

Cerro De Pasco Resources To Develop Newly Discovered Pipe-2 North, Files Q2-2022 Results And Provides Updates On Guidance

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MONTREAL, Aug. 19, 2022 - [Cerro de Pasco Resources Inc.](#) (CSE: CDPR) (OTCMKTS: GPPRF) (Frankfurt: N8HP) ("CDPR," or the "Company") is pleased to announce it has approved construction of an underground exploration decline and exploration program to the newly discovered Pipe-2 North. CDPR also announces the filing of its interim financial statements, management's discussion and analysis and related officer certifications for the period ended June 30, 2022 (the "Interim Filings") are available under its SEDAR profile at www.sedar.com and on the website of the Company.

THE PIPE-2 UNDERGROUND EXPLORATION DECLINE

The 800-meter-long decline will be driven from the deeper levels of the current operation, the Magistral 4090 level, to the newly discovered Pipe-2 North. The underground decline is expected to take 9 months to reach the mineralized area after which an underground diamond drill program will further expand on the successful 2022 Surface Exploration Program. After reaching Pipe-2 North, CDPR plans to continue construction of the tunnel to the Santander Pipe-1, which is the quickest way to access the deposit, as well as to develop production at the Pipe-2 North by end of 2023.

From the decline, diamond drill targets from the underground are compelling as previous surface drilling has reported high grade zinc skarn mineralization. The drill program is expected to confirm the continuity and shape of the potential new skarn Pipe-2 deposit. The Company's plan is to fast track development of the Pipe deposits and unlock the higher Zn grades contained. The Pipe-2 North was initially discovered by drillhole SAN-0282-22 which intercepted 7.85 m @ 9.61 %Zn and 0.14 %Cu and 4.80 m @ 7.42 %Zn and 0.30 %Cu (see subsequent press release dated July 11, 2022). To date, over 5,300 meters has been drilled from surface on the Pipe-2 North.

"Delineating further underground Mineral Resources and providing access to mine the resources of the Pipe-2 North and the Santander Pipe-1 will add significant value to the Santander Mine," said Jorge Lozano, Chief Operating Officer. "While we are advancing the project internally and through a PEA Study for the Santander Pipe-1 by DRA due November 2022, we will undertake a systematic approach from a drill program for the development of Pipe-1 and Pipe-2 deposits from underground. We are very excited as from the underground decline should provide quick access from the Magistral to the Santander Pipe-1 deposit at a much lower cost than prior to the discovery of Pipe-2 North".

Highlights of the project are:

- Initiating an underground decline and raisebore to Pipe-2 North
- Complete tunnel construction to Santander Pipe-1
- Exploring the extension of the Pipe-2 mineralization and skarn target
- Fast track mining to Santander Pipe-1 through Pipe-2 North by 2024
- Initiating a 10,000-meter underground drilling program targeting Pipe-2 North
- Surface Drilling underway, with 5,384 meters already drilled
- Pipe-2 Metallurgical testing underway

Click on the following link to view Section View Pipe-2 North

Click on the following link to view Section View Magistral and the Santander Pipe-1 and Pipe-2 North

THE SANTANDER PIPE PROJECT AND TENDER FINANCING PROCESS

The confirmed geological potential on the Pipe mining area constitutes the cornerstone of CDPR's financial strategy, starting with an upcoming tender to finance the investment required to develop the Santander Pipe mining area. To finance this investment, CDPR is planning to bid among traders, 200,000 wet metric tonnes

("wmt") of Zinc concentrates to be delivered over a 4-year period.

An internal LOM production assessment yielded over 550,000 wmt of Zn Concentrates from the Santander Pipe, with no offtake commitments.

SANTANDER Q2 PRODUCTION AND OPERATIONS UPDATE

The following table summarizes the Key Production Indicators for the Santander Mine, Peru for the second quarter of 2022.

		Q2' 22
Production		
Ore Mined	t	95,277
Ore Milled	t	94,207
Zn Head Grade	%	3.30 %
Pb Head Grade	%	0.30 %
Ag Head Grade	oz/t	0.5
Zn Recovery	%	94.80 %
Pb Recovery	%	71.10 %
Ag recovery	%	47.30 %
Zn Payable Production Mlbs		5.5
Pb Payable Production Mlbs		0.4
Ag Payable Production Moz		0.02
Zn Head Grade	%	48.40 %
Pb Head Grade	%	50.50 %
Sales		
Zn Payable sold	Mlbs	4.9
Pb Payable sold	Mlbs	0.4
Ag Payable sold	Moz	0.02
C1 Cash Cost ³	US\$/lb	2.2
AISC ⁴	US\$/lb	2.4

Finance

Sales CAD 9,059,123

Cost of Sales CAD 10,781,069

Gross Profit CAD -1,721,946

- Q2' 22 results were mainly affected by the planned change in mining contractor which compromised a preventative mine stoppage in mine operations during April to May to develop further mine infrastructure, with production ramp-up thereafter.
- The previous operator did not perform any underground mine development since mid-2020 due to lack of funding. CDPR is investing heavily in underground development to prepare the mine for maximum production plant capacity by 2024.
- The Q2' 22 Zn grade reduction was due to the poor reconciliation from the December 2021 Resource model as compared to new infill drilling information. A new resource model finalized July 2022 has been updated by CDPR which is currently under independent review by DRA Global.
- Q2' 22 performance was impacted by lower Zn prices observed in Q2' 22 relative to Q1' 22.
- Q2' 22 impacted by retroactive treatment charges and freight adjustments for 2022, resulting in higher treatment charges relative to 2021.

Operations Milestones and Activities:

- July 2022 development reached 631 meters, on track to reach 750 meters of monthly development by Q4' 22.
- 6-month contractor turnaround - production throughput rate in July was 1,683 tonnes per day, after dropping to 953 tonnes per day in February as a result of planned change in mining contractor. In January, production throughput by previous contractor was 1,677 tonnes per day.
- US\$ 2,506,229 million YTD invested in development and sustaining project for the operation.
- US\$ 2,774,865 million YTD spend in exploration campaign program.
- Updated forecast and LOM projection plan in place, completed in July 2022

2022 SANTANDER PRODUCTION GUIDANCE UPDATE

	Jan-Jul	Guidance through July 2022 actual vs low		
	Units Actual	low-range	upper-range	range
Payable production of ZnEq* lbs	17,753,697	17,505,057	22,138,749	1.4 %
Payable production of Zinc lbs	16,155,176	15,524,684	19,634,160	4.1 %
Payable production of Lead lbs	1,000,129	1,026,214	1,297,860	-2.5 %
Payable production of Silver oz	63,369	88,685	112,161	-28.5 %

*Total ZnEq lbs include lead, and silver produced/sold converted to a Zn equivalent. It is calculated prorating production as Zn production using metal prices of: Zn 1.60 \$/lb, Pb 1.10 \$/lb and Ag 23 \$/oz

Compared to the starting Guidance issued on 2022 which had considered a ramp-up period through August 2022 through the end of the year. CDPR reports that mine production through July CDPR has met the lower end of the guidance.

CDPR's original objective for the Santander Mine was to extend the operating life of the Magistral orebody. Considering the new exploration results and the discovery of the Pipe-2 North, the Company has shifted its strategic focus and LOM optimization plan to fast-track the Santander Pipe ore body.

Moreover, CDPR has internally updated both resource models for The Magistral and The Santander Pipe in view of recent exploration and infill campaigns. The geologic results for the Magistral orebody demonstrate that the resource increases at depth and measured & indicated resource depletion from past mining is being replaced. New interpretation shows reduced thickness and lower grade reconciliation in the immediate mining zones.

As a result of this internal evaluation and optimization, the Company has decided that resources at Santander should be focused primarily on the development of the Santander Pipe deposit, thus scheduling, and increasing mine development to 900-1,000 meters per month focused primarily on the construction of the exploration decline to Pipe-2 North. As a result, the Company is releasing revised guidance for 2022:

Guidance Update 2022¹

	Units	Guidance 2022 ¹
Payable production of ZnEq ² (000)s lbs	39,133 - 49,492	
Payable production of Zinc (000)s lbs	32,553 - 42,726	
Payable production of Lead (000)s lbs	1,629 - 2,139	
Payable production of Silver (000)s oz	233 - 295	
C1 Cost ³	US\$/ lb 1.62	- 2.04
AISC Cost ⁴	US\$/ lb 1.71	- 2.16

1.	The Guidance includes full-year 2022 figures.
2.	Total ZnEq lbs include lead, and silver produced/sold converted to a Zn equivalent. It is calculated prorating production as Zn production using metal prices of: Zn 1.60 \$/lb, Pb 1.10 \$/lb and Ag 23 \$/oz
3.	C1 cash costs measures the estimated cash cost to produce a pound of payable zinc. This measure includes mine operating production expenses such as mining, processing, administration, indirect charges (including surface maintenance and camp), and smelting, refining and freight, distribution, royalties, and by-product metal revenues divided by pounds of payable zinc produced. C1 Cash Cost per pound of payable zinc produced does not include depreciation, depletion, and amortization, reclamation expenses, capital sustaining and exploration expenses.
4.	AISC is a Non-IFRS financial reporting measure. This measures the estimated cash costs to produce a pound of payable zinc plus the estimated capital sustaining costs to maintain the mine and mill. This measure includes the C1 Cash Cost per pound and capital sustaining costs divided by pounds of payable zinc produced. All-In Sustaining Cost per pound of zinc payable produced does not include depreciation, depletion, and amortization, reclamation, and exploration expenses

Despite meeting guidance through July, the new guidance reflects the revised Magistral resource model reconciliation. The revision to a higher AISC reflects the Company's investment in increasing development which includes an additional 400 meters per month from the current rate. This increase also covers the investment in construction of the exploration decline to Pipe-2 North.

Technical Information

Mr. Jorge Lozano, MMSAQP and Chief Operating Officer for CDPR, has reviewed and approved the scientific and technical information contained in this news release. Mr. Lozano is a Qualified Person for the purposes of reporting in compliance with NI 43-101.

About Cerro de Pasco Resources

[Cerro de Pasco Resources Inc.](#) is a mining and resource management company applying the most demanding environmental, social and governance standards required by global institutions and investors. The key strategic strength of the Corporation is an unparalleled knowledge of the challenges and opportunities presented by the mineral endowment in and around the city of Cerro de Pasco combined with a highly experienced and practical team of both Peruvian and international management. The key focus of growth for the Corporation will be on developing the El Metalurgista mining concession using world class geo-resource and industrial development solutions to secure long-term economic operational sustainability in harmony with a healthy and prosperous local population. The Corporation, currently operating the Santander Mine, is also keen on acquiring and operating mines suited for the Corporation's strategic growth plan.

Forward-Looking Statements and Disclaimer

Certain information contained herein may constitute "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified using forward-looking terminology such as "plans", "seeks", "expects", "estimates", "intends", "anticipates", "believes", "could", "might", "likely" or variations of such words, or statements that certain actions, events or results "may", "will", "could", "would", "might", "will be taken", "occur", "be achieved" or other similar expressions. Forward-looking statements,

including the expectations of CDPR's management regarding the completion of the Transaction as well as the business and the expansion and growth of CDPR's operations, are based on CDPR's estimates and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of CDPR to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Forward-looking statements are subject to business and economic factors and uncertainties and other factors, such as Covid-19, that could cause actual results to differ materially from these forward-looking statements, including the relevant assumptions and risks factors set out in CDPR's public documents, available on SEDAR at www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Although CDPR believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements and forward-looking information. Except where required by applicable law, CDPR Disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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