

Cerro de Pasco Resources Reports Q2 2023 Production Highlights and Updates on its Santander Mining Operation

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MONTRÉAL, Aug. 1, 2023 - [Cerro de Pasco Resources Inc.](#) (CSE: CDPR) (OTCPK: GPPRF) (FRA: N8HP) ("CDPR" or the "Company") reports production results for the second quarter ended June 30th, 2023 ("Q2 2023") and provides updates on its Santander mining operation. Production results are from the Company's wholly owned Santander Mine ("Santander"), located in Peru. All amounts are in U.S. dollars, unless otherwise noted.

Q2 2023 Highlights

- Production in Q2 2023 was 12.1 million pounds of zinc, 874 thousand pounds of lead, and 70 thousand ounces of silver.
- Mill recovery was 93.64% for zinc and 68.61% for lead in Q2 2023.
- Concentrate production in Q2 2023 consisted of 11,508 tonnes of zinc concentrate with 47.37% grade, and 773 tonnes of lead concentrate with 51.29% grade.
- Mine production was 185,050 tonnes and total mine development was 1,261 meters.

		Q2 2023	Q2 2022	Var	1H 2023	1H 2022	Var
Production							
Zn Price	(\$/t)	2,638	3,925	-32.8 %	2,909	3,528	-17.6 %
Ore Mined	t	185,050	94,207	96.4 %	363,285	189,125	92.1 %
Ore Milled	t	185,210	94,207	96.6 %	361,694	189,125	91.2 %
Zn Head Grade	%	3.14	3.30	-4.7 %	3.20	3.82	-16.2 %
Pb Head Grade	%	0.31	0.30	3.4 %	0.29	0.22	27.9 %
Ag Head Grade	oz/t	0.71	0.50	42.4 %	0.67	0.50	35.1 %
Zn Recovery	%	93.64	94.80	-1.2 %	94.32	95.10	-0.8 %
Pb Recovery	%	68.61	71.10	-3.5 %	68.21	72.78	-6.3 %
Ag recovery	%	50.38	47.30	6.5 %	48.27	48.35	-0.2 %
Zn Concentrate	Tn	11,508	6,129	87.8 %	23,060	14,172	62.7 %
Pb Concentrate	Tn	773	372	107.7 %	1,339	666	101.0 %
Ag Production	oz	69,862	22,405	211.8 %	117,660	41,959	180.4 %
Development meters		1,261	1,213	4.0 %	3,435	1,987	72.9 %

Operations Update - Curtailed Operations

The operation in Q2 2023 averaged 61,637 tonnes per month of processed ore. This is a 5.0% improvement over Q1 2023 and 96.4% more over the same period last year. Likewise, over the same period the operation

implemented an aggressive cost-reduction-plan, successfully reducing operating costs by 30.3% from January to June 2023. By the end of June 2023, the operation achieved the previously set guidance range for this year.

From January to June 2023 the realized value for the price of zinc fell by over 28% due to inflationary pressures and broader market volatility in the global economy. Despite this scenario, the Company has secured two term-sheets for a total of \$32.5 million in aggregate funding to execute the Santander Pipe Project.

While the company considers the macro-economic pressures affecting zinc price to be transient, CDPR believes the best course of action is to implement a new operations plan that contemplates temporary curtailment of the Santander operations (the "Curtailed Operations Plan"). As part of the Curtailed Operations Plan the Company anticipates the following:

1. Santander operation will temporarily suspend production from the Magistral area until Q4 2023 and smoothly transition to a new mining contractor as outlined in the July 18th Term-Sheet signed with China Railway N° 10 Engineering Group CO. LTD., Sucursal del Perú ("CREC10").
2. Continue the execution of the main project items of the Santander Pipe Project, as outlined in the Term-Sheet signed with CREC10.
3. Complete the cost-reduction-plan by executing on a contractor and supplier cost restructuring program.
4. Upon restarting production from Magistral in Q4 2023, mining will be limited to stope areas at rates that remain profitable at a low zinc price environment.
5. During the curtailed operations period the Santander mine will benefit from other sources of revenue such as processing external ore at its processing facilities.
6. CDPR anticipates processing of ore from the Pipe Project to start in Q1 2024. As ore mining rates increase from the Pipe area, the Santander Mine will gradually return to normal milling production by the end of Q2 2024.
7. During the temporary suspension of mine production from Magistral, the Company will maintain its operations workforce at the Santander Mine, continue with mine dewatering and all other safety and environmental activities. The Curtailed Operation Plan will also comply with all applicable regulations.
8. CDPR has already sent communication to its suppliers and contractors at the Santander Mine. Furthermore, Cerro de Pasco Resources Subsidiaria del Peru SAC., a subsidiary of CDPR, submitted on July 21st, 2023, a letter to Peruvian authorities, Direccion General de Minería "DGM", informing of the temporary suspension of Magistral related activities at the Santander Mine.

Jorge Lozano, CDPR's COO stated: "During the quarter, zinc production from our Santander operations improved as result of higher processed tonnes, furthermore we have achieved steady production with significant cost optimization. Santander is well positioned for significantly higher mill production rates as we transition to mining ore from the Pipe area. The actions taken as part of the Curtailed Operations Plan are key to ensuring the successful execution of the Santander Pipe Project. Our operational readiness and proven ability to secure term-sheets demonstrates the robust economics of the Pipe Project."

Guidance Update

	Units	Guidance 2023 REVISED
Payable production of ZnEq* (000)s	lbs 27,496	- 34,731
Payable production of Zinc (000)s	lbs 24,746	- 31,258
Payable production of Lead (000)s	lbs 1,316	- 1,662
Payable production of Silver (000)s	oz 123	- 155

As a result of the Curtailed Operations Plan, CDPR revises estimates for 2023 zinc and lead production to a new estimated range of 27.5 to 34.7 million lbs on a *ZnEq. basis, compared to prior guidance of 41.7 to 55.4 million lbs on *ZnEq.

*Prices considered are 1.51 \$/lb for Zinc, 1.01\$/lb for Lead and 23 \$/oz for Silver.

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 its 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, the El Metalurgista 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 Metalurgista entails the reprocessing and environmental remediation of mining waste and the creation of numerous opportunities in a circular economy. CDPR is founded on clear objectives, to engender long-term economic sustainability and benefit for the local population, from an economic, social and health point of view.

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