



CSE:CDPR

Position Statement Regarding Cerro de Pasco

MONTRÉAL, QUÉBEC, CANADA — (November 25, 2020) Cerro de Pasco Resources Inc. (CSE: CDPR) (OTCMKTS: GPPRF) (Frankfurt : N8HP) (“CDPR” or the “Company”) provides its position statement regarding Cerro de Pasco and with respect to the forthcoming referendum concerning the ‘Responsibilities of Big Companies Doing Business Worldwide’ in Switzerland on November 29, 2020.

CDPR notes the comments made by the Responsible Business Initiative Committee concerning Glencore in relation to Cerro de Pasco. Regardless of the outcome of the referendum, CDPR continues to pursue closing an equitable transaction with Glencore and Volcan, because it is uniquely positioned, qualified, and experienced to bring about the best possible outcome for all stakeholders, especially for the local population in Peru, and the environment.

Background

Cerro de Pasco Resources Inc. is a resource management company, founded in 2012 and publicly listed in Canada in 2017, with the purpose of treating and reprocessing all dumps, tailings, mining waste and material resources at Cerro de Pasco in Peru. The Company is the holder of the El Metalurgista Concession which is situated immediately adjacent to the Cerro de Pasco mining operation and includes the Quiulacocha tailings and Excelsior waste deposits. The Cerro de Pasco Mine is currently controlled by Volcan Compañía Minera SAA (“Volcan”), a subsidiary of Glencore AG, which is a subsidiary of Glencore Plc.

Since 2018, the Company has been in active discussions with Volcan with a view to acquiring and integrating the entire Cerro de Pasco operation into CDPR. In November 2019, Volcan and CDPR announced a transaction whereby CDPR would acquire a 100% interest in Volcan’s concessions and operations at Cerro de Pasco. On November 2, 2020 CDPR and Volcan (the “Parties”) mutually announced that the timeline to conclude the Transaction as originally agreed had lapsed. This was mainly due to CDPR’s requirement to realign the prioritization of potential cashflows generated post transaction. The Parties have agreed to continue discussion with a view to achieving a transaction that is satisfactory to both Parties and beneficial to the local communities as soon as possible.

History of Cerro de Pasco – Why the Situation is the Way it is Today

Cerro de Pasco is a famous polymetallic mine located in the central Peruvian highlands. The operation is nearly 400 years old and was discovered by the Spanish in 1630. The mine was operated informally by many operators and commercially developed in 1902 by Cerro de Pasco Copper Corporation, a company then listed in New York. At the time it was one of the biggest, most prolific copper-silver mines in the world and it continued to grow very significantly over the subsequent half century becoming one of the most important mining centers for Peru & South America. The mining camp that started in 1630 grew into

a significant mining town over time as the mine grew. In the early 1950's the focus of exploitation shifted from copper, gold and silver to zinc, lead and silver as base metals demand grew worldwide.

In 1974 the Cerro de Pasco Mine was nationalized by Peru's military Government, led by General Juan Velasco Alvarado. During this period of State ownership, the mine was developed with little regard for the environment or the health of its workers and local communities. The town grew into a city without any formal planning or control around the mining activities and to some extent merged with the mine itself, with little thought given by anyone to the potential negative impacts of living in an industrial area.

In 1999 Volcan acquired the Cerro de Pasco Mine from the Peruvian government. The transaction specifically excluded the Quiulacocha and Excelsior waste deposits. Under the ownership of Volcan the operation continued to produce zinc, lead and silver from the material within the mine and responsibly depositing the waste in the fully permitted Ocroyoc tailings storage facility. Between 2012 and 2014 the open pit and underground mining operations wound down and processing shifted towards the treatment of old stockpiles which continues today. In 2015, Volcan commissioned a precious metal leaching facility to process remaining in-situ oxide material and which continues to operate today.

In 2017 Glencore acquired a controlling interest in Volcan and thereby an indirect interest in the Cerro de Pasco operation.

Need for an Integrated Solution

The complex challenges of remediating and restoring Cerro de Pasco can only be addressed through an integrated, holistic solution that tackles all issues, hence the strong rationale for the pooling of all assets in Cerro de Pasco under one operating team with an integrated approach and focused skills sets.

CDPR's plan recognizes this enormous responsibility but has the necessary funding and support to execute the long-term vision to reprocess all waste resources at Cerro de Pasco by 2050 creating numerous additional opportunities in a circular economy.

CDPR has unparalleled in-house knowledge of the challenges and opportunities presented by the mineral endowment within the Cerro de Pasco mining complex. The Company benefits from its first-hand experience and a comprehensive team of experts using world class geo-resource and industrial development solutions to secure long-term economic and operational sustainability in harmony with a healthy and prosperous local population. CDPR is people-focused and plans to work together with affected communities and government to build back better living and working environments. Over several years, CDPR has developed strong working relationships with affected communities near its El Metalurgista concession.

Unlike many conventional mining companies, CDPR is focused on sustainably and profitably removing acid generating waste and heavy metals found in the historical dumps and tailings facilities and responsibly storing the residual materials in properly contained and managed facilities. This alone would have an immediate positive impact on the local environment as well as generating sustainable development opportunities.

In parallel, CDPR plans to address the treatment of acid mine drainage (AMD) while it comprehensively remediates and restores the El Metalurgista mining concession for the community. The Company envisions suitably treating and closing all other remaining environmental liabilities at Cerro de Pasco in a similar fashion.

Rationale for All Stakeholders

Since discussions regarding the acquisition began in 2018, CDPR has conducted significant due diligence and detailed reviews on all aspects of the operation and fully understands the challenges and opportunities. Glencore, having identified the problems, responded appropriately by assembling and starting to implement a long-term social and environmental management plan specific to its operations which align very well with CDPR's larger, integrated, and holistic plan.

In anticipation of completing the transaction, CDPR is arranging financing commitments and expressions of interest in excess of USD60M in a combination of equity and unsecured debt financing to satisfy conditions precedent relating to demonstrating financial capability. [This amount is for the initial handover phase.]

CDPR's value proposition is as follows:

- **Full Operating Capability**

CDPR has, for several months now, maintained full management capability in the expectation of taking control of the entire Cerro de Pasco mining complex, on an integrated basis. The team is uniquely qualified, bringing credible first-hand experience to Cerro de Pasco.

- **Strong Financial Support**

Strong financial support and market endorsement has been evidenced, from a broad range of financial institutions including specialized resource and ESG impact focused investors.

- **Community Relations**

CDPR has committed a considerable amount of time and energy to understanding and developing relations with the local communities and authorities. CDPR's proposal has undergone considerable scrutiny and has met with approval from all key communities, local and national authorities.

- **Legacy Issues**

A multitude of legacy issues stretching back to the period of state-ownership has created significant tension between the current operator and local stakeholders. A sample survey confirms the desire of the local population for a change in ownership at Cerro de Pasco.

- **Time for Renewal**

Against the current backdrop which has developed over many years, it is clear that creating an acceptable pathway forward for all stakeholders which encompasses a sustainable and economic closure plan as well as the possibility of launching new projects would be best achieved through a change of ownership. These combined assets require a fully dedicated, single-minded owner and operator. CDPR is ideally positioned to construct a "partnership model" with local stakeholders and government agencies alike to establish a well-balanced social license.

- **CDPR Core Strategy**

CDPR will significantly extend the life of the operating activity at Cerro de Pasco and promote additional new economic activities. In parallel, it will focus on the permanent and effective remediation of existing environmental liabilities and introduce new technologies towards a zero-waste operation.

- **Technology Focus**

CDPR will invest in modern technological solutions to manage stakeholder engagement, governance risk and compliance in addition to applying the latest technology in the production of commodity metals through the treatment and reprocessing of all material resources, dumps, tailings and mining waste at Cerro de Pasco in order to secure long-term economic prosperity. It will also assist the authorities to establish effective geometrics, and data management. It will collaborate with the local authorities to optimize urban planning and design and relocation where necessary.

- **Time for Re-Integration**

Previous operating methods and fragmented changes of ownership throughout history ultimately resulted in poverty and poor health within the local communities. To eradicate these imbalances, it is necessary to merge and integrate the assets within the city and exploit natural synergies for the benefit of all stakeholders.

CDPR notes the comments made by the Responsible Business Initiative Committee concerning Glencore in relation to Cerro de Pasco. Regardless of the outcome of the planned referendum in Switzerland on November 29, 2020, concerning 'Responsibilities of Big Companies Doing Business Worldwide' CDPR continues to pursue closing an equitable transaction with Glencore and Volcan, because it is uniquely positioned, qualified, and experienced to bring about the best possible outcome for all stakeholders, especially for the people of Peru, and the environment.

About Cerro de Pasco Resources

Cerro de Pasco Resources Inc. is a resource management company, with a focus on applying the latest technology in the production of commodity metals through the treatment and reprocessing of all material resources, dumps, tailings, mining waste etc. at Cerro de Pasco in order to secure long-term economic prosperity. CDPR strives to meet to the highest level of environmental, social and legal compliance. CDPR provides extensive knowledge of Cerro de Pasco's challenges and potential, based on first-hand experience and a team of top experts.

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 by the use of 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. 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.

Further Information

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