Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated interim financial information (unaudited) as of December 31, 2024 and 2023

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Statement of Financial Position

As of December 31, 2024 (unaudited) and as of December 31, 2023 (audited)

	Note	December 31, 2024	December 31, 2023
		US$(000)	US$(000)
Assets			
Current Assets			
Cash and cash equivalents	5	155,834	61,642
Accounts receivable Trade, net	6	33,477	20,316
Other accounts receivable	7	67,424	77,038
Other financial assets	8	948	655
Inventories, net	9	38,070	48,305
Total current assets		295,753	207,956
Non-current Assets			
Other accounts receivable	7	31,834	35,970
Investments in associates	10	-	148,118
Financial investments	11	153,047	37,158
Property, plant and equipment, net	12	683,121	771,778
Assets by right of use	13	15,663	17,926
Mining exploration and evaluation cost, net	14	656,228	650,650
Inventories, net	9	5,180	5,619
Total non-current assets		1,545,073	1,667,219
Total assets		1,840,826	1,875,175
Liabilities and Net Stockholders' Equity			
Current Liabilities			
Overdrafts		-	1,046
Financial obligations	15	40,701	136,326
Trade accounts payable	16	189,711	242,213
Other accounts payable	17	89,891	60,495
Deferred income		21	21
Total current liabilities		320,324	440,101
Non-current Liabilities			
Financial obligations	15	709,060	667,543
Provision for closing of mining units and communities	18	200,649	286,035
Deferred income tax liability	19	123,509	78,857
Provision for contingencies and other provisions	20	37,009	37,439
Deferred income		577	602
Total non-current liabilities		1,070,804	1,070,476
Total liabilities		1,391,128	1,510,577
Equity			
Issued capital	21	774,294	906,680
Treasury stock		(41,511)	(60,934)
Other capital reserves		(162,285)	(173,234)
Capital reserve		10,492	10,416
Unrealized gains (loss)		49,406	(10,208)
Retained earnings		(180,698)	(308,122)
Total net stockholders' equity		449,698	364,598
Total liabilities and net stockholders' equity, net		1,840,826	1,875,175

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Income Statement (unaudited)

For the period from January 1 to December 31, 2024 and 2023

	For the period from October 1 to December 31		For the cumulative period from January 1 to December 31	
	2024	2023	2024	2023
	US$(000)	US$(000)	US$(000)	US$(000)
Sales, note 22	290,736	218,831	960,521	883,086
Cost of Sales, note 23	(193,767)	(178,372)	(699,588)	(725,507)
Gross Income	96,969	40,459	260,933	157,579
Operating income (expenses)				
Administrative expenses	(25,076)	(10,807)	(62,875)	(55,157)
Selling expenses	(7,907)	(9,251)	(29,081)	(30,563)
Other income	65,430	17,476	145,115	63,429
Other expenses	(40,133)	(28,723)	(115,282)	(78,507)
Recovery (Loss) due to impairment of long-lived assets	91,700	(36,200)	91,700	(36,200)
	84,014	(67,505)	29,577	(136,998)
Operating income	180,983	(27,046)	290,510	20,581
Financial income (expenses)				
Financial income, note 24	957	1,009	4,318	4,842
Financial expenses, note 24	(21,500)	(17,840)	(79,206)	(70,526)
Exchange difference, net	(142)	1,654	570	951
Total other income (expenses), net	(20,685)	(15,177)	(74,318)	(64,733)
Income before income tax	160,298	(42,223)	216,192	(44,152)
Income tax, note 19 (b)	(53,502)	43,186	(79,059)	34,169
Net income	106,796	963	137,133	(9,983)
Weighted average of outstanding shares (in thousands)	3,857,594	3,857,594	3,857,594	3,857,594
Basic and diluted (loss) earnings per share	0.028	0.000	0.036	(0.003)

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Statement of Comprehensive Income (unaudited)

For the period from January 1 to December 31, 2024 and 2023

	For the period from October 1 to December 31		For the cumulative period from January 1 to December 31	
	2024 US$(000)	2023 US$(000)	2024 US$(000)	2023 US$(000)
Net income	106,796	963	137,133	(9,983)
Others comprehensive income (loss):				
Net change in gains (losses) unrealized on derivate instruments and Financial investments	(36,925)	(2,304)	84,559	(1,095)
Income tax	10,893	680	(24,945)	323
Other comprehesive income (loss) net of income tax	(26,032)	(1,624)	59,614	(772)
Total comprehesive income	**80,764**	**(661)**	**196,747**	**(10,755)**

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Statement of changes in the Net Stockholders' Equity (unaudited)

For the period from January 1 to December 31, 2024 and 2023

	Capital Issued	Treasury stock	Other capital reserves	Capital reserve	Unrealized gains (loss)	Retained earnings	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Balances as of January 1, 2023	**1,134,300**	**(60,934)**	**10,695**	**(173,234)**	**(9,436)**	**(526,038)**	**375,353**
	-	-	-	-	-	-	-
Results integrals							
Net Loss	-	-	-	-	-	(9,983)	(9,983)
Other results integrals of year	-	-	-	-	(772)	-	(772)
Total results integrals of year	-	-	-	-	(772)	(9,983)	(10,755)
Capital reduction to cover negative accumulated results	(227,620)	-	(986)	-	-	228,606	-
Legal Reserve Application	-	-	707	-	-	(707)	-
Balances as of December 31, 2023	**906,680**	**(60,934)**	**10,416**	**(173,234)**	**(10,208)**	**(308,122)**	**364,598**
Balances as of January 1, 2024	**906,680**	**(60,934)**	**10,416**	**(173,234)**	**(10,208)**	**(308,122)**	**364,598**
Results integrals							
Net Profit	-	-	-	-	-	137,133	137,133
Other results integrals of year	-	-	-	-	59,614	-	59,614
Total results integrals of year	-	-	-	-	59,614	137,133	196,747
Capital reduction (equity block)	(132,386)	-	-	-	-	-	(132,386)
Other changes in equity	-	19,423	76	10,949	-	(9,709)	20,739
Balances as of December 31, 2024	**774,294**	**(41,511)**	**10,492**	**(162,285)**	**49,406**	**(180,698)**	**449,698**

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Cash Flows Statement (unaudited)

For the period from January 1 to December 31, 2024 and 2023

	Note	December 31, 2024	December 31, 2023
		US$(000)	US$(000)
Operating activities			
Collection corresponding to:			
Collection of sales proceeds		1,052,070	1,035,925
Refund of the credit balance in favor of the exporter and taxes		43,692	27,723
Expenses for coverage		427	3,411
Others		9,461	25,379
Payments corresponding to:			
Payments to suppliers and third parties		(683,789)	(694,654)
Payments to workers		(107,346)	(119,659)
Income tax payments		(2,774)	(18,322)
Royalties		(13,276)	(11,411)
Cash flows from operating activities, net		**298,465**	**248,392**
Investing activities			
Payments corresponding to:			
Disbursements for the acquisition of mining rights, property, plant and equipment		(73,027)	(85,548)
Disbursements for exploration and development activities		(74,857)	(94,382)
Cash flows (used in) investment activities, net		**(147,884)**	**(179,930)**
Financing activities			
Collection corresponding to:			
Obtaining loans with third parties		55,000	-
Sale of shares in energy company		74,148	-
Payments corresponding to:			
Amortization of overdrafts and other financial liabilities	15	(124,080)	(25,389)
Premium payments and bond repurchase expenses		(1,046)	(848)
Interest payment	15	(60,411)	(54,183)
Cash flows (used in) from financing activities, net		**(56,389)**	**(80,420)**
Increase (Decrease) in cash and cash equivalents for the period		94,192	(11,958)
Cash and cash equivalents at the beginning of the period		61,642	73,600
Cash and cash equivalents at the end of the year		-	-
Cash and cash equivalents at the end of the period	5	**155,834**	**61,642**
Transactions that do not generate cash flows:			
Acquisition of assets under financial lease		1,502	1,241
Operational leasing of vehicles and heavy machinery	13	5,329	12,248

The accompanying notes are an integral part of this statement

1. Identification and economic activity

(a) Identification –

Volcan Compañía Minera S.A.A. (hereinafter "the Company") is a subsidiary of Transition Metals AG., which is a subsidiary of Integral Capital Business S.A., a company domiciled in Panama, owner of 63% of common class A voting shares in circulation and the total include the economic interest of 23.3%, excluding treasury shares.

On May 8, 2024, Glencore AG, which is a subsidiary of Glencore PLC, carried out an over-the-counter transfer of its shares to Transition Metals AG.

The Company was incorporated in Peru, in the city of Lima, on February 1, 1998.

The shares comprising the capital stock of the Company are listed in the Stock Exchange of Lima.

The Company is mainly engaged in the exploration and operation of mining claims and the extraction, concentration, treatment and commercialization of polymetallic minerals. The economic activity of Subsidiaries is explained in paragraph (d).

The Company and Subsidiaries engaged in the mining sector operate the mining units of Yauli, Animon, Alpamarca, Cerro and Oxidos in the departments of Cerro de Pasco, Junín and Lima. The Subsidiaries engaged in the electric power generation business operate in the department of Lima.

Volcan carries out its activities in the following units: Ticlio, Mahr Tunel, Carahuacra, San Cristobal, Andaychagua and Carapongo, these are located on Central Highway No. 168, department of Junin.

In the Subsidiaries, its concentrator plants are mainly located at Animon No. 44, province of Huayllay, department of Cerro de Pasco and on the Lima KM highway. 174, province of Santa Barbara de Carhuacayan, department of Junín.

The Company's Management addresses and supervises all operations of the economic group.

The legal domicile, where the administrative offices of the Company are located, is Av. Manuel Olguin No. 375, Santiago de Surco, Lima.

(b) Basis of preparation:

The Company's separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

In accordance with current International Financial Reporting Standards (IFRS), there is no obligation to prepare separate financial statements; but in Peru, companies have the obligation to prepare them in accordance with current legal regulations. Due to this, the Company has prepared separate financial statements in accordance with IAS 27, Separate Financial Statements. These financial statements are made public within the term established by the Superintendence of the Securities Market (SMV).

(c) Approval of consolidated financial statements –

The consolidated financial statements as of December 31, 2024 were approved by the Company's Management on February 17, 2025. The consolidated financial statements as of December 31, 2023 were approved by the Shareholders´s Meeting on March 26, 2024.

(d) The consolidated financial statements include the financial statements from the following subsidiaries:

	Direct and indirect interest in ownership		
Consolidated Subsidiaries and economic activity	December 31, 2024	December 31, 2023	Domicile
	%	%	
Mining exploration and operation:			
Compañía Minera Chungar S.A.C.	100.00	100.00	Perú
Empresa Administradora de Cerro S.A.C. (3)	100.00	100.00	Perú
Empresa Explotadora de Vinchos Ltda. S.A.C.	100.00	100.00	Perú
Minera Aurífera Toruna S.A.C. (1)	80.00	80.00	Perú
Electric power generation:			
Hidroeléctrica Huanchor S.A. (3)	-	100.00	Perú
Empresa de Generación Eléctrica Rio Baños S.A.C. (4)	-	100.00	Perú
Compañía Hidroeléctrica Tingo S.A. (2)	100.00	100.00	Perú
Investments in general:			
Roquel Global S.A.C.	100.00	100.00	Perú
Compañía Industrial Limitada de Huacho S.A.	96.41	96.41	Perú
Empresa Minera Paragsha S.A.C.	100.00	100.00	Perú
Inversiones Portuarias Chancay S.A.A. (5)	-	100.00	Perú

(1) Subsidiary of Empresa Minera Paragsha S.A.C. and indirect subsidiary of the Company.

(2) Subsidiary of Compañía Minera Chungar S.A.C. and indirect subsidiary of the Company.

(3) The Subsidiary Hidroeléctrica Huanchor S.A. was sold on October 11, 2024.

(4) The Subsidiary Empresa de Generación Eléctrica Río Baños S.A.C. was sold on May 31, 2024.

(5) The shares of Inversiones Portuarias Chancay S.A.A. were distributed to the same shareholders of the Company as part of the spin-off agreement.

Below is a description of the economic activity of each subsidiary:

Compañía Minera Chungar S.A.C.

The Company has two mining units, Animón, located in the department of Cerro de Pasco, district of Pasco, district of Huayllay and the Alpamarca mining company, located in the departments of Junín and Lima, province of Yauli and Huaral. This is dedicated to the exploration, development and exploitation of mining deposits, basically of minerals containing zinc, copper and lead. It has 226 mining concessions with an indefinite term. The Company's Management, based on the estimate of reserves and resources, has considered a useful life of the mine until 2046.

In addition, the Subsidiary owns 10 hydroelectric plants, 9 are located in Huaral and 1 in Cerro de Pasco, of which 6 have a concession (4 indefinite and 2 defined) and 4 have neither a concession nor a permit because they are a hydroelectric plant with a production of less than 500KW as indicated by the Electric Concessions Law.

Empresa Administradora de Cerro S.A.C.

The company is located in the department of Cerro de Pasco, province of Pasco and district of Simon Bolivar. It is engaged in the exploration, development and exploitation of mineral deposits, mainly of minerals containing zinc and lead. Currently, the Subsidiary processes stockpiles in its Cerro mining unit because its mine operations are paralyzed. The Subsidiary has 35 mining concessions with an indefinite duration. The Company's Management, based on the estimate of reserves and resources, has considered a useful life of the mine until 2030.

Likewise, as a result of the merger with Óxidos de Pasco S.A.C., which came into effect in October 2023, it is engaged in the treatment of oxidized minerals in the leaching plant. The Subsidiary has a beneficiation concession with an indefinite duration. Based on the estimated reserves and resources, the Company's Management has considered a useful life of the mine until 2035.

Empresa Explotadora de Vinchos Ltda. S.A.C.

This Company is located in the department of Cerro de Pasco, Daniel Alcides Carrion province, Santa Ana de Tusi district. It was established for the exploration, development and exploitation of mining deposits, its main activity being the exploration in its mining concessions through the financing of the Company and Subsidiaries. The company has not developed activities during 2024 and 2023.

The Company's Management is re-evaluating the potential of the projects, or the option of a simple reorganization in order to seek synergies for the development of its projects. The Subsidiary has 5 mining concessions with an indefinite term.

Empresa Minera Paragsha S.A.C.

Established for the exploration, exploitation, transfer and mining usufruct; however, its main activity is currently the purchase and sale of investments in equity instruments. This company has shares of the Company and investments in Inversiones Portuarias Chancay S.A.A and Cementos Polpaico S.A. The Subsidiary holds 47 mining concessions, of which there are 43 concessions with an indefinite term and 4 concessions with a resolution of extinction.

Minera Aurífera Toruna S.A.C.

This Company was established for the exploration, development and exploitation of mining deposits, its main activity being the exploration in its mining concessions, through financing from the Company and Subsidiaries. No activities have been developed during 2024 and 2023.

The Company's Management is re-evaluating the potential of the projects, or the option of a simple reorganization in order to seek synergies for the development of its projects. The Subsidiary holds 7 mining concessions with an indefinite term.

Hidroeléctrica Huanchor S.A.C.

The Company is mainly engaged in the sale of energy through the operation and maintenance of generating plants of electrical transmission systems. To do this, it has the 19,768 MW Huanchor Hydroelectric Power Plant and the 1.3 MW Tamboraque Mini Hydroelectric Power Plant, both located in the district of San Mateo, province of Huarochirí, Lima. The Subsidiary has a definitive electrical concession.

On June 14, 2024, the Company has signed a definitive agreement for the sale of this subsidiary for an amount of US$46,800 with EDF PERÚ S.A.C., AC Capitales Infrastructure II L.P, AC Capitales Fondo Infraestructura II. and AC Capitales Fondo Infraestructura II GP.

On October 11, 2024, the Company was sold for a final consideration of US$49,469 before taxes and other deductions to Rimac Hydro S.A.C., a company 50% owned by EDF PERÚ S.A.C. and 50% by the following funds: (i) AC Capitales Infrastructure Fund II, L.P., managed by AC Capitales Infrastructure II GP LLC; (ii) AC Capitales Fondo Infraestructura II and (iii) AC Capitales Fondo Infraestructura II GP, both managed by AC Capitales Sociedad Administradora de Fondos de Inversión S.A.

Empresa de Generación Energética Rio Baños S.A.C.

The Company was mainly dedicated to the sale of energy through the operation and maintenance of the 20.27 MW Rucuy hydroelectric plant, located in the district of Pacaraos, province of Huaral, department of Lima. The Subsidiary had a definitive electrical concession.

On May 31, 2024, the Company was sold for an amount of US$31,675 to the Sindicato Energético Company.

Compañía Hidroeléctrica Tingo S.A.

This Company is dedicated to the operation and maintenance of generating plants and electric energy transmission systems. It has the 1.25 MW Tingo Hydroelectric energy plant and 82 km of 22.9 and 50 kv transmission lines. The Subsidiary has an indefinite electrical concession.

Roquel Global S.A.C.

This company is dedicated to real estate development with the purpose of carrying out port and logistics activities related to the Port of Chancay.

The Industrial Logistics Complex Project continues in the process of obtaining a strategic partner and is in an initial stage.

Compañía Industrial Limitada de Huacho S.A.

This company is dedicated to real estate activity, in which most of its properties are located in the district of Jesus Maria, province of Lima.

Inversiones Portuarias Chancay S.A.A.

This Company was incorporated in the "Oficina de Registro de Lima" of the "Superintendencia Nacional de los Registros Públicos" on October 3, 2023. According to the General Shareholders' Meeting of Volcan held on August 24, 2023, this company was established to acquire, develop and negotiate shares or economic rights. in companies dedicated to port and logistics activities of any type, as well as any related services.

The General Shareholders' Meeting approved the spin-off of an equity block consisting of 40% of the shares in Cosco Shipping Ports Chancay Perú S.A. owned by the Company

On October 25, 2023, the shareholders of Volcan Compañía Minera S.A.A. and Inversiones Portuarias Chancay S.A.A. approved the spin-off of the equity block made up of 40% of the shares of Cosco Shipping Ports Chancay Perú S.A. owned by Volcan Compañía Minera S.A.A. which transferred to Inversiones Portuarias Chancay S.A.A.

The effective date of the spin-off was March 4, 2024, and the net book value of the equity block amounts to the sum in soles of (in thousands) S/443,328 (equivalent to US$132,386) composed of capital of (in thousands) S/407,656 and additional capital of (in thousands) S/35,672.

As a result of the spin-off of the equity block, the Board of Directors agreed to modify its bylaws, to read as follows: The subscribed and paid-in capital of Inversiones Portuarias Chancay S.A.A. It is S/407,656 represented by 1,633,414,553 Class "A" common shares and 2,443,157,622 Class "B" common shares with a par value of S/0.10 each.

By virtue of the spin-off agreement, the Company's shareholders are also shareholders of Inversiones Portuarias Chancay S.A.A., therefore it is not a subsidiary but a related entity.

The Company has investments in Inversiones Portuarias Chancay S.A.A. through its Subsidiaries for US$124,449, valued at fair value.

(e) Fusion –

The General Meeting of Shareholders of the Administrative Company Cerro S.A.C. On September 29, 2023, it approved the merger by absorption project with Óxidos de Pasco S.A.C.

The effective date of the merger was October 1, 2023 and was carried out at the book value of the merged company as of September 30, 2023.

The equity block absorbed by Empresa Administradora Cerro S.A.C. It is made up of the following detail:

	Óxidos de Pasco S.A.C. 30.09.2023
	US$000
Assets	
Current Assets	
Cash and cash equivalents	4,444
Accounts receivable Trade, net	1,032
Accounts receivable from related entities	93,852
Other accounts receivable	7,425
Inventories, net	5,709
Total current assets	112,461
Non-current Assets	
Property, plant and equipment, net	117,763
Mining exploration and evaluation cost, net	1,207
Deferred income tax	18,909
Total non-current assets	137,879
Total assets	250,341
Liabilities and Net Stockholders' Equity	
Current Liabilities	
Trade accounts payable	11,436
Accounts payable to subsidiaries and affiliates	3,053
Other accounts payable	5,680
Financial obligations	222
Total current liabilities	20,391
Non-current Liabilities	
Deferred income tax	13,563
Provision	3,310
Total non-current liabilities	16,873
Total liabilities	37,264
Net Value of the patrimonial block absorbed by Empresa Administradora Cerro S.A.C.	213,077

(f) Bond issuance –

On February 11, 2021, bonds known as “Senior Notes Due 2026” were issued and placed in its entirety in the international market for US$475,000, at an annual rate of 4.375%, maturing in 5 years. Interests will be paid in semiannual installments from August 11, 2021 to February 11, 2026.

The funds were received on February 11, 2021, and in that month, the Company carried out the following:

(i) Partial repurchase of the “Senior Notes Due 2022” for an amount of US$125,000,

(ii) Cancellation of the syndicated loan for an amount of US$303,000, including accrued interest and

(ii) the payment of other medium-term credits for US$34,000.

(iv) The balance of the funds received from the new bond issue was allocated to expenses related to the operation for US$13,000.

On June 21, 2022, the partial repurchase of the “Senior Notes Due 2026” was carried out for an amount of US$110,000.

On August 5, 2024, the Company made a private exchange offer to the holders of the bonds called “4.375% Senior Notes Due 2026” for new bonds called “8.750% Senior Secured Notes Due 2030”.

On September 10, 2024, the Company made the private exchange offer of the instruments called “4.375% Senior Notes due 2026” (the “Existing Notes”) directed to the holders of the Existing Notes, for new notes called “8.750% Senior Secured Notes due 2030” (the “New Notes”) - “Exchange Offer”, which will mature in January 2030 at a rate of 8.750%.

Volcan received valid tenders and consents from registered holders of the Existing Notes for US$297,014, representing approximately 81.37% of the outstanding principal amount of the Existing Notes. The Company accepted the full amount of the tenders described above, plus a 1% commission, for a total of US$299,872 of New Notes issued in consideration for the Existing Notes making such tenders and entered into a second addendum to the existing Indenture. Interest will be paid on each of January 24 and July 24 until January 2030, when the principal amount is repaid.

The new notes “8.750% Senior secured notes due 2030”, are guaranteed by the majority of the Company's assets, including the subsidiaries: Compañía Minera Chungar, Empresa Administración Cerro, Empresa Minera Paragsha, Compañía Industrial Huacho, Roquel and Tingo and share guarantees, on a pari passu basis, with the obligations of the syndicated loan agreement dated July 24, 2024 signed between the Company, certain of its subsidiaries, the lenders detailed in said document and Citibank N.A., as administrative agent.

(g) Syndicated Loan

On December 29, 2021, the syndicated loan contract was signed for US$400,000, with the following entities being lenders: Banco Santander, S.A.; Citibank, N.A., acting through its international banking facility; Citibank, N.A.; Bank of Nova Scotia; International Bank of Peru S.A.A.; Inter-American Bank of Finances; Credit and Investment Bank, S.A.; Latin American Bank of Foreign Trade, S.A.; Bancaribe Curacao Bank N.V.; Banco de Credito del Peru and Banco de Occidente Panama, S.A. The interest rate is variable, equivalent to LIBOR (3m) plus a margin calculated based on the company's credit rating.

On January 25, 2022, Volcan Compañía Minera S.A.A. received the disbursement of US$400,000 corresponding to the syndicated loan. The funds of this loan were used in full to pay the obligations under the existing bonds called "5.375% Senior Notes due 2022".

In June 2024, the Company amortized US$34,286 of the syndicated loan and on July 24, it signed a comprehensive modification “Amended and Restated Credit Agreement” to the syndicated loan agreement, which included the following modifications:

(i) The extension of the final maturity date until July 24, 2029.

(ii) The amortization of the outstanding amount of US$369,371 in installments with quarterly maturity, according to the following schedule: US$10,000 with maturity in 2025, US$20,000 in 2026, US$25,000 in 2027, US$35,000 with maturity in 2028 and US$25,000 with the remaining balance on the final maturity date.

(iii) Interest rate of SOFR+500 bps during years 1-3 and a possible increase in years 4-5 to SOFR+550 bps.

(iv) Allows for additional financing of up to US$70,000 for working capital, US$125,000 for the development of the Romina Project, US$100,000 for hedging operations and an additional US$15,000 for leasing operations.

(v) As long as there are outstanding balances of the syndicated loan greater than US$160,000, the Company will apply part of the cash surpluses greater than US$70,000 to amortize the syndicated loan.

(vi) The following financial covenants have been established:

a. Total consolidated debt to EBITDA ratio: The Debt to EBITDA ratio at a consolidated level, measured on the last day of each fiscal quarter, must be less than: (i) 3.75:1.00 before December 31, 2026 and (ii) 3.50:1.00 as of 2027.

b. Consolidated EBITDA to Debt Service ratio, measured on the last day of each fiscal quarter, must be greater than 1.75:1.00

As of December 31, 2024, the result of the Debt to EBITDA ratio is 1.99. In the case of the EBITDA to Debt Service ratio, the result at the end of 2024 is 2.34.

(vii) Limitations are established for the sale of certain assets, among others.

(viii) The refinanced loan is secured by the majority of the Company's assets, including the subsidiaries: Compañía Minera Chungar, Empresa Administración Cerro, Empresa Minera Paragsha, Compañía Industrial Huacho, Roquel and Tingo.

(ix) The refinanced loan allows the Company to share the guarantees provided pari passu with the "8.750% Senior secured notes due 2030"

(h) Spin-off of Inversiones Portuarias Chancay S.A.A.

The General Meeting of Shareholders of Volcan Compañía Minera S.A.A. dated August 24, 2023 and at the General Meeting of Shareholders of Inversiones Portuarias Chancay S.A.A. On October 25, 2023, they approved the spin-off of the equity block made up of 40% of the shares in Cosco Shipping Ports Chancay Perú S.A. owned by Volcan Compañía Minera S.A.A. which transferred to Inversiones Portuarias Chancay S.A.A.,

The effective date of the spin-off was March 4, 2024. It is made up according to the following detail:

	Inversiones Portuarias Chancay S.A.A.
	US$(000)
Assets	
Non-current Assets	
Investments in Associates	148,796
Total non-current assets	148,796
Total assets	148,796
Liabilities	
Pasivo no corriente	
Deferred income tax liability	16,407
Total non-current liabilities	16,407
Total liabilities	16,407
Net Value of the patrimonial block	132,389

2. Significant accounting policies

Significant accounting policies used by the Company and Subsidiaries for the preparation of the consolidated financial statements are summarized below:

(a) Statement of compliance and basis of preparation and presentation

The accompanying consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), effective as of December 31, 2024 and 2023, as applicable, including International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), or by the former Standing Interpretations Committee (SIC), adopted by the IASB, which have been validated by the Accounting Standards Committee for their application in Peru. Historical cost basis was applied for these purposes, except those items measured at fair value, as further explained in the section of significant accounting policies (paragraph d).

Fair value is the price that would be received when selling an asset or paid when transferring a liability in an organized transaction between market participants at a measurement date, regardless of the fact that such price is directly observable or estimable through another valuation technique. When estimating the fair value of an asset or liability, the Company and Subsidiaries consider the characteristics of such asset or liability in the event that market participants would want to consider them when setting a price at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined over such basis, except share-based payment transactions (which are within the scope of IFRS 2), lease transactions (within the scope of IFRS 16), and measurements somehow similar to fair value, but are not fair value, such as net realizable value in IAS 2, or value in use in IAS 36, if necessary.

Additionally, for financial reporting purposes, fair value measurements are categorized into three levels: 1, 2 or 3; depending on the extent to which the inputs for the fair value measurements are observable, and the significance of these inputs to the fair value measurement as a whole, as described below:

Level 1: The inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible to the Company and Subsidiaries at the measurement date.

Level 2: The inputs are other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3: The inputs are unobservable for the asset or liability. Unobservable inputs will be used to measure fair value to the extent that relevant observable inputs are not available, thereby taking into account situations where there is little, if any, market activity for the asset or liability at the measurement date.

The Company and Subsidiaries' Management is responsible for the information contained in these consolidated financial statements, which expressly confirms that all principles and criteria established in IFRS issued by the IASB, effective at each year-end, have been applied in their preparation.

(b) Consolidation principles

The accompanying consolidated financial statements include the accounts of the Company and of those entities controlled by the Company (Subsidiaries). The Company considers that control of an entity is achieved when the Company has the power to govern their financial and operating policies in order to obtain benefits from their activities.

All significant intercompany transactions have been eliminated in consolidation. When necessary, adjustments are made to the financial statements of certain Subsidiaries to bring their accounting policies into line with those used by other members of the group.

Profit and loss of subsidiaries acquired or disposed during the year are included in the consolidated statement of profit or loss as from the effective date of acquisition or up to the effective date of sale, as applicable. Total comprehensive income of those subsidiaries is attributed to the Company's shareholders and to the non-controlling owners of these subsidiaries even in cases when these interests result in a deficit balance.

Changes in the interest in Subsidiaries that do not correspond to a loss of control over them are accounted for as equity transactions. The carrying amounts of interest of the shareholders of the Company and the non-controlling owners of these subsidiaries are adjusted to reflect the changes in their interest. Any difference between these amounts and the fair value of the consideration paid or received is directly attributed to equity of shareholders of the Group.

As of December 31, 2024 and December 31, 2023, the consolidated financial statements include the consolidated accounts of Volcan Compañía Minera S.A.A. and Subsidiaries disclosed in Note 1(c).

(c) Functional and presentation currency

The Company and each Subsidiary prepare and present their consolidated financial statements in U.S. dollars, its functional currency. The functional currency is the currency of the main economic environment in which an entity operates, which influences selling prices of traded goods and services, among other factors.

Conversion to US dollars

The Company prepares its consolidated financial statements in US dollars from its accounting records, which are kept in soles. These consolidated financial statements are converted to US dollars (functional currency) following the methodology indicated below:

As of December 31, 2024 and December 31, 2023, monetary assets and liabilities, whose original currency is the sol, have been converted to US dollars using the average closing exchange rate in effect on those dates of US$0.266 and US$0.265 per S/1.00, respectively. Monetary assets and liabilities in US dollars are maintained at their original value in said currency.

Non-monetary assets and liabilities and equity accounts in soles have been converted to US dollars using the exchange rate in effect on the date of origin of the transaction. The consumption of supplies and accumulated depreciation of property, plant and equipment, amortization of mining concessions, exploration and development expenses and other mining assets were calculated from the amounts converted to US dollars of the assets to which they relate. Non-monetary assets and liabilities in US dollars are maintained at their original value in said currency.

The income items denominated in US dollars are presented in their original currency, the other transactions are converted from soles to US dollars using the exchange rate in effect on the date of origin of the transaction, except for the items that come from non-monetary assets, which are determined as indicated in the previous point.

(d) Foreign currency transactions

Transactions in currencies other than the U.S. dollar are considered as “foreign currency transactions” and are recognized by applying the exchange rates effective at the date of transactions. At the end of each reporting period, balances of monetary items denominated in foreign currency are translated by applying the exchange rates effective at that date.

Balances of non-monetary items accounted for at fair value, denominated in foreign currency, are translated by applying the exchange rates applicable at the date when fair value was determined. Balances of non-monetary items recognized in historical cost terms, denominated in foreign currency, are translated by applying the exchange rates effective at the date of transactions.

Exchange differences arising from monetary items are recognized in net profit or loss for the period when arisen.

(e) Financial instruments

Financial instruments are contracts that simultaneously give rise to a financial asset in a company and a financial liability or equity instrument in another company. Financial assets and liabilities are recognized when the Company and Subsidiaries become part of the contractual agreements of the corresponding instrument.

Financial assets and liabilities are initially measured at fair value plus transaction costs directly attributable to their acquisition or issuance, except for those classified at fair value through profit or loss, which are initially recognized at fair value and whose transaction costs directly attributable to their acquisition or issuance, are recognized immediately in profit or loss for the year.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis and require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss.

Notwithstanding the above, the Company may make the following irrevocable designation on initial recognition of a financial asset:

- It may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met; and

- It may irrevocably designate a debt instrument that meets the criteria of amortized cost or fair value through other comprehensive income if doing so eliminates or significantly reduces an accounting mismatch.

<u>Amortized cost and effective interest method</u>

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss provision. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss provision.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at fair value through other comprehensive income. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For financial assets acquired or originated with credit impairment, the Company and Subsidiaries recognize interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset as of initial recognition. The calculation does not revert to the gross basis, even if the credit risk of the financial asset subsequently improves, such that the financial asset is no longer credit impaired. Interest income is recognized in the consolidated statement.

Impairment of financial assets

The Company and Subsidiaries recognize a provision for expected credit losses of financial assets that are measured at amortized cost or at fair value through other comprehensive income. An impairment loss for investments in equity instruments is not recognized. The amount of expected credit losses is updated at each reporting date in order to reflect the changes in credit risk since the initial recognition of the pertinent financial instrument.

The Company and Subsidiaries recognize lifetime expected credit losses for trade accounts receivable and other accounts receivable in the short term, for which they used the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company and Subsidiaries' historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the presentation date, including time value of money where appropriate.

For all other long-term financial instruments, the Company and Subsidiaries recognize lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. The evaluation of whether the expected credit losses should be recognized during the life of the credit is based on significant increases in the probability or the risk that a noncompliance may occur since initial recognition instead of the evidence that the credit of a financial asset is impaired at the presentation date of the report, or an actual noncompliance has occurred.

The duration of expected credit losses during the life of the credit represents the expected credit losses that will result from all possible default events over the expected useful life of a financial instrument. In contrast, 12-month expected credit losses during the life of the credit represents the portion of the useful life of expected credit losses during the life of the credit that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

Financial liabilities are classified at fair value through profit or loss or at amortized cost using the effective interest method. The Company and Subsidiaries determine the classification of financial liabilities upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company and Subsidiaries manage and have a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as a financial liability at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company and Subsidiaries' documented risk management or investment strategy, and information about the Company and Subsidiaries is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value, with any profit or losses arising on the new measurement recognized in profit or loss. The net profit or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other profit and losses" line item.

However, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Profit or losses on financial guarantee contracts and loan commitments issued by the Company and Subsidiaries that are designated as at fair value through other profit or loss are recognized in profit or loss.

Financial liabilities measured subsequently at amortized cost

Other financial liabilities, including loans, trade accounts payable and others, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts cash flows receivable or payable (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) estimated through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company and Subsidiaries derecognize financial liabilities when, and only when, the Company and Subsidiaries' obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

The Company and Subsidiaries enter into a variety of derivative financial instruments to manage its exposure to rate risks and prices of commodities.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The profit or loss in changes of fair value of these assets is recognized in profit or loss for the year they are incurred unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Company and Subsidiaries have both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Company and Subsidiaries generally designate the whole hybrid contract at fair value through profit or loss.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

Hedge accounting

The Company and Subsidiaries designate certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, and cash flow hedges. As of December 31, 2023, the Company and Subsidiaries held hedge operations of commodities in order to ensure future flows of sale of concentrates.

At the inception of the hedge relationship, the Company and Subsidiaries document the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company and Subsidiaries document whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company and Subsidiaries actually hedge and the quantity of the hedging instrument that the Company and Subsidiaries actually use to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company and

Subsidiaries adjust the hedge ratio of the hedging relationship (i.e., rebalance the hedge) so that it meets the qualifying criteria again.

The Company and Subsidiaries designate the full change in the fair value of a forward contract (i.e., including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Company and Subsidiaries designate only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis; the Company and Subsidiaries apply straight-line amortization. Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Company and Subsidiaries expect that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Note 5 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in Note 20.

Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case it is recognized in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognized in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument. Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Company and Subsidiaries discontinue hedge accounting only when the hedging relationship (or a part thereof) cease to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

The effects for fair value change on fair value hedges are presented in the consolidated statement of other comprehensive income.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The profit or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the profit and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company and Subsidiaries expect that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Company and Subsidiaries discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted for prospectively. Any profit or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the profit or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

The effects for fair value change on cash flow hedges are presented in the consolidated statement of other comprehensive income.

(f) Cash and cash equivalents

Cash comprises cash on hand and freely available deposits. Cash equivalents comprise short-term financial investments with maturities of three months or less counted from their acquisition date, which are readily convertible into known amounts of cash and are not subject to an insignificant risk of changes in value.

See note 5 Cash and cash equivalents.

(g) Inventories and obsolescence estimate

Concentrates and raw material are valued at the lower of acquisition or production cost or net realizable value. The cost of concentrates includes the cost of direct materials, and in this case, direct labor costs and manufacturing overheads, include the cost of transferring inventories to their current location and conditions. The cost of concentrates and supplies is determined by applying the weighted average cost method, and the cost of inventories in transit is determined by applying the specific cost method. Net realizable value is the sales price estimated in the normal course of business, less the estimated costs to place inventories in sale conditions and perform their sale. Due to the reductions of the carrying amount of inventories to their net realizable value (concentrate) and obsolescence or slow turnover (supplies), an estimate for inventory obsolescence is established and charged to profit or loss of the period when those reductions occur. See note 9 Inventories, net.

(h) Property, plant, and equipment (net)

Property, plant, and equipment are presented at acquisition cost, less accumulated depreciation, and the accumulated amount of impairment losses.

Initial disbursements, as well as those subsequently incurred, related to goods whose cost can be estimated reliably, and it is probable that future economic benefits will be obtained from them, are recognized as property, plant, and equipment.

Disbursements for maintenance and repairs are recognized as expenses during the period when incurred. Main components of major equipment are recorded independently and are depreciated according to their useful life. Profit or loss arising from the sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, which is recognized in profit or loss for the period when the sale is considered performed.

Property, plant and equipment under construction or acquisition are presented at cost, less any determined impairment loss. The cost of these assets in process includes professional fees and, for qualifying assets, borrowing costs. Those assets are subsequently classified to their category of property, plant, and equipment when the construction or acquisition process has been completed and they are ready for intended use. These assets are depreciated from that moment, similarly to the rest of categories of property, plant, and equipment.

The residual value, useful life and depreciation and amortization methods are reviewed and adjusted prospectively where appropriate at the end of every year.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The profit or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation

Units-of-production method

The depreciation of buildings and other mining constructions is calculated by units of production based on economically recoverable reserves and a portion of resources from the pertinent mining unit.

The units of production are measured in recoverable metric tons of lead, copper, and zinc. The depreciation ratio per units of production is determined according to the production of the year over economically recoverable reserves and resources.

Straight-line method

The depreciation of other mining and hydroelectric assets is calculated by applying the straight-line method based on the lower of the estimated useful life of assets or the remaining useful life of the mining unit for mining assets. The useful lives used by the Company are as follows:

	Useful life
Buildings and other constructions	Up to 33 Years
Environmental management program infrastructure	Up to 10 years
Machinery and equipment	Up to 10 years
Transportation units	Up to 5 years
Furniture and fixtures and computer equipment	Up to 10 years
Miscellaneous equipment	Up to 10 years

See note 12 Property, plant and equipment, net.

(i) Mining concessions, evaluation, exploration and development costs and other intangibles

Mining rights and concessions

Mining rights represent the ownership of the Company and Subsidiaries of mining properties that contain the acquired mineral reserves. Mining rights that are related to mineral reserves are amortized following the units-of-production method, using the proven and probable reserves as a basis and a portion of inferred resources.

Mining concessions are capitalized in the consolidated statement of financial position and represent the ownership of the Company and Subsidiaries of mining properties with a geological interest. Mining concessions are amortized as from the production stage based on the units-of-production method, using proven and probable reserves and a portion of inferred resources. In case the Company and Subsidiaries abandon those concessions, associated costs are written off in the consolidated statement of profit or loss and other comprehensive income.

At every year-end, the Company and Subsidiaries evaluate for each cash-generating unit if there is any indication that the value of their mining rights may be impaired. If any indication exists, the Company and Subsidiaries establish an estimate of the recoverable amount of the asset.

Evaluation and exploration costs

Exploration costs are capitalized only provided that they are estimated to be economically recoverable through a successful operation in the future or when the activities are in process in the area of interest, and it has not reached a stage that allows evaluating reasonably the existence of economically recoverable reserves. Costs are capitalized as evaluation and exploration assets until the Company and Subsidiaries have completed a preliminary feasibility study, some resources have become reserves and Management determines the probability that the property turns into a mine. At that time, it is considered that the development stage of the property starts, and subsequent evaluation and exploration costs are reclassified.

These costs mainly include used materials and fuel, land survey costs, drilling costs and payments made to contractors. For this purpose, economically recoverable benefits of exploration projects can be evaluated properly when any of the following conditions are met: i) the Board of Directors authorizes Management to conduct a feasibility study for the project, and ii) the purpose of the exploration is to convert resources into reserves or to confirm resources.

Exploration costs are amortized from the beginning of production following the units-of-production method based on proven and probable reserves and a portion of inferred resources they are related to.

All capitalized evaluation and exploration costs are monitored to identify impairment indications. When a possible impairment is identified, each area of interest or cash-generating unit (CGU) is evaluated. If capitalized costs are not expected to be recovered, they are charged to the consolidated statement of profit or loss.

Development costs

Costs associated with the mine development stage are capitalized. Development costs required to keep production going are charged to profit or loss of the period when incurred.

Development costs are amortized as described above for evaluation and exploration costs.

Intangibles

Intangible assets with finite useful lives separately acquired are reported at cost less accumulated amortization and any recognized accumulated impairment loss. Amortization is calculated using the straight-line method based on useful lives estimated by the Company and Subsidiaries. Estimates on useful lives and depreciation methods are reviewed at the end of each reporting period to evaluate possible material changes in previous expectations or the expected consumption pattern of future economic benefits inherent to those assets, prospectively incorporating the effects of any change in these estimates against net profit or loss in the period they are made.

See note 14 Mining exploration and evaluation costs, net.

(j) Review of impairment of long-term assets

The Company and Subsidiaries regularly review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If it is not possible to estimate the recoverable amount of an individual asset, the Company and Subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. If a reasonable and consistent distribution basis can be identified, corporate assets are also distributed to individual cash-generating units, or otherwise, to the smallest group of cash-generating units for which a reasonable and consistent distribution basis is identified.

The recoverable amount is the higher of fair value less the cost to sell and value in use. Value in use is determined based on future estimated cash flows discounted to their present value, using a discount rate before taxes that reflects current market valuations related to the time value of money and the specific risks of the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognized as expense.

An impairment loss can be subsequently reversed and recognized as revenue in profit for the year, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (cash-generating unit) in previous years.

In the determination of values in use of their assets, the Company and Subsidiaries review their projections of future revenue streams that consider the following variables: discount rate, projection of prices, resources and reserves, production, costs, and expenses.

(k) Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion of such investment, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. Under the equity method, an investment in an associate is recognized initially in the consolidated statement of financial position at cost and adjusted for changes after the acquisition for the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or joint venture exceeds the Company's interest in that associate or joint venture, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

See note 10 Investments in associates.

(l) Leases

The Company and Subsidiaries as lessees:

The Company and Subsidiaries recognize right-of-use assets at the commencement date of the lease (that is, the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and are adjusted for any new measurement of lease liabilities.

The cost of right-of-use assets includes lease liabilities recognized, initial direct costs incurred, and lease payments made before the commencement date of the lease less any lease incentive received. Unless the Company and Subsidiaries are reasonably certain that they will obtain the ownership of the leased asset at the end of the lease term, assets recognized for right of use are amortized on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Company and Subsidiaries recognize lease liabilities at the present value of payments that will be made over the lease term. Lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or rate, and the amounts expected to be paid as residual value guarantees.

When calculating the present value of lease payments, the Company and Subsidiaries use the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease cannot be readily determined.

After the commencement date, the amount of lease liabilities increases to reflect the accrual of interests and is reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured whether there is a modification, change in the lease term or change in in-substance fixed payments.

The Company and Subsidiaries apply the recognition exemption on properties at a short term (that is, those properties with a lease term of 12 months or less from the commencement date of the lease and that do not contain a lease option). The Company and Subsidiaries also apply the recognition exemption on low-value assets in the lease of office equipment. Payments for short-term leases and low-value assets are recognized as expenses on a straight-line basis over the lease term.

See note 13 Assets by right of use

(m) Provisions

Provisions are recognized when the Company and Subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that the Company and Subsidiaries will have to dispose of resources that provide economic benefits in order to settle the obligation, and a reliable estimate of the obligation amount can be made.

The amount recognized as provision corresponds to the best estimate of the necessary disbursement to settle the present obligation at the date of the consolidated statement of financial position, considering the risks and uncertainties surrounding most of the events and circumstances concurrent to its valuation. If the provision amount is measured using estimated cash flows to settle the obligation, the carrying amount is the present value of corresponding disbursements.

In case it is expected that a part or the total disbursement necessary to settle the provision may be reimbursed by a third party, the portion receivable is recognized as an asset when its recovery is virtually certain, and the amount of such portion can be determined reliably.

See note 20 Provision for contingencies and other provisions.

(n) Provision for closure of mining units

The asset and liability for closure of mining units is recognized when: (i) the Company and Subsidiaries have a present obligation related to the dismantling and removal of assets, as well as the restoration of areas where its mining units are located, and (ii) the amount of those obligations can be estimated reliably.

The initial amount of the recognized asset and liability is the present value of future estimated disbursements to meet those obligations.

After initial measurement, the obligation is adjusted to reflect the passing of time and changes in estimated future cash flows underlying the obligation. The provision increase due to the passing of time is recognized as financial expense, while increases and decreases for changes in estimated future cash flows are capitalized and depreciated during the life of the related asset. Actual incurred costs in the settlement of the liability for site restoration are recorded in the provision as long as the provision has been determined by those costs. A profit or loss can be recorded after the settlement of the liability while the asset is depreciated based on proven and probable reserves by applying the units-of-production method. Related depreciation is recognized as expense.

See note 18 Provision for closure of mining units and communities

(o) Financing costs

Financing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized and added to the cost of the project until those assets are considered to be substantially ready for their intended use, that is, when such assets are able to generate commercial production. If a loan is requested for a specific use in the project, the capitalized amount represents actual costs incurred to obtain such loan.

Provided the variable rate of loans used to finance a qualifying asset and that are covered by an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and is reclassified to profit or loss when the qualifying asset affects profit or loss. Provided the fixed rate of loans is used to finance qualifying assets and are covered by an effective hedge of interest rate risk, capitalized costs of loans reflect the interest rate hedge.

If short-term excess funds derived from the specific loan are available, earnings provided by temporary investment are also capitalized and deducted from the total debt cost. If funds used to finance a project are part of the general debt, the capitalized amount is calculated by applying the weighted average rate of the general debt of the Company and Subsidiaries during the period. All other debt costs are recognized in the consolidated statement of comprehensive income in the period when incurred.

(p) Revenue recognition

Revenue is measured by using the fair value of the consideration received or receivable, derived therefrom. This revenue is reduced by estimates such as refunds from customers, discounts, and other similar items.

Revenue is recognized as follows:

(i) Revenue is associated with the sale of concentrates, dore bars and others when the control of the sold asset is transferred to the customer. Transfer control indicators include an unconditional obligation payable, legal title, physical ownership, transfer of risks and benefits, and acceptance from the customer. It generally occurs when concentrates are delivered at the loading port, warehouse, or vessel, pursuant to the agreement entered into with the buyer. The buyer controls the concentrates at that place. If the Company and Subsidiaries are responsible of delivery costs and other services after the date when control of goods is transferred to the customer, these other services are considered as independent performance obligations; therefore, a portion of revenue obtained from the agreement are allocated and recognized when these performance obligations are met.

Sale agreements of concentrates, dore bars and others generally provide a temporary payment based on provisional assays and prices of quoted metals. The final liquidation is based on the results of final assays and prices of metals applicable in specific quotation periods, which tend to range between a month after the shipment and up to three months after the shipment arrives to the agree-upon place and is based on the average prices of metals in the market. For this purpose, the transaction price can be measured reliably for those products, such as zinc, lead, copper, and silver, for which there is a free and active market, such as the London Stock Exchange.

Since these agreements will be settled in the future based on international quotations of contents payable to be finally agreed upon, these agreements are treated as embedded derivatives, and as of the closing of the year, are adjusted due to significant changes in international quotations to reflect them at their fair value. Definite adjustments that result from final liquidations are recorded in the period when issued, generally when the seller and buyer exchange weights and contents payable, and establish the quotation term, according to conditions previously agreed upon in the pertinent sale agreements.

IFRS 15 requires that the variable consideration should be recognized only when it is highly probable that a significant reversal does not occur in the amount of recognized accumulated revenue. The Company and Subsidiaries concluded that the adjustments related to final liquidations for the quantity and quality of sold concentrates are not significant and do not restrict revenue recognition.

(ii) Revenue from the sale of energy and electrical power is recognized every month based on cyclical readings and is fully recognized in the period in which such service is provided, establishing only one performance obligation.

(iii) Revenue from interests is recognized based on the effective yield in proportion to the time elapsed.

(iv) Other revenue is recognized in profit or loss when earned.

See note 22 Sales

(q) Recognition of costs and expenses

The cost of sales of ore concentrates is recognized in the period when shipment or delivery is performed based on contractual terms and conditions, against profit or loss of the period when corresponding operating income is recognized. Expenses are recognized when there has been a decrease in future economic benefits related to a decrease in assets or increase in liabilities and, additionally, when expenses can be measured reliably, regardless of the payment date.

See note 23 Cost of sales.

(r) Employee benefits

Benefits to employees include, among others, short-term benefits, such as wages, salaries and social security contributions, annual paid leaves, paid sick leaves, profit-sharing and incentives, if paid within twelve months following the end of the period. These benefits are recognized against profit or loss for the period when the employee has provided the services that entitle them to receive those benefits. Corresponding obligations payable are presented as part of other liabilities.

(s) Operating profit

Operating profit is understood as total net sales less total cost of sales, administrative expenses, selling expenses, other income and expenses and impairment loss of long-term assets, excluding financial income and expenses, and income tax expense.

(t) Income tax

Income tax expense for the period comprises current and deferred income tax and special mining tax.

<u>Current income tax</u>

Current income tax calculated corresponds to the tax payable by applying a rate of 29.5% on estimated taxable income, after deducting the profit sharing of employees (8% on estimated taxable income) and is recorded in profit or loss for the year when obtained.

Current income tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company and Subsidiaries’ current income tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company and Subsidiaries supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the consolidated financial statements and corresponding tax bases used to determine the taxable income, the pertinent rate of these differences, and in this case, the benefits of tax losses to amortize and some tax credits are included. Deferred tax assets or liabilities are generally recognized for all taxable temporary differences. A deferred tax income asset will be recognized for all deductible temporary differences to the extent that it is probable that the Company and Subsidiaries will have future tax profit against which to apply those deductible temporary differences. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company and Subsidiaries are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize those temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company and Subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company and Subsidiaries intend to settle their current tax assets and liabilities on a net basis.

Current and deferred income tax for the year

Current and deferred income taxes are recognized in profit or loss, except when they relate to items that are not recognized in profit or loss, either in other comprehensive income or directly in equity, respectively. Where current or deferred income tax arises from the initial recognition of a business combination, the tax effect is included in the recognition of the business combination.

See note 19 Deferred income tax liability

(u) Contingent assets and liabilities

Contingent liabilities are recorded in the consolidated financial statements when it is probable that they will be confirmed in time and can be quantified reasonably; otherwise, they are disclosed in a note to the consolidated financial statements.

Contingent assets are not recorded in the consolidated financial statements but are disclosed in a note when their contingency level is probable.

Items previously treated as contingent liabilities will be recognized in the consolidated financial statements in the period when a change in probabilities occurs, that is, when it is determined that an outflow of resources is probable to occur to cover such liability. Items previously treated as contingent assets will be recognized in the consolidated financial statements in the period when it is determined that an inflow of resources is virtually certain to occur.

(v) Basic and diluted loss per share

Basic loss per share is calculated by dividing net profit or loss attributable to shareholders by the weighted average number of outstanding common shares during the period, including shares for the restatement into constant currency.

Since there are no diluted potential common shares, that is, financial instruments or other contracts that allow obtaining common shares, basic and diluted loss per share is the same.

3. News Standards, Interpretations and Amendments Internationally Issued.

(a) New IFRSs, interpretations and amendments to current standards that did not significantly affect reported amounts and their disclosures in current and previous years

The following standards, interpretations and amendments to existing standards were published with effective application for the financial period beginning on or after 1 January 2024 or subsequent periods, but did not affect the Company's and Subsidiaries' records and disclosures:

- Amendments to IAS 1 Classification of Liabilities as Current and Non-Current.

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current and non-current in the statement of financial position and not the amount or timing of any asset, liability, income or expense recognized, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights existing at the end of the reporting period, specify that the classification is not affected by expectations about whether the Company will exercise the right to defer settlement of the liability, explain that rights exist if there are covenants that must be fulfilled at the end of the reporting period, and introduce a definition of ‘arrangement’ to make it clear that the arrangement relates to the counterparty’s transfer of cash, equity instruments, other assets or services.

- Amendments to IAS 1 Presentation of Financial Statements—Non-Current Liabilities with Covenants

The amendments specify that only covenants that an entity must comply with at or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and therefore should be considered in assessing the liability’s classification as current or non-current).

Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (for example, a covenant based on the entity's financial position at the reporting date whose compliance is assessed only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with obligations within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk that liabilities will be repayable within twelve months after the reporting period. This would include information about covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of the related liabilities, and facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

- Amendments to IFRS 16 Leases—Lease liability on a sale and leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' so that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee could have recognised a gain on the right-of-use asset it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or a change in the lease term) by applying the general requirements in IFRS 16. This might particularly have been the case in a subsequent lease that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and a lease liability in a sale-leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, arising from a sale-leaseback transaction that qualifies as a sale under IFRS 15, is a lease liability.

The amendments are effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Financing Arrangements

The amendments add a disclosure objective to IAS 7, requiring an entity to disclose information about its supplier financing arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier financing arrangements as an example within the requirements for disclosure of information about an entity's exposure to concentration of liquidity risk.

The term “supplier financing arrangements” is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier financing arrangements:

• The terms and conditions of the arrangements.

• The carrying amount, and associated items presented in the entity's statement of financial position, of liabilities that are part of the arrangements.

• The carrying amount and associated items for which suppliers have already received payment from financial providers.

• Ranges of payment due dates for both financial liabilities that are part of a supplier financing arrangement and comparable trade payables that are not part of a supplier financing arrangement.

• Liquidity risk information

(b) New IFRS, interpretations and amendments issued applicable after the date of presentation of the consolidated financial statements

As of the date of approval of these consolidated financial statements, the Company and Subsidiaries have not applied the following new standards, interpretations and amendments that have been issued but are not yet effective:

- Amendments to IAS 21 - Absence of convertibility

The amendments to IAS 21 specify when a currency is interchangeable for another currency and when it is not: (i) a currency is interchangeable when an entity can exchange that currency for another currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; (ii) a currency is not interchangeable for another currency if an entity can obtain only an insignificant amount of the other currency.

The amendment clarifies how an Entity determines the exchange rate to be applied when a currency is not interchangeable: when a currency is not interchangeable at the measurement date, an entity estimates the spot exchange rate as the exchange rate that would have been applied to an orderly transaction between market participants at the measurement date and that faithfully reflects prevailing economic conditions. The amendment requires additional disclosure when a currency is not interchangeable: when a currency is not interchangeable, an entity discloses information that would enable users of its financial statements to evaluate how the lack of convertibility of a currency affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments are effective for annual periods beginning on or after January 1, 2025. Early application is permitted.

Management is currently evaluating the potential impact that these amendments will have on the Company and subsidiaries.

- IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1, leaving many of the requirements of IAS 1 unchanged and supplementing them with new requirements. In addition, some paragraphs of IAS 1 have been moved to IAS 8 and IFRS 7. Additionally, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements for:

• Presenting specific categories and subtotals defined in the statement of profit or loss

• Providing information about performance measures defined by management in the notes to the financial statements.

• Improving aggregation and disaggregation.

The Company is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the amendments to the revised IAS 8 and IFRS 7, take effect when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transitional provisions.

Management is currently evaluating the potential impact this standard will have on the Company and subsidiaries.

- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows an eligible subsidiary to provide reduced disclosures when applying IFRS in its financial statements.

A subsidiary is eligible for reduced disclosures if it is not publicly accountable and its ultimate parent or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS.

IFRS 19 is optional for eligible subsidiaries and sets out disclosure requirements for subsidiaries that elect to apply it.

The Company can only apply IFRS 19 if, at the end of the reporting period:

• It is a subsidiary (this includes an intermediate parent)

• It does not have public accountability, and

• Its ultimate parent or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS.

A subsidiary has public accountability if:

• Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or

• It holds assets in a fiduciary capacity for a broad group of persons outside the company as one of its principal businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

The Company can apply IFRS 19 in its consolidated, separate or stand-alone financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statements may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after January 1, 2027, and early application is permitted. If the Company elects to apply IFRS 19 for a reporting period prior to the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before applying the amendments to IAS 21, it is not required to apply the disclosure requirements of IFRS 19 with respect to Lack of Convertibility.

Management believes that this standard is not applicable to the Company and Subsidiaries because it does not engage in such transactions.

4. Financial Instruments and Risks

(a) Categories of financial instruments

The financial asset and liabilities of the Company and Subsidiaries comprise following:

	2024	2023
	US$000	US$000
Financial assets:		
Cash and cash equivalents	155,834	61,642
Amortized cost		
Other accounts receivable (net)	12,342	5,591
Fair value through profit or loss		
Trade accounts receivable (net)	33,477	20,316
Derivatives not designated as hedging instruments	-	440
Derivatives designated as hedging instruments	-	42
	33,477	20,798
Fair value through other comprehensive income		
Financial investments	153,047	37,158
Derivatives designated as hedging instruments	948	173
	153,995	37,331
Total	355,648	125,362
Financial liabilities:		
Amortized cost		
Bank overdrafts	-	1,046
Financial obligations	749,761	803,869
Trade accounts payable	189,711	242,213
Other accounts payable	17,408	17,098
Total	956,880	1,064,226

(b) Financial risks

During the normal course of operations, the Company and Subsidiaries are exposed to several financial risks. The risk management program of the Company and Subsidiaries is mainly focused on financial markets and seeks to minimize potential adverse effects on the financial performance of the Company and Subsidiaries. The Financial Management Department of the Company and Subsidiaries is in charge of risk management, which identifies, evaluates, and covers financial risks.

(i) Market risk

Exchange rate risk

The Company and Subsidiaries perform their sales in U.S. dollars, which allow them to meet their obligations in such currency. The exchange rate risk mainly arises from balances held in soles.

As of December 31, 2024, the balances of financial assets and liabilities denominated in foreign currency correspond to balances in soles, are expressed in US dollars at the purchase and sale exchange rate published by the Superintendency of Banking and Insurance and AFP (SBS) in effect on that date, which were US$0.266, US$0.265 per S/1.00, respectively, (US$0.270 and US$0.269 per S/1.00, respectively as of December 31, 2023) and are summarized as follows:

	2024	2023
	S/000	S/000
Assets		
Cash and cash equivalents	194,403	114,622
Trade accounts receivable (net)	-	3,088
Other accounts receivable (net)	127,690	136,271
Total assets	322,093	253,981
Liabilities		
Bank overdrafts	1	(422)
Trade accounts payable	(120,572)	(141,198)
Other accounts payable	(65,317)	(42,673)
Total liabilities	(185,887)	(184,293)
Net assets	136,206	69,688

Management considers a sensitivity rate of 5% as reasonable in the assessment of exchange rate risk. A sensitivity analysis assuming the devaluation and revaluation of the Peruvian sol (S/), equivalent to the rate mentioned above, exclusively on balances of assets and liabilities reflected above, considering other constant variables in the consolidated statement of profit or loss before income tax, is presented in the following table:

	Changes in exchange rates	Effect on results before taxes (Debit) Credit	
		2024	2023
		US$000	US$000
Revaluation	5%	(1,806)	(939)
Devaluation	-5%	1,806	939

Price risk

The Company and Subsidiaries are exposed to commercial risks arising from changes in mineral market prices. In order to cover the risk arising from the decrease of prices of metals, Management will hire derivative financial instruments.

For the control and follow-up of hedges, Management approved the "Metal Price Hedging Policy", which is executed and monitored together with the Financial Risk Management Policy. Management has also a Hedging Committee whose objective is to mitigate the risks associated with variations and volatility of the prices of metals they produce.

As of December 31, 2024 and 2023, if the average sales prices of the principal payable metals contained in mineral concentrates increase (or decrease) by 10% and all other variables remain constant, the profit or loss before income taxes of the Company and Subsidiaries would change as follows:

	Effect on profit (loss) before income tax (Debit) Credit
	US$000
Zinc concentrate	
2024:	
Increase in the international price of zinc	50,220
Decrease in the international price of zinc	(50,220)
2023:	
Increase in the international price of zinc	43,842
Decrease in the international price of zinc	(43,842)

	Effect on profit (loss) before income tax (Debit) Credit
	US$000
Lead concentrate	
2024:	
Increase in the international price of lead	21,384
Decrease in the international price of lead	(21,384)
2023:	
Increase in the international price of lead	22,864
Decrease in the international price of lead	(22,864)

	Effect on profit (loss) before income tax (Debit) Credit
	US$000
Copper concentrate	
2024:	
Increase in the international price of copper	7,130
Decrease in the international price of copper	(7,130)
2023:	
Increase in the international price of copper	6,064
Decrease in the international price of copper	(6,064)

	Effect on profit (loss) before income tax (Debit) Credit
	US$000
Silver concentrate	
2024:	
Increase in the international price of silver	7,791
Decrease in the international price of silver	(7,791)
2023:	
Increase in the international price of silver	6,857
Decrease in the international price of silver	(6,857)

As of December 31, 2024 and 2023, the fair value of the embedded derivatives contained in the commercial agreements amounts to a loss of US$3,402 and a gain of US$1,071, respectively.

Interest rate risk

The Company and Subsidiaries have significant assets, which are held in renowned financial entities and accrue interests at current rates in the market. Operating income and cash flows of the Company and Subsidiaries are independent of changes in interest rates in the market.

The interest rate risk is addressed by Management of the Company and Subsidiaries through a policy that establishes obtaining loans at fixed and variable interest rates.

Management considers that the risk of fluctuations in the fair value of interest rates is not significant since the interest rates of its financing agreements are not significantly different from the market interest rates for similar financial instruments.

(ii) Credit risk

The credit risk of the Company and Subsidiaries arises from the inability of debtors to meet their obligations. For this reason, Management establishes conservative credit policies and constantly evaluates the conditions of the market where their debtors operate, for which Management uses risk rating reports for commercial and credit operations.

The financial assets (excluding cash and cash equivalents and financial investments) of the Company and Subsidiaries are within their maturity dates.

Trade accounts receivable are denominated in US dollars and are due on the date of issue of the payment voucher, which amount is paid on the following days after its due date. Sales by the Company and Subsidiaries are made to domestic and foreign customers with whom it has commercial contracts.

The Company's Management considers the credit history of its customers and their payment capacity and performs an evaluation of the debts whose collection is estimated as a variant to determine the impairment loss due to bad debts, concluding that no provision for bad debts is necessary.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and having the possibility to be engaged and/or have engaged certain financing operations through adequate credit sources.

As of December 31, 2024 and 2023, the Company and Subsidiaries present a negative working capital for US$24,571 and US$232,145, respectively.

The decrease in negative working capital is mainly due to the refinancing of the syndicated loan. As of December 31, 2023, the short-term debt balance was US$102,857. As a result of this negotiation, as of December 31, 2024, the short-term balance is US$10,000 and the remaining balance was reclassified to long-term liabilities.

In addition, it generates significant cash flows from operating activities (US$298,465 in 2024 and US$248,392 in 2023).

Management believes that these measures will allow the Company and Subsidiaries to have sufficient cash flows to properly manage their financial obligations.

The table below presents an analysis of the financial liabilities of the Company and Subsidiaries classified according to their maturity (including interests to be paid at those maturities) at the date of the consolidated statement of financial position:

Financial Assets	Less than 1 year	Between 1 and 2 years	Between 2 and 10 years	Total
	US$000	US$000	US$000	US$000
As of December 31, 2024:				
Cash and cash equivalents	155,834	-	-	155,834
Other accounts receivable (net)	12,342	-	-	12,342
Trade accounts receivable (net)	33,477	-	-	33,477
Derivatives designated as hedging instruments	948	-	-	948
Financial investments	-	-	153,047	153,047
Total	202,601	-	153,047	355,648
As of December 31, 2023:				
Cash and cash equivalents	61,642	-	-	61,642
Other accounts receivable (net)	5,591	-	-	5,591
Trade accounts receivable (net)	20,316	-	-	20,316
Derivatives not designated as hedging instruments	440	-	-	440
Derivatives designated as hedging instruments	215	-	-	215
Financial investments	-	-	37,158	37,158
	88,204	-	37,158	125,362

Financial Liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 10 years	Total
	US$000	US$000	US$000	US$000
As of December 31, 2024:				
Financial obligations	107,786	233,833	685,164	1,026,783
Trade accounts payable	189,711	-	-	189,711
Other accounts payable	17,408	-	-	17,408
Total	314,905	233,833	685,164	1,233,902
As of December 31, 2023:				
Bank overdrafts	1,046	-	-	1,046
Financial obligations	160,941	202,799	562,280	926,020
Trade accounts payable	242,213	-	-	242,213
Other accounts payable	17,098	-	-	17,098
Total	421,298	202,799	562,280	1,186,377

(iv) Capital management risk

The company manages its capital with the objective of ensuring the ability to continue as a going concern, maximizing returns to shareholders, and maintaining an optimal capital structure to reduce the cost of capital.

To achieve these objectives, the company may adjust dividend payments, repay capital to shareholders, issue new shares, or sell assets to reduce debt.

The company's capital structure comprises shareholders' equity and net financial debt, which includes bank loans and bonds issued, less cash and cash equivalents.

The company manages its capital with the objective of ensuring the ability to continue as a going concern, maximizing returns to shareholders, and maintaining an optimal capital structure to reduce the cost of capital.

To achieve these objectives, the company may adjust dividend payments, repay capital to shareholders, issue new shares, or sell assets to reduce debt.

The company's capital structure comprises shareholders' equity and net financial debt, which includes bank loans and bonds issued, less cash and cash equivalents.

The leverage ratio was as follows:

	2024	2023
	US$000	US$000
Financial obligations	749,761	803,869
Cash and cash equivalents	(155,834)	(61,642)
Total net debt	593,927	742,227
Total equity	449,698	364,598
Net debt ratio	1.32	2.04

The company managed to reduce the ratio from 2.04 in 2023 to 1.32 in 2024 through a focus on debt reduction and refinancing, as part of its capital management policy.

(c) Fair value of financial instruments

For purposes of the consolidated financial statements, fair value measurements are categorized in three levels: 1, 2 or 3; depending on the degree in which the information for fair value measurements are observable, and their significance to fair value measurement in its entirety, as described below:

- Level 1: Input is quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company may access to at the measurement date.

- Level 2: Input is different from quoted prices included in Level 1, which are observable for the asset or liability, whether directly or indirectly.

- Level 3: Input is not observable for the asset or liability.

Fair value of financial assets and liabilities of the Company that are not measured at fair value, but fair value disclosures are required

Management considers that the carrying amounts of financial assets and liabilities recognized in the consolidated financial statements are similar to their fair value, including the long-term loan that accrues equivalent interests at current market rates. The fair value of bonds issued in the international market is classified as Level 1 since quoted prices are available. The fair value of these bonds amount to US$352,033 as of December 31, 2024 (US$223,690 as of December 31, 2023).

Fair value of financial assets and liabilities of the Company and Subsidiaries that are measured at fair value on a constant basis

As of December 31, 2023 and 2022, the financial instruments measured at fair value after initial recognition refer to trade accounts receivable, financial investments and derivative financial instruments.

The following table shows the financial instruments measured at fair value on a constant basis, classified per level:

	2024	2023
	US$000	US$000
Financial assets		
Level 1		
Investments in equity instruments (a)	153,047	37,158
Level 2		
Trade accounts receivable (b)	33,477	20,316
Derivatives not designated as hedging instruments	-	440
Derivatives designated as hedging instruments	948	215
	34,425	20,971

(a) Financial investments correspond to the investment in Cementos Polpaico S.A., which is listed on the Chilean Stock Exchange, and Inversiones Portuarias Chancay S.A.A., which is listed on the Peruvian Stock Exchange, and for this reason, it has been classified as Level 1.

(b) Trade accounts receivable, designated at fair value through profit or loss, include changes in the value of provisional settlements, which are adjusted to market value based on future estimates of metal prices at the date of the consolidated financial statements. The fair value measurement is categorized in Level 2 because these measurements are derived from current international quoted prices included in Level 1.

(c) There have been no transfers between the levels during the period.

5. Cash and cash equivalents

The composition of the item is presented below:

	2024	2023
	US$(000)	US$(000)
Funds available:		
Bank checking accounts	84,612	40,297
Term deposit	15,000	-
	99,612	**40,297**
Funds available - restricted:		
Bank checking accounts - Banco de la Nación (*)	40,628	19,775
Restricted Funds	11,872	1,570
Cash in transit - Banco de la Nación (*)	3,722	-
	56,222	**21,345**
	155,834	**61,642**

6. Accounts receivable Trade, net

The composition of the item is presented below:

	2024	2023
	US$000	US$000
To third parties		
Invoices	56,371	32,360
Allowance for impairment of accounts receivable	(19,492)	(23,831)
Implicit derivative	(3,402)	1,065
	33,477	9,594
To related parties		
Invoices	-	10,716
Implicit derivative	-	6
	-	10,722
Total	33,477	20,316

7. Other accounts receivable

The composition of the item is presented below:

	2024	2023
	US$000	US$000
General sales tax credit (a)	41,897	58,173
Taxes to be recovered	32,134	35,284
Advances granted to contractors and suppliers	11,652	1,689
Balance in favor of income tax and temporary tax on net assets (b)	9,496	16,544
Public works for taxes, in process (d)	4,313	4,282
Prepaid expenses	3,968	3,818
Loans to staff	239	431
Other minors	483	2,904
	104,182	123,125
Allowance for impairment of other accounts receivable (e)	(17,266)	(15,708)
Subtotal	86,916	107,417
Amortized cost:		
Accounts receivable from contractors and others	13,298	13,262
Loans to third parties (C)	10,366	10,511
Escrow Account - Companies Sales	5,973	-
Other minors	1,810	1,244
	31,447	25,017
Allowance for impairment of other accounts receivable (e)	(19,105)	(19,426)
Subtotal	12,342	5,591
Total	99,258	113,008
Non-current portion	31,834	35,970
Current portion	67,424	77,038

(a) As of December 31, 2024, it includes an amount of US$17,266 (as of December 31, 2023, US$15,708) corresponding to a tax credit that is not expected to be recovered; therefore, an allowance for impairment has been made for said amount.

(b) As of December 31, 2024, it corresponds to the balance for payments on account of income tax for US$3,017 and payments for the temporary tax on net assets for US$6,479, which will be requested from 2025 (as of

December 31, 2023, it corresponded to the balance for payments on account of income tax for US$11,879 and payments for the temporary tax on net assets for US$4,665, which were requested from 2023 and have been recovered).

(c) Loans to third parties bear interest at market rate and are considered mainly of current maturity. The Company and Subsidiaries have considered to provision for US$10,069 as doubtful debt according to the assessment of the risk of non-collection.

(d) Corresponds to disbursements made for public works, for which partial certificates of "Regional and Local Public Investment – Public Treasury" (CIPRL) have been obtained, which will allow the cancellation of the amount invested by the Company in the execution of investment projects. During 2024, the Company completed the execution of the projects "Improvement and Expansion of the Sports Services of the Municipal Sports Center on Av. 1° de Mayo in the Chancay District – Province of Huaral – Department of Lima" with CUI 2466179 and "Improvement of the Comprehensive Management of Municipal Solid Waste in the Huayllay District – Province of Pasco – Department of Pasco" with CUI 2511013, for which US$3,288 has been recovered through the "CIPRL", under the scheme of Law 29230 on Works for Taxes. For 2025, the recovery of the invested balance amounting to US$1,487 will be managed.

(e) As of December 31, 2024, it mainly corresponds to the allowance for impairment of the general sales tax credit of US$17,266 and loans receivable for US$10,069. As of December 31, 2023, it mainly corresponds to the provision for impairment of the general sales tax credit for US$15,708, loans receivable for US$10,076 and the remaining balance corresponds mainly to contractors receivable.

8. Other financial assets

The composition of the item is presented below:

	2024	2023
	US$(000)	US$(000)
Fair value of hedging derivatives	948	215
Settled derivative financial instruments	-	440
Current portion	**948**	**655**

The Company and Subsidiaries use derivative instruments to reduce market risks to which they are exposed. The risks relate mainly to the effects of changes in the prices of metals traded by the Company and Subsidiaries, which fluctuate constantly.

Hedging of mineral prices and investment in shares

As of December 31, 2024, the Company and Subsidiaries settled the contracts entered into for price hedging operations to secure future cash flows from their sales. The critical terms of the hedging operations have been negotiated with the intermediaries in such a way that they match the terms negotiated in the related contracts.

The variation in the equity account "Unrealized results" is as follows:

	Derivative hedging financial instruments and investment in shares	Income tax	Unrealized Gains (losses)
	US$(000)	US$(000)	US$(000)
Balances as of December 31, 2022	(13,385)	3,949	(9,436)
Total change in hedging derivative financial instruments	173	(51)	122
Total change in Financial investments	(1,268)	374	(894)
Balances as of December 31, 2023	**(14,480)**	**4,272**	**(10,208)**
Total change in hedging derivative financial instruments	774	(228)	546
Total change in Financial investments	(8,560)	2,525	(6,035)
Total variation in fair value of IPCH shares	92,345	(27,242)	65,103
Balances as of December 31, 2024	**70,079**	**(20,673)**	**49,406**

9. Inventories, net

The composition of the item is presented below:

	2024	2023
	US$(000)	US$(000)
Concentrates	8,909	8,052
Raw material (extracted ore)	5,416	11,956
Pyrite stockpiles	5,180	5,619
Miscellaneous supplies	32,297	37,805
Inventories in transit	483	271
	52,284	63,703
Impairment estimate	(9,034)	(9,779)
Total	43,250	53,924
Non-current portion	5,180	5,619
Current portion	**38,070**	**48,305**

During 2024, the provision for the net realizable value of concentrate and the estimate of obsolete and slow-moving assets were updated, obtaining a net effect of US$ (348). The difference of US$ (397) corresponds to the sale of the Electric Generation Company Rio Baños S.A.C.

In the opinion of the Management of the Company and Subsidiaries, the estimate for the impairment of inventories is sufficient to cover the risk of losses as of the date of the consolidated statement of financial position.

10. Investments in associates

The composition of the item is presented below:

Company	Class	Shares Number	Participation In Net equity As of December 31, 2024 %	Participation In Net equity As of December 31, 2023 %	Nominal value		Book value As of December 31, 2024 US$000	Book value As of December 31, 2023 US$000
Cosco Shipping Ports Chancay Perú S.A.	Common	410,653,252	-	40	1	Sol	-	148,118

11. Financial investments

The composition of the item is presented below:

Company	Class	Shares Number	Participation In Net equity As of December 31, 2024 %	Participation In Net equity As of December 31, 2023 %	Nominal value		Book value As of December 31, 2024 US$000	Book value As of December 31, 2023 US$000
Financial investments at fair value:								
Cemento Polpaico S.A.	Common	4,056,643	15.90	15.90	7,000	Pesos chilenos	28,593	37,153
Inversiones Portuarias Chancay S.A.A.	Common - Class A	206,743,063	12.66	-	2.25	Soles	123,782	-
Inversiones Portuarias Chancay S.A.A.	Common - Class B	12,234,901	0.50	-	0.21	Soles	667	-
Other investments:								
Other Companies	Common	-	-	-	-		5	5
							153,047	37,158

12. Property, Plant and Equipment, net

The composition of the item is presented below:

2024	Balances as of January 1, 2024	Additions	Sales and/or withdrawals	Transfers	Corporate deregistration	Available for sale	Impairment	Balances as of December 31, 2024
	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)
Cost								
Land	23,573	-	-	-	(467)	-	-	23,106
Buidings and other constructions	1,200,955	569	-	42,247	(68,463)	-	-	1,175,308
Environmental management program infrastrl	680	-	-	-	-	-	-	680
Machinery and equipment	187,986	3,236	(973)	-	(12,169)	-	-	178,080
Transportation units	3,320	-	(404)	-	-	-	-	2,916
Furniture and fixtures and IT equipment	8,937	40	-	7	(57)	-	-	8,927
Miscellaneous equipment	430,633	10,285	(317)	5,036	(841)	-	-	444,796
Units in transit	3,244	222	-	(2,901)	-	-	-	565
Works in progress	86,629	56,400	(286)	(41,330)	(110)	-	-	101,303
	1,945,957	**70,752**	**(1,980)**	**3,059**	**(82,107)**	**-**	**-**	**1,935,681**
Accumulated depreciation								
Buidings and other constructions	(686,093)	(76,564)	-	-	21,285	-	-	(741,372)
Environmental management program infrastrl	(680)	-	-	-	-	-	-	(680)
Machinery and equipment	(147,157)	(13,170)	919	-	10,207	-	-	(149,201)
Transportation units	(2,811)	(152)	377	-	-	-	-	(2,586)
Furniture and fixtures and IT equipment	(7,108)	(421)	-	-	51	-	-	(7,478)
Miscellaneous equipment	(330,330)	(21,528)	108	-	507	-	-	(351,243)
	(1,174,179)	**(111,835)**	**1,404**	**-**	**32,050**	**-**	**-**	**(1,252,560)**
Net cost	**771,778**							**683,121**
2023								
Cost	1,816,027	68,772	(10,194)	62,776	-	(25,058)	33,634	1,945,957
Accumulated depreciation	(1,003,115)	(109,222)	6,484	(68,326)	-	-	-	(1,174,179)
Net cost	**812,912**							**771,778**

(a) As of December 31, 2024, the projects that make up the work in progress item belong mainly to Volcan Compañía Minera S.A.A. for an amount of US$52,662 and to the subsidiary Compañía Minera Chungar S.A.C. for an amount of US$31,209 (US$46,142 and US$31,848 as of December 31, 2023, respectively).

(b) As of December 31, 2024, buildings and machinery and equipment include assets acquired under financial leases with a book balance of US$7,800 and US$18,805 respectively (US$8,138 and US$27,770 as of December 31, 2023).

(c) The Company and Subsidiaries maintain insurance on their main assets in accordance with the policies established by Management.

(d) As of December 31, 2024, and 2023, the cost of property, plant and equipment is presented net of an accumulated impairment of US$335,623 distributed in the items of buildings and constructions for US$263,245, machinery and equipment and miscellaneous equipment for US$43,897 and others for US$28,481.

13. Assets by right of use

The composition of the item is presented below:

	Balances as of January 1, 2024	Additions	Sales and/or withdrawals	Transfers	Balances as of December 31, 2024
2024	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)
Cost					
Operating machinery	13,448	2,417	-	-	15,865
Vehícles	11,029	2,912	(3,897)	(94)	9,950
Estate	170	-	-	-	170
	24,647	5,329	(3,897)	(94)	25,985
Accumulated depreciation					
Operating machinery	(1,857)	(3,014)	-	-	(4,871)
Vehícles	(4,712)	(4,412)	3,784	59	(5,281)
Estate	(152)	(18)	-	-	(170)
	(6,721)	(7,444)	3,784	59	(10,322)
Net cost	17,926				15,663
2023					
Cost	20,828	12,248	(8,836)	407	24,647
Accumulated depreciation	(9,443)	(5,438)	8,616	(456)	(6,721)
Net cost	11,385				17,926

14. Mining exploration and evaluation costs, net

The composition of the item is presented below:

2024	Balances as of January 1, 2024	Additions	Retirements	Change in estimate	Transfers	Company derecognition	Available for sale	Balances as of December 31, 2024
	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)
Cost								
Mining rights and concessions	260,650	-	(10,343)	-	-	(239)	-	250,068
Exploration	338,691	8,839	-	-	-	-	-	347,530
Development and stripping costs	896,005	69,145	-	-	(3,426)	-	91,700	1,053,424
Closing of mining units	210,609	-	-	(72,509)	3,437	-	-	141,537
Communal rights	24,645	-	-	-	-	(3,244)	-	21,401
Other intangible assets	20,995	3	-	-	(3,070)	(30)	-	17,898
	1,751,595	77,987	(10,343)	(72,509)	(3,059)	(3,513)	91,700	1,831,858
Accumulated amortization								
Mining rights and concessions	(205,730)	(4,865)	-	-	-	239	-	(210,356)
Exploration	(201,663)	(16,243)	-	-	-	-	-	(217,906)
Development and stripping costs	(577,179)	(37,760)	-	-	-	-	-	(614,939)
Closing of mining units	(98,717)	(13,793)	-	-	-	-	-	(112,510)
Communal rights	(8,911)	(1,545)	-	-	-	744	-	(9,712)
Other intangible assets	(8,745)	(1,479)	-	-	-	17	-	(10,207)
	(1,100,945)	(75,685)	-	-	-	1,000		(1,175,630)
Net cost	650,650							656,228
2023								
Cost	1,672,381	89,385	-	(6,986)	41,591	-	(44,776)	1,751,595
Accumulated amortization	(972,443)	(92,455)	-	(36,047)	-	-	-	(1,100,945)
Net cost	699,938							650,650

15. Financial obligations:

The composition of the item is presented below:

		Balances as of January 1, 2024	Others	New Notes	Available for sale	Impairment estimate	Loans	Payment	Balances as of December 31, 2024	Current	Non-current
		US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)
Financial Institutions - leasing											
Banco Internacional del Perú S.A. - Interbank		2,573	-	-	-	-	-	(2,430)	143	143	-
Scotiabank Perú S.A.A.		11,298	-	-	-	(37)	1,502	(8,693)	4,070	3,187	883
Syndicated loans	400 MM	400,000	3,657	-	-	-	-	(59,310)	344,347	10,000	334,347
Restructuring expenses		(2,030)	(1,692)	-	-	-	-	(11,375)	(15,097)	(4,025)	(11,072)
Bonds	69 MM	365,000	-	(297,014)	-	-	-	-	67,986	-	67,986
Emisions costos - Bonds		(2,296)	1,102	-	-	-	-	-	(1,194)	(1,102)	(92)
Bonds	299 MM	-	2,858	297,014	-	-	-	-	299,872	-	299,872
Emisions costos - Bonds		-	(2,166)	-	-	-	-	(9,379)	(11,545)	(2,271)	(9,274)
Loans from other entities											
Glencore Lima Trading S.A.A.	25 MM	-	-	-	-	-	25,000	-	25,000	-	25,000
Glencore International Ag	30 MM	-	-	-	-	-	30,000	(23,625)	6,375	6,375	-
		774,545	**3,759**	**-**	**-**	**(37)**	**56,502**	**(114,812)**	**719,957**	**12,307**	**707,650**
Interest payable		14,054	-	-	-	-	63,384	(60,411)	17,027	17,027	-
Interest payable - leasing		-	-	-	-	-	396	(396)	-	-	-
Operating lease (IFRS 16)		15,270	1,049	-	-	-	5,330	(8,872)	12,777	11,367	1,410
		29,324	**1,049**	**-**	**-**	**-**	**69,110**	**(69,679)**	**29,804**	**28,394**	**1,410**
TOTAL		**803,869**	**4,808**	**-**	**-**	**(37)**	**125,612**	**(184,491)**	**749,761**	**40,701**	**709,060**
Financial obligations current		136,326							40,701		
Financial obligations non-current		667,543							709,060		

16. Trade accounts payable

The composition of the item is presented below:

	2024	2023
	US$000	US$000
Bills payable (a) (b)	117,233	169,656
Bills receivable (c)	59,563	58,207
Guarantee funds	12,915	14,350
Total	189,711	242,213

(a) Trade accounts payable arise mainly from the acquisition of materials and supplies for the execution of the Company's and Subsidiaries' activities and are denominated mainly in US dollars and soles, have current maturities, do not generate interest and no guarantees have been granted for these obligations. As of December 31, 2024 and 2023, the balances payable are current and within the payment periods established by the Company and Subsidiaries, which are between 30 and 90 days.

(b) As of December 31, 2024, the Company and Subsidiaries have obligations for US$7,320 (US$39,345 as of December 31, 2023), which are related to invoices that suppliers have assigned to financial institutions. These obligations do not generate interest and maintain the original maturity that was agreed with the suppliers.

(c) Invoices receivable correspond to the estimated record of the consumption of goods and services for which, as of the date of the consolidated financial statements, the payment vouchers issued by their corresponding suppliers have not been received.

17. Other accounts payable

The composition of the item is presented below:

	2024	2023
	US$000	US$000
Short term		
To third parties		
Workers' remuneration and participation (b)	45,907	23,359
Income tax	16,425	107
Advances from clients (a)	-	3,200
Mining taxes	5,144	2,388
Dividends	953	975
OEFA contribution	201	136
Other minors	3,854	4,250
	72,483	34,415
Amortized cost:		
Use/treatment/discharge of water	3,447	7,744
Right of Validity and penalties	12,024	7,371
Other minors	1,938	1,983
	17,408	17,098
	89,891	51,513
Related parties		
Remuneration and bonuses to the Board of Directors	-	8,436
Miscellaneous	-	546
	-	8,982
Total	89,891	60,495

(a) As of December 31, 2023, corresponds to an advance payment received from the client IXM S.A. for future delivery of 3,750 MT of lead concentrate that was completed in 2024. As of December 31, 2024, the Company has no advances from clients.

(b) As of December 31, 2024, it mainly includes vacations, participation and performance bonuses of workers for US$9,887, US$9,428 and US$10,419, respectively (US$11,090, US$2,833 and US$7,138 for vacations, participation and performance bonuses of workers, respectively in 2023).

18. Provision for closing of mining units and communities

Below is the composition of the item according to the items that originated it:

	Balances as of December 31, 2023	Disbursements	Financial Expenses	Corporate Derecognition	Revaluation	Balances as of December 31, 2024
	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)	US$ (000)
Andaychagua	35,554	(642)	657	-	(11,955)	23,614
Carahuacra	68,884	(427)	1,273	-	(26,631)	43,100
Ticlio	10,676	(262)	197	-	(2,474)	8,137
Alpamarca	33,859	(414)	626	-	(7,143)	26,928
Chungar	48,176	(557)	890	-	(26,992)	21,517
Toruna	1,760	-	33	-	(257)	1,535
Cerro	34,758	(159)	643	-	2,686	37,928
Vinchos	20,492	(266)	379	-	(11,336)	9,269
Vichaycocha	4,301	(206)	79	-	757	4,930
San Sebastian	4,210	(43)	78	-	(393)	3,852
Mining units	**262,670**	**(2,976)**	**4,854**	**-**	**(83,737)**	**180,811**
Volcan	4,288	(673)	77	-	(687)	3,005
Chungar	13,907	(3,511)	234	-	3,637	14,266
Cerro	1,964	(542)	31	-	746	2,199
Tingo	406	(31)	7	-	(15)	368
Egerba	2,617	(99)	20	(2,537)	-	-
Vinchos	164	-	3	-	(167)	-
Huanchor	19	(9)	0	(10)	-	-
Communities	**23,365**	**(4,866)**	**372**	**(2,548)**	**3,515**	**19,838**
Provision for closure of mining units and communities	**286,035**	**(7,842)**	**5,226**	**(2,548)**	**(80,222)**	**200,649**

19. Deferred income tax

(a) The composition of this heading, according to the items originating same, is provided below:

	2024	2023
	US$(000)	US$(000)
Deferred assets		
Expenses of amortization of property, plant and equipment and amortization of mining rights and concessions, exploration, development and stripping costs	45,783	43,231
Provision for the closing of mining units	38,963	60,670
Recoverable tax loss	26,621	23,760
Fair value Polpaico Cement	9,975	7,450
Contingencies provisions	9,067	9,153
Provision for communities	5,204	6,265
Provision for operating lease	3,505	4,355
Estimation for devaluation of inventories	2,193	2,271
Various provisions	2,068	-
Vacation payments outstanding	1,579	1,757
Provision of mining royalties	1,220	542
Embedded derivative	814	-
Provision for doubtful accounts	167	1,478
Interest undercapitalization	-	4,998
Other minors	3,527	2,428
Deferred assets	150,686	168,358

Deferred liabilities		
Utilization of amortization of mining rights and concessions, exploration, development and stripping costs and amortization of property, plant and equipment	195,473	196,515
Effect by translation of the tax benefits to dollars	41,461	42,348
Fair value of IPCH	27,242	-
Financial expenses due to financial obligations	5,249	1,276
Activation of expenses for bond issuance	2,962	-
Fair value of shares	-	4,840
Embedded derivative	-	403
Derivative financial instruments	-	12
Other minors	1,807	1,821
Deferred liabilities	274,195	247,215
Liabilities deferred, net	**(123,509)**	**(78,857)**

(b) The income tax expense carried in the income statement:

	For the period from October 1 to December 31		For the cumulative period from January 1 to December 31	
	2024 US$(000)	2023 US$(000)	2024 US$(000)	2023 US$(000)
Income Tax				
Current	(20,172)	(2,011)	(30,647)	(12,116)
Deferred	(27,985)	47,546	(32,125)	57,096
	(48,157)	45,535	(62,772)	44,980
Tax on mining royalties	(5,005)	(2,287)	(15,776)	(10,618)
Contribution to the retirement fund	(339)	(62)	(510)	(193)
Total income (loss) tax expense	(53,502)	43,186	(79,059)	34,169

20. Provision for contingencies and other provisions

The composition of the item is presented below:

	2024 US$000	2023 US$000
Provisions for litigation (a)	31,990	32,346
Other provisions	5,019	5,093
Total	37,009	37,439

(a) These correspond to civil, labor, tax and administrative processes.

21. Issued capital

It is represented by 1,633,414,553 class “A” shares with right to vote and 2,443,157,622 class “B” shares with no right to vote but right to preference dividend distribution; such right is not cumulative. From the total, 182,994,435 class “A” shares and 12,234,901 class “B” shares are held by subsidiary Empresa Minera Paragsha S.A.C.; 23,442,345 class “A” shares by subsidiary Compañía Minera Chungar S.A.C., 306,283 class “A” shares by subsidiary Compañía Industrial Limitada de Huacho S.A.

Both class “A” and class “B” common shares listed in the Lima Stock Exchange were frequently traded by the stock market. As of December 31, 2024, their quotation was S/ 0.41 and S/ 0.208 per share, respectively (S/ 0.53 and S/ 0.312 per share, respectively, as of December 31, 2023).

The Class “A” common share has the right to vote at the company's General Shareholders' Meeting and the Class “B” share has the preferential right to participate in the distribution of cash dividends; as well as the other rights included in the Statute of the company and the applicable laws”.

At the board meeting held on January 23, 2017, the directors approved the distribution of cash dividends of up to S/ 49,106 (equivalent to US$.14,854) in favor of the shareholders, which correspond to the profits of fiscal year 2014. Said dividends were paid on February 28, 2017.

At the board meeting held on October 2, 2017, the directors approved the distribution of cash dividends of up to S/ 54,584 (equivalent to US$.16,397) in favor of the shareholders, which correspond to the profits of fiscal year 2016. Said dividends were paid on October 27, 2017.

In November 2017, Glencore International AG, subsidiary of Glencore PLC, conducted a Public Acquisition Tender of common class A shares and purchased 603,077,387 shares. Glencore PLC and its related entities, at the announcement date of the Public Acquisition Tender, were the owners of 295,754,888 shares, with which they accumulated 898,832,275 common class A voting shares, which represent 63% of common outstanding class A voting shares, and an economic interest of 23.3%, excluding treasury shares.
At the board meeting held on July 24, 2018, the directors approved the distribution of cash dividends in advance on account of freely available profits as of June 30 of up to S/ 54,583 (equivalent to US$16,641) in favor of the shareholders, which correspond to the profits of fiscal year 2018. Said dividends were paid on August 22, 2018.

On July 3, 2023, the General Shareholders' Meeting of Volcan Compañía Minera S.A.A. was held, in which Class “A” shareholders and Class “B” shareholders participated, in which the following agreement was adopted:

The Board agreed to reduce the share capital of the Company by S/ 856,080,156.50, by reducing the nominal value of all Class “A” and Class “B” shares issued by the Company, that is, affecting the 4,076,572,175 shares issued by the Company, whose nominal value is reduced from S/ 0.87 to S/ 0.66.

As a consequence of the capital reduction agreement, the Board agreed to modify the text of Article Five of the Statute, so that it is worded as follows:

The subscribed and paid capital of the Company is S/ 2,690,537,635.50 represented by 1,633,414,553 Class “A” Common Shares and 2,443,157,622 Class “B” Common Shares with a nominal value of S/ 0.66 each.

The General Meeting of Shareholders of Volcan Compañía Minera S.A.A. dated August 24, 2023 and at the General Meeting of Shareholders of Inversiones Portuarias Chancay S.A.A. On October 25, 2023, they approved the spin-off of the equity block made up of 40% of the shares in Cosco Shipping Ports Chancay Perú S.A. owned by Volcan Compañía Minera S.A.A. which transferred to Inversiones Portuarias Chancay S.A.A.

The effective date of the split was March 4, 2024. As a consequence of the split of the equity block, whose net book value amounts to the sum of S/ 443,328,275.74, the Board agreed to modify the text of Article Five of the Statute , so that it is written as follows:

The subscribed and paid capital of the Company is S/ 2,242,114,696.25 represented by 1,633,414,553 Class “A” Common Shares and 2,443,157,622 Class “B” Common Shares with a nominal value of S/ 0.55 each.

On May 8, 2024, over-the-counter transfers totaling 898,832,275 Class “A” common shares of Volcan Compañía Minera S.A.A. (“Volcan”) were made by Glencore International AG, Blomara Financing Corp., Earthwind International S.A. and Sandown Resources S.A. in favor of Transition Metals AG., which in turn is a subsidiary of Integral Capital Business S.A., a company domiciled in Panama. See note 1 (a).

22. Net sales

The table herein below provides a detail of net sales:

	For the period from October 1 to December 31		For the cumulative period from January 1 to December 31	
	2024	**2023**	**2024**	**2023**
	US$(000)	US$(000)	US$(000)	US$(000)
Net concentrate sales				
Zinc	156,632	111,896	501,932	451,342
Lead	66,746	51,202	213,701	226,297
Copper	23,704	18,557	70,607	59,757
Silver	24,256	14,493	80,511	68,712
Silver Bars	27,894	21,105	98,270	84,359
Final settlement adjustments	(4,294)	(2,002)	28	(9,466)
	294,938	215,251	965,049	881,001
Embedded derivatives for the current period (a)	(4,202)	2,055	(4,473)	(1,808)
Gain (loss) realized on financial instruments	-	1,525	(55)	3,893
Total	290,736	218,831	960,521	883,086

(a) Embedded Derivate

Sales of concentrates by the Company and its Subsidiaries are based on commercial contracts whereby a provisional value is assigned to sales, to be adjusted in accordance with a forward and final quotation. The sales adjustment is regarded as an embedded derivative which must be separated from the contract. Sales agreements are related to future market prices. The embedded derivative does not qualify as a hedging instrument; accordingly, any changes in its fair value are charged to profit and loss.

As of December 31, 2024, and 2023, the Company holds embedded derivatives based on forward prices with respect to the anticipated liquidation date, since, under commercial contracts, final prices are to be established over the next months. The adjustment of the provisional sales value is recorded as an adjustment of net current sales.

Sales of concentrates include adjustments to the provisional sales value resulting from changes in the embedded derivatives fair value. Such adjustments resulted a losses for US$.4,473 in the twelve-months periods ended December 31, 2024 (US$.1,808 loss as of December 31,2023), and are shown as part of net sales.

23. Cost of sales

The composition of this below:

	For the period from October 1 to December 31		For the cumulative period from January 1 to December 31	
	2024 US$(000)	2023 US$(000)	2024 US$(000)	2023 US$(000)
Concentrates beginning inventory	6,208	6,386	8,052	11,036
Raw materials (extracted ore) beginning inventory	12,331	12,908	11,956	13,547
Production cost:				
Labor	26,861	22,480	89,217	89,524
Rental, power and other expenses	70,731	70,321	259,009	279,460
Supplies used	32,736	32,287	120,978	128,476
Depreciation and amortization	47,909	47,280	178,150	196,852
Purchase of concentrate and minerals	809	-	1,288	-
Mineral Alpamarca	2,945	-	2,945	-
Less – concentrates ending inventory	(8,909)	(8,052)	(8,909)	(8,052)
Less – raw materials (extracted ore) ending inventory	(5,416)	(11,956)	(5,416)	(11,956)
	186,205	171,654	657,270	698,887
Plant stoppage costs	5,818	5,596	32,126	23,962
Plant stoppage Depreciation and Amortization	1,744	1,122	10,192	2,658
Cost of sales - Plant stoppage maintenance	7,562	6,718	42,318	26,620
Total	193,767	178,372	699,588	725,507

24. Financial income (expenses)

The composition of this below:

	For the period from October 1 to December 31		For the cumulative period from January 1 to December 31	
	2024 US$(000)	2023 US$(000)	2024 US$(000)	2023 US$(000)
Financial income				
Loan interest	914	1,008	3,597	4,841
Anothe financial income	43	1	721	1
Total other financial income	957	1,009	4,318	4,842
Financial expenses				
Interest on bonds issued	7,752	4,238	21,053	16,766
Accrual of financial costs for anticipated cancelation of the syndicated loan	-	200	-	961
Interest on financial obligations	11,384	11,226	42,089	39,182
Effect of updating the present value of mine closure	1,178	852	4,854	3,393
Commissions and other expenses	631	661	8,703	7,842
Bond structuring expenses	220	220	881	881
	21,166	17,397	77,581	69,025
Closure of mines and communities	88	49	372	230
Operating lease (IFRS 16)	246	394	1,253	1,271
	334	443	1,625	1,501
Total financial expenses	21,500	17,840	79,206	70,526

25. Tax situation

(i) urrent tax framework

The Company and Subsidiaries are subject to the Peruvian tax regime. The income tax rate applicable to companies for 2023 is 29.5%.

The last paragraph of article 52-A of the Income Tax Law (hereinafter ITL) establishes that the companies that distribute to domiciled natural entities dividends and any other form of profit distribution referred to in paragraph i) of article 24° of the ITL are imposed with a rate of 5%.

Article 54° establishes that natural entities that are not domiciled in the country will be subject to the withholding of 5% of their income from Peruvian source, such as dividends and other forms of profit distribution, except those indicated in paragraph f) of article 10° of the ITL.

Paragraph e) of article 56° establishes that the tax on legal entities that are not domiciled in the country will be determined by applying a rate of 5% when dividends are distributed, and other forms of profit distribution received from legal entities. However, any amount or payment in kind resulting from the taxable third-category income that represents an indirect disposal of income that is not susceptible to subsequent tax control, including amounts charged to undeclared expenses and income (alleged dividends), is subject to the income tax rate of 5% assumed by the entity in 2024.

Management of the Company and Subsidiaries believes that, as a result of the application of these standards, no significant contingencies will arise for the Company and Subsidiaries as of December 31, 2024.

(ii) Open years to tax review

The Tax Administration is authorized to review, and if applicable, correct the income tax determined by the Company and Subsidiaries in the last four years, counted from January 1 of the year following the year when the pertinent income tax return was submitted (open years to tax review).

Income tax returns from 2020 to 2024 and value-added tax for the periods from December 2020 to December 2024 of the Company and Subsidiaries will be reviewed by the Tax Administration. In addition, Volcan's income tax for the year 2022 is in the process of being reviewed.

Since certain differences may arise from the interpretation that the Tax Administration has on regulations applicable to the Company and Subsidiaries, it is not possible to determine to date whether additional tax liabilities will arise or not from the reviews to be conducted. Any additional tax, charge, and interest, if incurred, will be recognized in profit or loss for the year when such criteria differences with the Tax Administration are resolved. However, Management of the Company and Subsidiaries believes that that no material liabilities will arise as a result of potential reviews.

(iii) Transfer pricing

The following new standards have been established in order to determine income tax:

- Comparable uncontrolled price (CUP) for commodities: It is confirmed that, for import or export of commodities, the market value will be provided by quotation (it was established before for operations with intermediaries or from, through or to tax havens). The detail of this standard is included in the regulations.

- New formal obligations: The Transfer Pricing Technical Study is no longer submitted and new tax returns are included:

Tax return	Minimum annual income	Assumption	Details	Effective from
Local report	S/11,485 (US$3,152)	Operations with related entities	Transactions that give rise to taxable income or deductible expense	2018
Master report	S/103,000 (US$27,408)	Taxpayers that are part of a Group	Organizational structure, description of the business, transfer pricing policies, financial and tax position	2018
Report per country	Not applicable	Taxpayers that are part of a Multinational Group	Global revenue distribution, paid taxes, and activities of each entity of the multinational group	2019

The Company and Subsidiaries have submitted the local report, master report and report per country for 2023 to the Tax Administration and are now preparing the pertinent reports for 2024.

Based on the analysis of operations of the Company and Subsidiaries, Management and its legal advisors consider that no significant liabilities will arise for the consolidated financial statements as of December 31, 2024 and 2023, in relation to transfer pricing.

(iv) Reconciliation of effective income tax rate with tax rate

During 2024 and 2023, the effective income tax rate is different from the tax rate. The nature of this difference is due to certain items related to taxable profit, whose effects are summarized below:

	As of December 31, 2024		As of December 31, 2023	
	US$000	%	US$000	%
Profit (loss) before income tax	216,192	100	(44,152)	100
Income taxes according to tax rate	63,777	29.50	(13,025)	29.50
Unrecognized deferred tax on tax losses	(7,745)	(3.58)	(671)	1.52
Adjustment of income tax from prior periods	15	0.01	-	-
Effect of translation of non-financial assets	5,420	2.51	181	(0.41)
Deferred assets not recognized due to lack of recoverability	2,552	1.18	(28,200)	63.87
Tax effects on non-deductible expenses and other minors	(1,247)	- (0.58)	(3,265)	- 7.39
Mining taxes	16,287	7.53	10,811	(24.49)
Income tax income and rate tax applicable to profit according to books	79,059	36.57	(34,169)	77.39

(v) Income tax payable

The Company and Subsidiaries maintain a credit balance with the tax administration for US$16,425 as of December 31, 2024 (US$107 as of December 31, 2023).

(vi) Significant changes to income tax in Peru

After December 31, 2024, no significant changes have been made to the income tax regime in Peru, which may affect these consolidated financial statements. The standards and interpretations effective as of December 31, 2024 have been considered by Management when preparing these consolidated financial statements.

Below we present the main amendments that will be applicable as from 2025:

- Applicable valuation methods and/or activities carried out within the scope of transfer pricing

Through Legislative Decree No. 1663, published in September 2024, amendments are introduced to the Income Tax Law in Peru, specifically in the area of transfer pricing. This decree establishes new valuation methods for situations where traditional methods are not applicable, in order to more accurately reflect the economic reality of transactions.

When conventional valuation methods (article 32-A, paragraphs 1 to 6) are not suitable due to the nature of the activity or the lack of reliable comparables, the new methods may be used. These include:

1. Discounted cash flow method

2. Multiples method

3. Equity value

4. Appraisal

5. Multiperiod Excess Earnings Method (MPEEM)

Applicable to shares that are not listed on the stock exchange and other similar transactions. This regulatory framework seeks to ensure that prices and compensation reflect what would have been agreed between independent parties under similar conditions.

In addition, the decree includes the requirement of a detailed technical report that must be submitted to SUNAT when requested and allows certain parameters to be adjusted by supreme decree to ensure correct valuation within the framework of transfer pricing.

- Retroactive application of advance pricing agreements (roll-back)

Legislative Decree No. 1662, enacted on September 24, 2024, introduces an important modification to section f) of article 32-A° of the Peruvian Income Tax Law. Its main objective is to allow the retroactive application of advance pricing agreements (roll-back) in transfer pricing transactions. These agreements, known as APAs, are agreements between taxpayers and the tax administration on transfer prices between related companies, to ensure that they comply with tax rules.

The possibility of applying APAs retroactively is a measure that benefits both taxpayers and the tax administration. From a business perspective, this tool provides greater legal certainty and predictability in transfer pricing, since companies can know in advance how the prices they establish between their subsidiaries will be treated tax-wise. Furthermore, by allowing agreements to cover prior years (roll-back), greater flexibility is provided to resolve conflicts or possible adjustments in transfer prices that could have generated tax contingencies.

This decree is part of Peru's efforts to improve its tax system and comply with international standards to avoid double taxation and combat tax evasion.

(vii) Tax losses

In accordance with Legislative Decree No. 945 and as established by Law No. 27513, tax loss carryforwards may be applied under one of the following options:

(a) Offsetting total net third category loss from Peruvian source recorded in one taxable year, assigning this amount every year until its depletion, to net third category income to be obtained in the four immediately subsequent years, calculated as from the following year of its generation. The amount that is not offset once this period of time has passed will not be offset in subsequent years.

(b) Offsetting total net third category loss from Peruvian source recorded in one taxable year, assigning this amount every year until its depletion, to 50% of net third category income to be obtained in immediately subsequent years.

Management of the Company and Subsidiaries Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. selected option (b) and other Subsidiaries selected option (a) to offset tax losses.

26. Remuneration of the personal key

The remuneration of the key personnel of the Company and Subsidiaries as of December 31, 2024 and 2023 amounted to US$15,204 and US$11,746, respectively and corresponds to salaries, participations, benefits and social charges, bonuses and extraordinary gratification.