in the mining method to improve productivity, review of the number and scope of services contracts, renegotiation of the prices of key supplies and an incentive program for personnel reduction. These measures offset more extensive preparation of underground mines designed to guarantee greater production in 2014 and increase operations flexibility.

At the Chungar UEA, the unit cost of production fell by 6%, from 56.90 USD/MT in 2013 to 53.60 USD/MT in 2014. This decline was due to dilution of fixed costs on higher treatment volume and productivity improvements at the Animón and Islay mines. In addition, the Jacob Timmers shaft has been operating at 100% capacity since February 2014, further reducing transportation costs and increasing efficiency at the Animón Mine.

At the Cerro de Pasco UEA, the unit cost of production rose 3%, from 96.30 USD/MT in 2013 to 99.60 USD/MT in 2014. This result is mainly due to lower volume of mined and treated ore. However, since the beginning of the year the Company has implemented several initiatives to reduce fixed costs, including an incentives program for personnel reduction.

In 2014, the cost of sales was USD 865.7 million, an increase of 9.4% over 2013 (791.4 million). This is primarily due to higher volume of concentrates purchased from third parties (up USD 60.5 million), higher production costs at the new Alpamarca UEA and USD 30.8 million in increased production at Yauli, as well as higher depreciation and amortization charges of USD 41.4 million.

SALES COST BREAKDOWN BY BUSINESS

Cost of Goods Sold (millions USD)	2013	2014	var %
Volcan's Cost of Goods Sold	590.0	604.3	2.4
Own Cost of Production	412.3	443.1	7.5
D&A of Cost of Production	111.1	152.4	37.3
Ore Purchase	39.7	5.3	-86.6
Extraordinary Costs	17.1	2.1	-87.6
Own Inventories Change	9.9	1.2	-87.4
Third-party Cost of Goods Sold	188.6	254.7	35.1
Concentrates Purchase	188.4	248.9	32.1
Thirds Inventories Change	0.2	5.7	2,987.9
Workers Participation	12.9	6.8	-47.3
Total	791.4	865.7	9.4

Investments

In 2014, Volcan's investments totaled USD 368 million, 31.2% lower than the previous year (USD 534 million).

INVESTMENT BREAKDOWN

Consolidated Investments (MM USD)	2013	2014	var %
Mining Business	521.7	344.4	-34.0
Mining Units	203.6	179.7	-11.7
Local Exploration	13.1	13.0	-0.5
Development	54.0	57.8	7.1
Plants and Trailings Facilities	58.7	50.1	-14.6
Mine and Infraestructure	52.2	37.8	-27.7
Energy in Units	10.9	6.9	-36.2
Support and Others	14.7	14.0	-4.9
Regional Explorations	8.2	7.7	-6.9
Growth and Others	309.9	157.0	-49.3
Energy Business	12.7	23.4	84.3
Total	534.4	367.8	-31.2

In the operating units, there was an 11.7% decrease in investment, from USD 203.6 million in 2013 to USD 179.7 million in 2014. This result reflects a reduction in investment in mines, infrastructure, plants and tailings dams. 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 53 million).
- Ensuring equipment availability and efficiency (USD 17 million).
- Regrowth of tailings dams (USD 42 million).
- Substations and other investments aimed at ensuring and optimizing the units' energy supply (USD 7 million).
- Special projects (USD 16 million), including the Roberto Letts shaft at the Andaychagua Mine, the Jacob Timmers shaft at the Chungar unit, the Carahuacra-San Cristóbal integration tunnel at the Yauli unit, the water pump system at Animón Mine and the Huayllay-Rayhuana-Cruzpu bypass road.
- Complying with environmental regulations and providing the necessary support to carry out operations (USD 4 million).

Investment in regional explorations fell 6.9% from USD 8.2 million in 2013 to USD 7.7 million in 2014, while investment in growth projects declined from USD 310 million in 2013 to USD 157 million in 2014, down 49.3%. This decrease is due to lower investment costs related to the oxide plant and the completion of the new Alparmarca UEA.

However, investment in the energy business rose 84%, from USD 12.7 million in 2013 to USD 23.4 million in 2014. The Company's principal investments in energy were associated with construction of the Rucuy hydroelectric plant and the Paragsha – Francoise transmission line.

Profitability

Lower metals prices and increased cost of sales caused by the higher volume of concentrates purchased from third parties, which have a lower profit margin than Volcan concentrates, had a negative impact on profits. As a consequence, gross profits for the year amounted to USD 177 million, 52% lower than 2013. Comparatively, gross margins fell from 32% in 2013 to 17% in 2014.

Gross margins in the mining business were 22% in 2014, compared to 37% in the previous year. This result is due to the extraordinary hedging results in the first half of 2013, which had a positive impact on margins. Lower sales prices and increased depreciation and amortization costs in 2014 also affected margins.

Gross margins for concentrate sales declined from 11% in 2013 to 2% in 2014. It is important to remember that profitability in this business should be analyzed over long periods of time, as pricing periods and hedging results do not necessarily coincide with the months during which sales occur.

INCOME STATEMENT

Income Statement (MM USD)	Mining Business			Third-party Concentrates Commercialization Business			Consolidated		
	2013	2014	Var %	2013	2014	Var %	2013	2014	Var %
Sales	949.5	781.7	-17.7	213.3	260.6	22.2	1,162.8	1,042.4	-10.4
Cost of Goods Sold	-601.3	-610.7	1.6	-190.2	-255.0	34.1	-791.4	-865.7	9.4
Gross Profit	348.2	171.0	-50.9	23.2	5.6	-75.8	371.4	176.6	-52.4
Gross Marging	37%	22%	-15 pp	11%	2%	-9 pp	32%	17%	-15 pp
Administrative Expenses	-58.9	-52.4	-11.1	-1.9	-2.1	14.0	-60.8	-54.6	-10.3
Sales Expenses	-41.2	-40.7	-1.3	-5.1	-8.4	65.1	-46.3	-49.0	6.0
Other Income (Expenses)	3.6	22.4	516.9				3.6	22.4	516.9
Operating Profit	251.7	100.3	-60.2	16.2	-4.9	-130.1	267.9	95.4	-64.4
Operating Margin	27%	13%	-14 pp	8%	-2%	-9 pp	23%	9%	-14 pp
Financial income (Expenses)	-12.1	-20.5	69.7	0.0	-0.3		-12.1	-20.8	72.2
Royalties	-15.2	-12.9	-15.3	-1.9	-1.8	-6.1	-17.1	-14.7	-14.3
Income Tax	-61.6	-5.1	-91.6	-3.8	2.1	-154.5	-65.4	-3.1	-95.3
Net Profit	162.8	61.7	-62.1	10.5	-4.9	-146.1	173.4	56.8	-67.2
Net Margin	17%	8%	-9 pp	5%	-2%	-7 pp	15%	5%	-9 pp
EBITDA	369.5	261.8	-29.2	16.2	-4.9	-130.1	385.8	256.9	-33.4

In 2014 the Company reduced administrative expenses by 10.3% from USD 60.8 million in 2013 to USD 54.6 million in 2014, due to cost reduction measures and decreased distribution of profits on lower margins.

Meanwhile, sales expenses were up 6.0% from USD 46.3 million in 2013 to USD 49.0 million in 2014, on an increase in the total volume of concentrates sold.

Also, in the 2014 fiscal year the Company recorded more "other income" than in 2013. This was the result of the sale of the Belo Horizonte hydroelectric plant with a margin of USD 11.6 million, and valuation of oxide stockpiles at USD 91.4 million. These figures were partially offset by a USD 85.4 million devaluation of intangible assets at the Paragsha underground mine.

As a consequence of the foregoing, EBITDA in 2014 was USD 256.9 million, 33% lower than EBITDA of USD 385.8 million in 2013. Volcan's net profits were USD 56.8 million, a decline of 67% from the previous year (USD 173.4 million).

Liquidity and Solvency

In 2014 Volcan generated USD 208 million in operating cash flow. Disbursements for operations and explorations investment totaled USD 191 million, while growth investment amounted to USD 165 million, mainly for the oxide plant and energy projects. As a result, cash flow after investments was negative, at USD 148 million. Net financing for the period was USD 53 million, including disbursement of short-term loans totaling USD 110 million, interest payments of USD 35 million and dividend payments of USD 32 million.

Therefore, the cash balance as of December 31, 2014 was USD 174 million, which includes USD 62 million from a reclassification of items in the financial investments account.

Considering current debt levels and based on total EBITDA for the last 12 months, Volcan's leverage ratio (financial debt/EBITDA) as of year-end 2014 is 2.5.

10. Consolidated Financial Results

There has been no resignation or dismissal of the chief accountant or auditor in the last two years.

VOLCAN COMPAÑÍA MINERA S.A.A.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL RESULTS

AS OF DECEMBER 31, 2013 AND 2014

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Independent auditors report

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Consolidated statement of comprehensive income statement

Statement of changes in consolidated net assets

Consolidated cash flow statement

DICTAMEN DE LOS AUDITORES INDEPENDIENTES

A los señores Accionistas
VOLCAN COMPAÑÍA MINERA S.A.A.

Hemos auditado los estados financieros consolidados de **VOLCAN COMPAÑÍA MINERA S.A.A. Y SUBSIDIARIAS** que comprenden los estados consolidados de situación financiera al 31 de diciembre de 2014 y de 2013, y los estados consolidados de resultados, de resultados integrales, de cambios en el patrimonio y de flujos de efectivo por los años terminados en esas fechas, y el resumen de políticas contables significativas y otras notas explicativas adjuntos, de la 1 a la 34.

Responsabilidad de la Gerencia sobre los estados financieros

La Gerencia de la Principal es responsable de la preparación y presentación razonable de estos estados financieros de acuerdo con Normas Internacionales de Información Financiera, y de control interno que la Gerencia concluye es necesario, para permitir la preparación de estados financieros libre de distorsiones importantes, ya sea como fraude o error.

Responsabilidad del auditor

Nuestra responsabilidad consiste en expresar una opinión sobre estos estados financieros basada en nuestra auditoría. Nuestra auditoría fue realizada de acuerdo con Normas Internacionales de Auditoría aprobadas para su aplicación en el Perú por la Junta de Decanos de Colegios de Contadores Públicos del Perú. Tales normas requieren que cumplamos con requerimientos éticos y planifiquemos y realicemos la auditoría para obtener seguridad razonable de que los estados financieros estén libres de errores importantes.

Una auditoría implica realizar procedimientos para obtener evidencia de auditoría acerca de los saldos y las divulgaciones en los estados financieros. Los procedimientos seleccionados dependen del juicio del auditor, incluyendo la evaluación del riesgo de que los estados financieros contengan errores materiales, ya sea como resultado de fraude o error. Al efectuar esta evaluación de riesgo, el auditor toma en consideración el control interno de la Principal y Subsidiarias relevante para la preparación y presentación razonable de los estados financieros con el propósito de definir procedimientos de auditoría apropiados a las circunstancias, pero no con el propósito de expresar una opinión sobre la efectividad del control interno de la Principal y Subsidiarias. Una auditoría también comprende la evaluación de si las políticas contables aplicadas son apropiadas y si las estimaciones contables realizadas por la Gerencia de la Principal son razonables, así como una evaluación de la presentación general de los estados financieros.

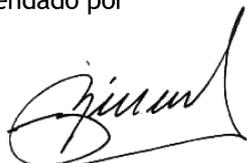
Consideramos que la evidencia de auditoría que hemos obtenido es suficiente y apropiada para proporcionarnos una base para nuestra opinión de auditoría.

Opinión

En nuestra opinión, los estados financieros consolidados presentan razonablemente, en todos sus aspectos significativos, la situación financiera de **VOLCAN COMPAÑÍA MINERA S.A.A. Y SUBSIDIARIAS** al 31 de diciembre de 2014 y 2013, su desempeño financiero y sus flujos de efectivo por los años terminados en esas fechas, de acuerdo con Normas Internacionales de Información Financiera.

Lima, Perú
19 de febrero de 2015

Refrendado por



(Socio)

Luis Pierrend Castillo
Contador Público Colegiado Certificado
Matrícula N° 01-03823



VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013
(In thousand US Dollars)

ASSETS	2014	2013	LIABILITIES AND EQUITY	2014	2013
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	174,363	269,614	Bank overdrafts	16,060	14,024
Trade accounts receivable, net	83,450	139,907	Financial obligations	201,765	94,103
Other accounts receivable	361,079	363,670	Trade accounts payable	228,847	251,414
Other financial assets	32,528	82,806	Other accounts payable	65,044	99,905
Inventories, net	197,236	108,235	Other financial liabilities	96,209	102,206
Total current assets	848,656	964,232	Total current liabilities	607,925	561,652
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Other accounts receivable	40,765	12,212	Long-term financial obligations	620,270	612,444
Other financial assets	92	18,154	Other financial liabilities	12,041	5,902
Investments in associates	4,333	5,111	Deferred income tax liability	190,992	149,718
Property, plant and equipment, net	1,245,825	1,030,051	Provision for contingencies	11,171	13,235
Mining titles & concessions, and exploration, development & stripping costs	767,623	865,060	Provision for the closure of mining units	63,610	95,656
Deferred income tax assets	89,761	18,914	Total non-current liabilities	898,084	876,955
Total non-current assets	2,148,399	1,949,502	Total liabilities	1,506,009	1,438,607
			NET EQUITY		
			Issued capital	1,531,743	1,427,768
			Shares in treasury	-240,342	-233,856
			Other capital reserves	118,731	110,736
			Capital reserve	20,329	14,209
			Unrealized gain or loss	-21,931	-3,074
			Accumulated gain or loss	82,516	159,344
			Total net equity	1,491,046	1,475,127
Total activo	2,997,055	2,913,734	Total liabilities and net equity	2,997,055	2,913,734

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousand US Dollars)

	2014	2013
Net Sales	1,042,351	1,162,823
Cost of Sales	-865,746	-791,433
Gross Profit	176,605	371,390
Operational (Expenses) Revenues:		
Administrative expenses	-54,558	-60,813
Selling expenses	-49,050	-46,274
Other revenues	186,000	55,623
Other expenses	-163,609	-51,993
Operating Profit	95,388	267,933
Financial Revenues (Expenses):		
Revenues	29,096	38,002
Expenses	-49,941	-50,111
Profit before income tax	74,543	255,824
Income tax	-17,720	-82,464
Net Profit	56,823	173,360
Weighted average of the number of issued and outstanding shares (in thousands)	3,865,936	2,916,854
Basic and diluted earnings per share	0.015	0.059

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousand US Dollars)

	2014	2013
Net Profit	56,823	173,360
Other comprehensive income		
Net variation in unrealized gain on derivative financial instruments	-26,939	-24,852
Income tax	8,082	7,456
Other comprehensive income, net of income tax	-18,857	-17,396
Adjustment for deferred income tax	-10,105	-
Total comprehensive income	27,861	155,964

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousand US Dollars)

	NUMBER OF SHARES		ISSUED CAPITAL US\$(000)	SHARES IN TREASURY US\$(000)	OTHER CAPITAL RESERVES US\$(000)	CAPITAL RESERVES US\$(000)	UNREALIZED ACCUMULATED		TOTAL US\$(000)
	COMMON A SHARES	COMMON B SHARES					GAIN OR LOSS US\$(000)	GAIN OR LOSS US\$(000)	
Balance as of January 1, 2013	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	-	-	-	-	-144,994	-
Appropriation	-	-	-	-	11,503	-2,091	-	-9,412	-
Dividends distribution	-	-	-	-	-	226	-	-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
Net Profit	-	-	-	-	-	-	-	56,823	56,823
Net variation of unrealized gain on derivative financial instruments	-	-	-	-	-	-	-18,857	-	-18,857
Capitalization of profit	134,876,233	201,739,293	103,975	-	-	-	-	-103,975	-
Apropiation	-	-	-	-	7,995	-	-	-7,995	-
Dividends distribution	-	-	-	-	-	-	-	-17,847	-17,847
Advances on dividends	-	-	-	-	-	-	-	-7,116	-7,116
Purchase of shares of the Company by a subsidiary	-17,148,260	-1,010,280	-	-6,486	-	6,120	-	-	-366
Adjustment for deferred income tax	-	-	-	-	-	-	-	-10,105	-10,105
Effect from conversion	-	-	-	-	-	-	-	13,387	13,387
Balance as of December 31, 2014	1,428,072,005	2,430,922,721	1,531,743	-240,342	118,731	20,329	-21,931	82,516	1,491,046

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousand US Dollars)

	2014	2013
OPERATING ACTIVITIES:		
Collection of sales	1,203,121	1,135,787
Ingresos por coberturas	11,511	125,435
Balance refund in favor of benefit	59,070	-
Payments to suppliers and third parties	-885,251	-789,601
Payments to employees	-117,817	-117,016
Payments of income tax and other taxes	-26,741	-64,500
Other operating collections	-13,840	-17,092
NET CASH INCREASE FROM OPERATING ACTIVITIES	230,053	273,013
INVESTMENT ACTIVITIES:		
Acquisition of property, plant and equipment	-307,833	-434,391
Acquisition of investments in shares	-870	-1,300
Disbursements for exploration, development and stripping activities	-106,439	-128,871
NET CASH DECREASE FROM INVESTMENT ACTIVITIES	-415,142	-564,562
FINANCING ACTIVITIES:		
Increase of financial obligations	155,073	402
Purchase of shares in treasury	-366	-4,045
Payment of interests	-32,250	-32,250
Payment of dividends	-32,619	-40,205
NET CASH DECREASE FROM FROM FINANCING ACTIVITIES	89,838	-76,098
NET DECREASE OF CASH AND CASH EQUIVALENT	-95,251	-367,647
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	269,614	637,261
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	174,363	269,614

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousand US Dollars)

	2014	2013
RECONCILIATION OF NET PROFIT OR LOSS WITH CASH FROM OPERATING ACTIVITIES:		
Net profit	56,823	173,360
Plus (less) adjustments in net profit:		
Depreciation and amortization	161,496	117,823
Estimation due to devaluation of assets	85,385	-
Drop in property, plant and equipment	4,440	2,776
Valorization of oxides stock piles and pyrites	-91,449	-
Net changes in assets and liabilities		
(Increase) decrease of operating assets -		
Accounts receivable, net	30,495	-145,388
Inventories	2,448	10,509
Increase (decrease) of operating liabilities -		
Trade accounts payable	-22,567	62,247
Other accounts payable	2,982	51,686
NET CASH FROM OPERATING ACTIVITIES	230,053	273,013



A large-scale open-pit mine with terraced levels, a dirt road, and heavy machinery (a truck and an excavator) in the foreground. The scene is dominated by the massive, layered structure of the mine, with a winding dirt road cutting through the lower levels. In the foreground, a white truck is parked on the left, and a large excavator is positioned on the right. The overall atmosphere is industrial and rugged, with a blue-tinted color scheme.

11. Governance

Board of Directors

BOARD OF DIRECTORS AS OF DECEMBER 31, 2014

Name and Lastname	Position
José Picasso Salinas	Chairman of the Board
José Ignacio de Romaña Letts	Vice Chairman of the Board
José Bayly Letts	Director
Cristopher Eskdale	Director
Irene Letts Colmenares de Romaña	Director
Daniel Mate Badenes	Director
Pablo Moreyra Almenara	Director
Felipe Osterling Letts	Director
Madeleine Osterling Letts	Director

In 2014 the following changes were made on the Board of Directors:

Felipe Osterling Parodi (†)	Director since 2009, Vice chairman of the Board and member of the Executive Committee since April 2010 to August 2014.
José Ignacio de Romaña Letts	Director since 1993, Vice chairman of the Board since september 2014.
Felipe Osterling Letts	Director since september 2014.

José Picasso Salinas

Director and member of the Executive Committee since March 1996. Vice chairman of the Board of Directors; since April 2010, chairman of the Board and the Executive Committee.

Mr. Picasso is also chairman of the Board of Reactivos Nacionales S.A., vice chairman of the Board of Compañía Minera Poderosa 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 Embotelladora Latinoamericana S.A.A. (Coca-Cola) and a member of the boards of Compañía Minera Atachocha 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.

José Ignacio De Romaña Letts

Member of the Board of Directors since 1993 and vice chairman of the Board since September 2014. He is a 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 also served as a member of the boards of Castrovirreyna Compañía Minera S.A. and Corporación Minera Castrovirreyna since 2002.

Mr. De Romaña holds a business administration degree from Universidad del Pacífico. He is also the son of Irene Letts Colmenares de Romaña, a member of the Board of Directors.

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.

Christopher Eskdale

Director since March 2012. A certified public accountant, he worked at Deloitte & Touche in London and Moscow and has been 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. He is in charge of worldwide zinc marketing for Glencore.

Irene Letts Colmenares de Romaña

Director since March 2012. She 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 Nueva 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.

Irene Letts Colmenares de Romaña is the mother of vice chairman Jose Ignacio De Romaña.

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. Maté 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 Glencore.

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

Pablo Moreyra Almenara

Independent director since 2011. He is a founding partner of EQUBO, Estrategia y Finanzas, a business consultancy, 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 been 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.

Felipe Osterling Letts

Director since September 2014. He holds a degree in economics from Universidad del Pacífico in Lima, an MBA from Henley Management College in England and a master's degree in corporate management from the School of Management at Universidad de Piura.

Felipe Osterling Letts is the brother of Madeleine Osterling Letts, a member of the Board of Directors.

Madeleine Osterling Letts

Director since March 2012. A partner at the law firm Estudio Osterling S.C., she served as vice chairman 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.

Ms. Osterling earned a law degree from Pontificia Universidad Católica del Perú, specializing in mining and environmental law. She also holds a master's degree in corporate management from the School of Management at Universidad de Piura.

Madeleine Osterling Letts is the sister of Felipe Osterling Letts, a member of the Board of Directors.

Senior Management

SENIOR MANAGEMENT AS OF DECEMBER 31, 2014

Name and Lastname	Position
Juan Ignacio Rosado Gómez de la Torre	Chief Executive
Roberto Maldonado Astorga	Chief Operations
José Montoya Stahl	Chief Business Development Officer
Jorge Murillo Núñez	Chief Financial Officer
Paolo Cabrejos Martin	Sales Manager
Alberto Víctor Manuel Gazzo Baca	Human Resources Manager
Mario Eduardo de las Casas Vizquerra	Logistics Manager
Roberto Servat Pereira de Sousa	Labor & Institutional Relations Manager
José Estela Ramírez	Corporate Energy Manager
Carlos Manuel García Zapata	Operations Manager of the Andaychagua
Alfonso Rebaza González	Legal Counsel
Juan Begazo Vizcarra	Audit Manager
Juan Marceliano Rojas	Occupational Health and Safety Manager
José Manuel Blanco Collao	Operations Manager of the Chungar
Jorge Simón Chávez Manrique	Geology Manager
José Antonio Cuadros Obando	Long-term Planning Manager
Juan Manuel del Águila Zamora	Corporate Projects Manager
César Farfán Bernal	Regional Explorations Manager
Herman Flores Arévalo	Operations Manager at the Cerro de Pasco
Carlos Eduardo Flores Trelles	Information Technology Manager
Sergio Giampietri Ramos	Corporate Asset Security Manager
David Brian Gleit	Investor Relations Manager
Felipe Injoque Espinoza	Manager of Corporate Social Responsibility
Eduardo Julio Magnasco La Torre	Operational Excellence Manager
Eduardo Enrique Malpartida Espinoza	Operations Manager of Cia. Minera Alpamarca
José Manzaneda Cabala	Manager of Metallurgical Operations
Pedro Martínez Recio	Manager of Corporate projects and Metallurgical research
Renzo Muenta Barzotti	Employee Development Manager
Pedro Navarro Neyra	Treasury and Administration Manager
Percy Luis Rivera López	Environmental Affairs Manager
Mauricio Scerpella Iturburu	Budgeting and Management Control Manager
Pedro Torres Torres	Accounting and Tax Manager
Edgardo Zamora Pérez	Operations Manager of the Yauli
Jorge Luis Cotrina Luna	Head of Shareholder Services

In 2014 the following people left the Company:

Juan José Herrera Távara	Chief Executive
Ulises Oliveros Salas	Projects Manager
Luis Alberto Narváez Cueva	Environmental Affairs Manager
Ernesto Zelaya Pflucker	Mining Projects Manager

Professional Background of Senior Management:

Juan Ignacio Rosado Gómez de la Torre

Chief executive officer since April 2014. He served as deputy chief executive officer from June 2010 until being appointed chief executive officer. 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 January 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 Ingenieria and a postgraduate degree in mineral engineering management from Pennsylvania State University.

José Montoya Stahl

Chief business development 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 Fundação Don Cabral (Brazil).

Jorge Murillo Núñez

Chief financial officer since December 2013. He served as financial planning and management control manager from January 2011 until December 2013.

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 Martín

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. He is also a member of the Lead and Zinc Committee of the London Metal Exchange.

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 2007 to 2010 he served as deputy manager of contracts, logistics and supplies for the Project Division of Votorantim Metais, Cajamarquilla Refinery, and from 1998 to 2007 he was logistics manager for Volcan. He worked in the logistics division of Buenaventura S.A. and Minera Yanacocha S.A. from 1990 to 1998.

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.

Roberto Servat Pereira de Sousa

Labor & Institutional Relations Manager since December 2010. He began working with Volcan in January 2007 as a legal advisor to the chairman of the Board of Directors. 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 the Peruvian Society of Labor and Social Security Law. He is a professor at Universidad de Lima.

Mr. Servat earned a 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 Estela Ramírez

Corporate energy manager. He joined Volcan in March 2009. During his career, he has 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). He currently represents the Huanchor, Egerba and Tingo power companies, subsidiaries of Volcan.

Mr. Estela has a degree in mechanical engineering from Universidad Nacional de Ingenieria, an MBA from ESAN, and lead auditor certification in Quality Management Systems (ISO 9001) and Safety (OHSAS 18001). In addition, he holds a postgraduate degree in electricity company management from Vattenfall (Sweden) and a certificate in project management from Universidad de Piura.

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 Pontificia Universidad Católica del Perú.

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

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, general controller at Doe Run and accounting manager at Centromin.

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.

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 Unión-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.

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.

Jorge Simón Chávez Manrique

Geology manager since June 2014. Before that, he was corporate manager of geology and brownfield exploration at Fortuna Silver Mines (2012-2014) and corporate manager of geology and brownfield exploration at Hochschild Mining PLC (2002-2011).

Mr. Chávez holds a degree in geology from Universidad Nacional de Salta in Argentina and obtained a certificate in strategic management of modern mining from GERENS. He is also a registered as a Qualified Person with the Australian Institute of Mining and Metallurgy (AusIMM), Registered Member 318752.

José Antonio Cuadros Obando

Long-term planning manager since September 2014. He previously served as operations manager of the Cerro de Pasco UEA and San Sebastián and Vinchos units.

Prior to joining Volcan, he managed the Selena and Pallancata mine units of Compañía Minera Ares-Hochschild Mining. During his career, he served as planning manager, technical superintendent and operations manager at Empresa Minera Iscaycruz.

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 Católica de Chile.

Juan Manuel del Águila Zamora

Corporate projects manager since June 2014. He joined Volcan in April 2011 as deputy corporate projects manager. His career includes more than 14 years of experience in base and precious metals project development for Peruvian and multinational companies such as Aker Solutions, Fluor and Amec.

Mr. Del Aguila obtained a degree in mechanical engineering from Pontificia Universidad Católica in Peru and an MBA in strategic management from Centrum Católica. He also has a certificate in finance from Universidad de Piura, certification in finance and accounting from Rice University, and has completed several courses in project development methodology.

César Farfán Bernales

Regional Explorations manager since December 2010. He served as corporate chief of regional explorations from 2007 to 2010 and general superintendent of the Vinchos mining unit from 2002 to 2007.

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.

Herman Flores Arévalo

Operations manager at the Cerro de Pasco UEA since September 2014 and previously served as operations manager at the Alpamarca unit.

He joined Volcan in 1999 as planning superintendent and mine superintendent at Cerro de Pasco. Before that he worked for Centromin Peru.

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

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 IT positions at BellSouth International Corporation. He is a professor at the Business School of Universidad de Lima and the Business School of Pontificia Universidad Catolica del Peru.

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.

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.

David Brian Gleit

Investor relations manager since February 2014. Before that, he was the business development manager. He has extensive professional experience in investment and financial advising. Previously, Mr. Gleit served as 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.

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.

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.

Eduardo Enrique Malpartida Espinoza

Operations manager of Cia. Minera Alpacamarca S.A.C. since September 22, 2014. He previously served as operations manager at BRECA Grupo Empresarial – Administración de Empresas S.A.C., general superintendent at Grupo ARUNTANI – Anabí and operations manager at the Arcata, Selene and Pallancata mines owned by Grupo Hochschild Mining plc.

He has a degree in mining engineering from Universidad Nacional Daniel Alcides Carrión in Cerro de Pasco and a master's degree in operations and logistics management from EOI Escuela de Negocios in Madrid, Spain.

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 Perú.

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.

Renzo Muenta Barzotti

Employee development manager since October 2014. Mr. Muenta joined the company in April 2011 as deputy corporate manager of employee development.

Previously, he served as human resources manager at Unilever Perú, training manager for Unilever-Andean Region and human resources manager for the food products division of Unilever Colombia.

He has a degree in industrial engineering from Universidad de Lima and a master's degree in strategic management of human capital from Universidad Peruana de Ciencias.

Pedro Navarro Neyra

Treasury and administration manager since December 2010. He served as deputy finance manager from 1998 to 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.

Percy Luis Rivera López

Environmental affairs manager since May 2014. Prior to joining Volcan, he was manager of safety, health and environment at Minsur S.A. and manager of safety, health and environment at Votorantim Metais Cajamarquilla S.A.

Mr. Rivera holds a master's degree in environmental management from Universidad Nacional de Ingeniería and a certificate in quality management and environmental auditing from Universidad Nacional Agraria La Molina. He also has a degree in sanitary engineering from Universidad Nacional de Ingeniería.

Mauricio Scerpella Iturburu

Budgeting and management control manager since February 2014. Previously, he was the mining projects controller and corporate head of cost and budget analysis at Volcan.

Mr. Scerpella obtained an MBA with a specialization in strategy from Instituto Tecnológico de Monterrey. He also has a degree in economics from Universidad San Ignacio de Loyola.

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.

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.

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.



Islay Mine - Chungar

