

Cerro de Pasco Resources Reports Q1 2023 Results

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MONTRÉAL, May 30, 2023 - [Cerro de Pasco Resources Inc.](#) (CSE: CDPR) (OTCPK: GPPRF) (Frankfurt: N8HP) ("CDPR," or the "Company") is pleased to announce selected first quarter 2023 financial and operating results. All currency is in U.S. dollars, unless otherwise stated. The Company's Financial Statements and Management's Discussion & Analysis ("MD&A" are available at www.pascoresources.com and www.sedar.com.

Selected Q1 2023 financial and operating results

- Metal Production in Q1 2023 was 12.1 million pounds of Zinc, 685 thousand pounds of Lead, and 47.8 thousand ounces of Silver. These production figures represent a 40% increase in Zn, 118% increase in Pb and 89% in Ag respectively over Q1-2022 production.
- Revenue for Q1 2023 was \$12.3 million on payable production of 10.3 million pounds of Zinc, 600 thousand pounds of lead, and 400 thousand ounces of silver.
- Q1 2023 C1 cash Cost ⁽⁴⁾ of \$1.62, and AISC ⁽⁵⁾ \$1.96 per pound of zinc produced remain in-line with the Company's projections; AISC was influenced by Pipe project capital expenditures including, exploration, new pumping & power infrastructure, project studies and development in preparation for the Pipe production.
- Q1 2023 average mill production was 2,000 tonnes per day. This was a 92% improvement over throughput achieved in Q1 2022.
- Average mine development of 766 meters per month for Q1 2023. A 197% increase over Q1 2022. This included a total of 208 meters completed for the Magistral-Pipe tunnel project.
- Completed 2,500 m of diamond drilling in Q1 2023. Drilling was focused in Puajanca for a total of 2200 meters intercepting and 300m in Magistral-North area. In addition, in Q1-2023 the mine completed 5,650 m of underground in-fill drilling.
- Puajanca drilling resulted in a total of 60m of high-grade mineralization intercepted with the average of intercepts being 5m in width, 3% Zn, 1.3% Pb and 49 gpt Ag.
- Positive mine operating cash flow ⁽³⁾ of over \$3.2 million.
- Over 23% of the net loss for Q1 2023 comprises either non-cash or one-time items ⁽⁶⁾; net loss for Q1 2023 totaled \$5.78M or (\$0.02) per share.
- As of March 31, 2023, the Company had cash, cash equivalents, and restricted cash of \$6.04 million.

Jorge Lozano, CDPR's COO commented, "During the first quarter of 2023, CDPR had strong operating performance by exceeding production over budget and when compared to Q1 2022. In addition, this marks the 3rd straight quarter where Santander meets or exceeds guidance. The performance of our Santander mine confirms the Company's strategic goal of stabilizing the operation and creating a track record at Santander. In addition, we achieved significant project milestones by completing our PEA Study and advancing project infrastructure as planned and the processing plant demonstrating the ability to consistently achieve 2,500 tons per day of mineral processing.

Moreover, the challenging environment with market price volatility and inflationary pressures experienced in 2022 persisted throughout the first quarter and is expected to continue during the current year. We are nonetheless executing our planned strategies to increase operational efficiencies and aggressively reduce cost in order to meet market challenges throughout the course of the year. Last, we continue to hold advanced negotiations to secure financing and we remain optimistic in securing the resources for the Pipe project. We are confident in reaffirming our 2023 Outlook"

Summary of Operating Results at Santander

		Q1'23	Q1'22	Var %
Production				
Ore Mined	t	178,235	92,602	92 %
Ore Milled	t	176,484	94,918	86 %
Zn Head Grade	%	3.27	4.30	-24 %
Pb Head Grade	%	0.26	0.20	30 %
Ag Head Grade	oz/t	0.63	0.56	13 %
Zn Recovery	%	94.98	95.30	-0.3 %
Pb Recovery	%	66.70	75.10	-11 %
Ag recovery	%	42.67	50.30	-15 %
Zn Production	MIbs	12.1	8.6	40 %
Pb Production	MIbs	0.685	0.314	118 %
Ag Production	Moz	0.0478	0.0253	89 %
Zn Head Grade	%	47.5	48.7	-3 %
Pb Head Grade	%	54.7	48.5	13 %
Sales				
Zn Payable sold	MIbs	10.3	7.5	37 %
Pb Payable sold	MIbs	0.6	0.2	200 %
Ag Payable sold	Moz	0.04	0.02	116 %
C1 Cash Cost ⁽⁴⁾	US\$/lb	1.67	1.60	4 %
AISC ⁽⁵⁾	US\$/lb	1.96	1.60	23 %
Finance				
		Q1'23	Q1'22	Var %
Revenues, net	(000)s \$	12,305	14,581	-16 %
Cost of Goods Sold	(000)s \$	-14,605	-9,725	50 %
Gross Profit	(000)s \$	-2,301	4,856	-147 %
Sales and Admin Expenses	(000)s \$	-349	-584	-40 %
Adjusted EBITDA ⁽²⁾	(000)s \$	-2,650	4,272	-162 %
Other income (expense)	(000)s \$	-886	-18	4823 %
EBITDA ⁽¹⁾	(000)s \$	-3,536	4,254	-183 %
Depreciation	(000)s \$	1,408	262	437 %
EBIT ⁽¹⁾	(000)s \$	-2,128	4,516	-147 %

		Q1'23	Q1'22	Var %
Mine Operating Expenses	(000)s \$	13,363	9,517	40 %
Smelting and refining	(000)s \$	4,364	2,459	77 %
Distribution	(000)s \$	403	217	86 %
Royalties	(000)s \$	50	27	84 %
Less: By-product revenues	(000)s \$	-1,355	-678	100 %
C1 total costs ⁽⁴⁾	(000)s \$	16,825	11,542	46 %
Sustaining CAPEX	(000)s \$	2,878	198	1354 %
Lease Payments	(000)s \$	-	0	
AISC total costs ⁽⁵⁾	(000)s \$	19,703	11,740	68 %
Pounds of zinc payable produced	MLbs	10.1	7.2	40 %
C1 Cash Cost per pound ⁽⁴⁾	\$	1.67	1.60	4 %
All-in Sustaining Cost per pound ⁽⁵⁾	\$	1.96	1.60	23 %

Q1 2023 business development highlights

- On January 18, 2023, the Company announced that it has been granted by INGEMMET three additional mining concessions adjacent to its Santander Mine. The new concessions cover an additional 2,094.103 ha.
- On February 21, 2023, the Company announced the results of Preliminary Economic Assessment ("PEA") for its brownfield Pipe Project ("the Project" or "the Santander Pipe").
- On February 22, 2023, the Company announced the extension of the surface right contract between CDPR and the community of Quiulacocha for the first phase of the Quiulacocha Tailings Project.
- On March 7, 2023, the Company announced that the Quiulacocha Tailings Reprocessing Project is included in the 2023 Ministry of Economy and Finance (MEF) Specialized Projects List for the Promotion of Investment.
- On March 21, 2023, the Company announced that signed a Memorandum of Understanding Volcan Compania Minera S.A.A., setting out shared objectives and a framework for collaboration with regards to first phase of development and exploration of CDPR's Quiulacocha Tailings Project. In addition, the Company announced that Glencore International AG will provide CDPR a \$2 Million term loan to cover the costs associated with the first phase of the QT Project. Funds will be disbursed in accordance with a schedule of milestones. The first disbursement will occur upon obtainment of easement.

Private Placement Financings Completed in Q1 2023

- On March 22, 2023, the Company concluded a private placement by issuing 8,895,000 units at a price of CA\$0.10 per unit for proceeds of CA\$889,500. Each unit consists of one Common share and one Common Share purchase warrant for a total of 8,895,000 common shares and 8,895,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CA\$0.25 until March 22, 2025.
- On March 24, 2023, the Company concluded a private placement by issuing 7,160,000 units at a price of CA\$0.10 per unit for proceeds of CA\$716,000. Each unit consists of one common share and one warrant for a total of 7,160,000 common shares and 7,160,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CA\$0.25 until March 24, 2025.
- On March 31, 2023, the Company concluded a private placement by issuing 9,190,000 units at a price of CA\$0.10 per unit for gross proceeds of CA\$919,000. Each unit consists of one common share and one warrant for a total of 9,190,000 common shares and 9,190,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of CA\$0.25 until March 31, 2025.

Annual Meeting

The Company will host its Annual Meeting of Shareholders (the "AGM") on Thursday, June 8, 2023 at 10h30 am (ET). During the AGM, the CEO (or the Management) will provide an overview of the Company's activities.

Hybrid Format

The AGM will be held in person at 1, Place Ville Marie, 40th Floor, Montréal, Québec H3B 4M4 and via webcast at https://lavery.zoom.us/webinar/register/WN_1yZJM66HQdSOu3G8mGY4TA at 10:30 a.m. (EDT), on Thursday, June 8, 2023.

The Company is conducting a hybrid meeting that will allow registered shareholders and duly appointed proxyholders to participate both online and in person. The Company is providing the virtual format to provide shareholders with an equal opportunity to attend and participate in the AGM.

For details explaining how to attend, communicate and vote virtually at the AGM please see the Company's Management Information Circular dated May 5, 2023 filed under the Company's profile on SEDAR at www.sedar.com or on the Company's website at <https://pascoresources.com/investors/shareholder-meetings/>. Shareholders who have questions about voting their shares or attending the AGM may contact by phone 1-579-476-7000

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.](#) (CDPR) is a mining and resource management company, with the goal to become the next mid-tier producer of base metals in Peru. CDPR is currently engaged in mining, developing and exploring our wholly owned 6,000 hectare Santander Mine in the highly prospective Antamina-Yauricocha Skarn Corridor, located 215 km from Lima. CDPR is also focused on the development of its principal 100% owned asset, El Metallurgista mining concession comprising mineral tailings and stockpiles extracted from the Cerro de Pasco open-pit mine in central Peru. The company's approach at El Metallurgista entails the reprocessing and environmental remediation of mining waste and the creation of numerous opportunities in a circular economy. CDPR founded on clear the objectives, to engender long-term economic sustainability and benefit for the local population, from an economic, social and health point of view.

Forward-Looking Statements and Disclaimer

Certain information contained herein may constitute "forward-looking information" or "forward-looking statements" under Canadian securities legislation. Generally, forward-looking information can be identified by words such as "pro forma", "plans", "expects", "may", "should", "could", "will", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations including negative variations thereof of such words and phrases that refer to certain actions, events or results that may, occur or be taken or achieved. Such forward-looking statements, including but not limited to statements relating to the expected development and operations of the Company and H₂-SPHERE, involve risks, uncertainties and other factors which may cause the actual results to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Such factors include, among others, risks related to the exploration, development and mining operations; impacts of macroeconomic developments as well as the impact of the COVID-19 pandemic; and any material adverse effect on the business, properties and assets of the Company or H₂-SPHERE. 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. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company will not update any forward-looking statements or forward-looking

information included herein, except as required by applicable securities laws.

Cautionary Note Regarding Non-IFRS Financial Performance Measures

This MD&A refers to the following non-IFRS financial performance measures: Earnings before interest, taxes, depreciation and amortization ("EBITDA"), Earnings before interest and taxes ("EBIT"), Adjusted EBITDA, Adjusted EBIT, Adjusted Earnings per Share, Net Debt, C1 Cash Cost and All-In Sustaining Cost ("AISC").

These measures are not recognized under IFRS as they do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. CDPR uses these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The use of these measures enables the Company to assess performance trends and to evaluate the results of the underlying business. CDPR understands that certain investors, and others who follow the Company's performance, also assess performance in this way.

The Company believes that these metrics measure our performance and are useful indicators of our expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

1) EBITDA and EBIT

EBITDA provides insight into overall business performance. This measure assists readers in understanding the ongoing cash generating potential of the business including liquidity to fund working capital, service debt, and fund capital expenditures and investment opportunities. EBITDA is profit attributable to shareholders before net finance expense, income taxes and depreciation, depletion, and amortization. EBIT is EBITDA after depreciation, depletion, and amortization. Other companies may calculate EBIT and EBITDA differently.

2) Adjusted EBITDA, Adjusted EBIT and Adjusted Earnings per Share

Adjusted EBITDA consists of EBITDA less the impact of impairments or reversals of impairment and other non-cash and non-recurring expenses and recoveries. Adjusted EBIT consists of EBIT less the impact of impairments or reversals of impairment and other non-cash and non-recurring expenses and recoveries. These expenses and recoveries are removed from the calculation of EBITDA and EBIT as the Company does not believe they are reflective of the Company's ability to generate liquidity and its core operating results.

Adjusted Earnings per Share consists of net income or loss in the period less the impact of impairments or reversals of impairment, settlement mark-to-market, fair value (gain) loss on financial instruments, (gain) loss on foreign exchange, restructuring expenses and other income or expenses.

3) Mine Operating Cash Flow

Mine operating Cash Flow is net income from operations adding back the net effects of changes in impairment, tax provisions, tax accruals, depreciation and amortization, non-cash changes in working capital and changes due to non-cash purchase price allocation adjustments.

4) C1 Cash Cost

This 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.

5) AISC

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.

6) Non-cash or one-time items

Non-cash or one-time items include depreciation, stock-based compensation, loss or gain on derivatives, change of fair value on contingent payments and other financial assets, losses on the dissolution of subsidiaries, provisions for contingent taxes, gain on the extinguishment of debt and presumed interest on convertible and promissory notes.

SOURCE [Cerro de Pasco Resources Inc.](#)

Contact

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