

RATING ACTION COMMENTARY

Fitch Upgrades Volcan's IDRs to 'B+'; Outlook Stable

Mon 01 Jun, 2026 - 5:27 PM ET

Fitch Ratings - New York - 01 Jun 2026: Fitch Ratings has upgraded Volcan Compania Minera S.A.A.'s Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) to 'B+' from 'B'. Fitch also upgraded Volcan's senior secured notes due 2030 and 2032 to 'B+' with a Recovery Rating of 'RR4' from 'B'/'RR4'. The Rating Outlook is Stable.

The upgrade reflects Volcan's lower execution risk, following progress at its Romina's project, which remains on budget and on schedule. Volcan's ratings reflect its medium business scale, limited geographic and product diversification and moderate cost position. They also reflect the intrinsically low five-year mine life of its polymetallic operations.

Fitch expects Volcan to maintain an adequate credit profile over the rating horizon. The ratings also reflect Volcan's strong liquidity, with no significant debt maturity until 2032. The successful ramp-up of Romina, cost structure improvements, reserve replacements and prudent capital allocation will be key to supporting any positive rating action in the medium term.

KEY RATING DRIVERS

Low Leverage: Fitch expects Volcan to maintain solid credit metrics, with EBITDA leverage at about 1.2x in 2026-2028. This represents an improvement from 2.0x in 2025 and 2024. This is driven by higher zinc and silver prices, higher output from Yauli and Chungar, and the Romina ramp-up.

Fitch expects Volcan to manage shareholder returns and growth conservatively to avoid deterioration of its financial profile throughout the commodity cycle. The company remains focused on several small debottlenecking capex strategies, seeking to improve its cost

structure, long-term production visibility and reserve replacement. Any material deviation on conservative capital deployment could pressure the ratings.

Growth Strategy Drives FCF: Fitch expects EBITDA of approximately USD840 million in 2026, supported by recovering operations and supportive metal prices. Capex will rise to an average of USD400 million per year during 2026-2028, including the final stages of the Romina, and the development of the Esperanza project. Fitch projects positive FCF averaging approximately USD80 million per year between 2026-2028, as metal prices remain strong and production recovers. Aggressive shareholder distributions or inorganic growth could deteriorate the FCF and the credit metrics.

Romina Ramp-Up Remains Key: The cost reductions and mine life expansion following the completion of Romina are key to Volcan's business sustainability and has helped strengthen its credit profile. The polymetallic Romina mine is Volcan's main near-term growth project. Fitch expects commercial production to begin in 2026. The mine will replace the aging Alpamarca mine and will use its operating plant. Fitch expects Romina to contribute approximately 10% of revenue in 2026 and 20% in 2027.

Business Profile Constrains Ratings: Volcan's ratings are constrained by limited geographic and product diversification, medium operational scale, mine life of about five years and moderate cost position, considering its third-quartile cost position on the C1 curve, according to Wood Mackenzie. Volcan's position as a top-10 global zinc producer partially offsets these constraints.

Limited Scale: The company operates only in Peru, with 85% of production from silver and zinc. Fitch expects production to recover to about 280,000 metric tons (MT) in 2026 and about 340,000 MT in 2027-2028 after past stoppages, supported by new mining zones and operational streamlining. Wood Mackenzie expects Volcan to improve its third-quartile cost position toward the peer average and the entrance of new projects should increase the mine life.

Metal Price Sensitivity: Fitch estimates a 10% increase in assumed silver or zinc prices would add USD65 million to USD80 million to EBITDA in 2026 under Fitch's base-case scenario. Under mid-cycle prices of zinc of USD2,500/tonne and silver of USD44/ ounce (oz), Volcan's EBITDA leverage is 1.9x.

PEER ANALYSIS

Volcan (B+/Stable) has a metals diversification comparable to Compania de Minas Buenaventura S.A.A. (BB/Stable), Minsur S.A. (BBB-/Stable) and Nexa Resources S.A. (BBB-/Stable), with one large base and one precious metal main revenue streams. Volcan's is more broadly diverse than Ero Copper Inc. (B+/Stable) and Aris Mining Inc. (B+/Stable), which largely rely on one main revenue stream.

Nexa's diversified production across Brazil and Peru and integrated smelting operations, support a stronger business profile. Volcan operates only in Peru, like Buenaventura and Minsur, Ero operates in Brazil and Aris in Colombia. Volcan's scale is larger than Ero's and Aris's, and smaller than Minsur, Nexa and Buenaventura.

Volcan's consolidated reserves imply about five years of mine life, which is low for mainly underground peers, such as Nexa's 13 years. Aris's and Ero's 18 years each are mostly based on open pit mining. Volcan's all-in sustaining cost (AISC) is in the third quartile of the zinc AISC curve, similar to Nexa's and Aris's, and better than Buenaventura's and Ero's, which are both in the fourth quartile in their respective metals.

Fitch expects Volcan's capital structure and liquidity to be similar to those of its named peers, with leverage near the middle of the peer group relative to similarly rated Aris and Ero. Volcan's gross leverage is expected to average 1.2x in the next three years, similar to Buenaventura (1.2x) and Ero Copper (1.2x) but higher than Aris (0.6x).

FITCH'S KEY RATING-CASE ASSUMPTIONS

--Average zinc price of USD3,000/tonne in 2026, USD2,800/tonne in 2027, and USD2,600/tonne in 2028;

--Average zinc price (including the hedge strategy) for Volcan of USD3,075/tonne in 2026, USD2,935/tonne in 2027, and USD2,795/tonne in 2028;

--Average silver price of USD64/ounce (oz) in 2026, USD54/oz in 2027, and USD47/oz in 2028;

--Average silver price (including the hedge strategy) for Volcan of USD66/ ounce (oz) in 2026, USD61/oz in 2027, and USD60/oz in 2028;

--Zinc output of 280,000 MT in 2026 and 340,000 MT in 2027-2028;

--Silver output of 14.4 million oz, 15,9 million oz, and 15,1 million oz in 2026, 2027, and 2028, respectively;

--Fitch expects Yauli to contribute more than 50% of revenues in 2026 and 47% in 2027-2028;

--Romina is expected to start operations during 2026 (and is already in the commissioning phase) and achieve full production in 2027. Fitch expects Romina expansion, to contribute 10% of revenues in 2026 and 20% in 2027-2028;

--Capex of ~USD400 million per year in 2026-2028;

--No dividends;

--No additional asset sales.

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

Business and financial profile factors (assessment, relative importance): management ('bb-', Moderate), sector characteristics ('bb', Lower), market and competitive positioning ('bb-', Moderate), diversification and asset quality ('b', Higher), company operational characteristics ('bb', Moderate), profitability ('bb-', Moderate), financial structure ('bb', Moderate), and financial flexibility ('bb', Moderate).

The quantitative financial subfactors are based on custom CRT financial period parameters: 10% weight for the historical year 2025, 10% for the forecast year 2026, 30% for the forecast year 2027, 30% for the forecast year 2028 and 20% for the forecast year 2029.

Assessments of the quantitative financial subfactors also include bespoke calculations.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'bbb-' has no impact.

The calibration adjustment applies and results in an adjustment of -1 notch(es) reflecting the combination of Volcan's recent financial stress, execution risks and weaker relative positioning compared to its peers in terms of product portfolio and mine life.

The SCP is 'b+'.

To derive the Long-Term IDR:

Fitch made no adjustments to the SCP, resulting in an IDR of 'B+'.

RECOVERY ANALYSIS

Going-Concern Approach

The recovery analysis assumes that Volcan would be considered a going concern in an event of bankruptcy and that the company would be reorganized rather than liquidated. Fitch has assumed a 10% administrative claim. The going concern EBITDA estimate reflects Fitch's view of a sustainable, post-reorganization EBITDA level upon which it bases the enterprise valuation in a low zinc price environment.

An enterprise valuation multiple of 4.5x EBITDA is applied to the going concern EBITDA to calculate a post-reorganization enterprise value. The choice of this multiple considered the following factors: the historical bankruptcy case study exit multiples for peer companies were 4.0x-6.0x, improving financial subfactors, mid-quality assets, and high-quality counterparties despite challenging dynamics in a volatile and commoditized industry.

Fitch applies a waterfall analysis to the post-default enterprise valuation based on the relative claims of debt in the capital structure. The debt waterfall assumptions consider the company's pro forma debt following refinancing and debt exchange as well as the debt-funded capex plan.

The allocation of value in the liability waterfall results in recovery corresponding to 'RR1' for the secured bonds and the unsecured debt. However, per Fitch's "Country-Specific Treatment of Recovery Ratings Criteria," Peru, where EBITDA is generated, is considered Group D. Therefore, Fitch caps the instruments' Recovery Ratings at 'RR4', resulting in no rating uplift from the IDR 'B+' for both secured bonds.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--Delays in the commercialization of Romina's mineral;

- Mine life declining below five years;
- Consolidated cost position deteriorating to the fourth quartile;
- Prolonged negative FCF deteriorating liquidity;
- EBITDA interest coverage consistently below 4.0x;
- EBITDA leverage above 3.5x on a sustained basis with an unwillingness or inability to deleverage.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Improve business scale while maintaining a downward trend in all-in sustaining costs;
- Mine life increasing to about 10 years;
- Positive to neutral FCF over the rating horizon;
- EBITDA interest coverage consistently above 5.0x;
- EBITDA leverage below 2,5x on a sustained basis.

LIQUIDITY AND DEBT STRUCTURE

As of March 31, 2026, the company had USD295 million in cash and equivalents against USD818 million in total debt. Total debt includes 2032 notes (USD750 million) and the remaining 2030 notes (USD35 million). The 2032 notes currently rank pari passu with the 2030 notes and include a collateral release condition linked to the full repurchase of the 2030 notes, which have a call option beginning in September 2026. The 2032 notes will become senior unsecured once this condition is satisfied, with covenants similar to the 2026 notes.

Fitch expects the company to continue its liability management strategy, improving its liquidity position and maintaining solid credit metrics over the rating horizon.

ISSUER PROFILE

Volcan is a Peru-based polymetallic miner with more than 80 years of operations, producing zinc, lead and silver. The company is among the top-ten zinc producers worldwide and is

controlled by Transition Metals AG, a subsidiary of Integra Capital.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for Volcan Compania Minera S.A.A..

ESG CONSIDERATIONS

Volcan Compania Minera S.A.A. has an ESG Relevance Score of '4' for Management Strategy due to recent years governance concerns, which have impaired management's ability to execute on its strategy, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

Volcan Compania Minera S.A.A. has an ESG Relevance Score of '4' for Governance Structure due to the dynamics between its shareholders in the recent years, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS



ENTITY / DEBT ↕	RATING TYPE ↕	RATING ↕	RATING ACTION ↕	RECOVERY ↕	PRIOR ↕
Volcan Compania Minera S.A.A.	LT IDR	B+ Rating Outlook Stable	Upgrade		B Rating Outlook Positive
	LC LT IDR	B+ Rating Outlook Stable	Upgrade		B Rating Outlook Positive
senior secured	LT	B+	Upgrade	RR4	B

[VIEW ADDITIONAL RATING DETAILS](#)

FITCH RATINGS ANALYSTS

Hector Collantes

Director

Primary Rating Analyst

+1 212 908 0369

hector.collantes@fitchratings.com

Fitch Ratings, Inc.

33 Whitehall Street New York, NY 10004

Alfredo Villegas

Associate Director

Secondary Rating Analyst

+56 2 3321 2904

alfredo.villegas@fitchratings.com

Debora Jalles

Senior Director

Committee Chairperson

+55 21 4503 2621

debora.jalles@fitchratings.com

MEDIA CONTACTS

Eleis Brennan

New York

+1 646 582 3666

eleis.brennan@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 02 Aug 2024\)](#)
(including rating assumption sensitivity)

[Corporate Rating Criteria \(pub. 09 Jan 2026\)](#) (including rating assumption sensitivity)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 09 Jan 2026\)](#)

[Country-Specific Treatment of Recovery Ratings Criteria \(pub. 20 Feb 2026\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

Volcan Compania Minera S.A.A.

EU Endorsed, UK Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link:

<https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the

information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice

of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001. Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2026 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

[READ LESS](#)

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

Fitch's solicitation status policy can be found at www.fitchratings.com/ethics.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.