

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated interim financial information (unaudited) as of June 30,
2025 and 2024

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Statement of Financial Position

As of June 30, 2025 (unaudited) and as of December 31, 2024 (audited)

	Notes	30/06/2025 US\$000	31/12/2024 US\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	146,806	155,834
Trade accounts receivable (net)	6	43,702	33,477
Other accounts receivable (net)	7	69,445	67,424
Inventories (net)	8	35,664	38,070
Other financial assets	9	1,358	948
Total current assets		296,975	295,753
NON-CURRENT ASSETS			
Other accounts receivable	7	42,012	31,834
Investments in shares (net)		5	5
Financial investments	10	129,640	153,042
Inventories (net)	8	4,968	5,180
Property, plant and equipment (net)	11	673,788	678,112
Right-of-use assets (net)	12	11,709	15,663
Investment properties (net)	13	4,983	5,009
Mining concessions, explorations and development costs and other assets (net)	14	664,447	656,228
Total non-current assets		1,531,552	1,545,073
TOTAL ASSETS		1,828,527	1,840,826
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Bank overdrafts		1	-
Financial obligations	15	105,421	40,701
Trade accounts payable	16	166,614	189,711
Other accounts payable	17	98,104	89,891
Other financial liabilities	9	8,768	-
Deferred income		21	21
Total current liabilities		378,929	320,324
NON-CURRENT LIABILITIES:			
Other financial liabilities	9	2,089	-
Financial obligations	15	622,047	709,060
Provision for closing of mining units and communities	18	204,029	200,649
Provision for contingencies and other provisions	19	33,609	37,009
Deferred income tax	20	92,767	123,509
Deferred income		566	577
Total non-current liabilities		955,107	1,070,804
Total liabilities		1,334,036	1,391,128
EQUITY:			
Issued capital stock	21	774,294	774,294
Treasury shares		(41,511)	(41,511)
Capital reserve		(162,285)	(162,285)
Legal reserve		12,009	-
Unrealized gains		21,670	49,406
Retained earnings		(109,686)	(170,206)
Total equity		494,491	449,698
TOTAL LIABILITIES AND EQUITY		1,828,527	1,840,826

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 June 30, 2025 and 2024

	Notes	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
		2025	2024	2025	2024
		US\$000	US\$000	US\$000	US\$000
Net sales	22	290,235	218,288	568,035	394,971
Cost of sales	23	(189,693)	(164,538)	(366,584)	(323,892)
Gross profit		100,542	53,750	201,451	71,079
Administrative expenses		(16,941)	(10,602)	(33,749)	(22,509)
Selling expenses		(10,257)	(6,897)	(18,059)	(13,962)
Other income		11,522	40,231	17,320	51,405
Other expenses		(14,205)	(38,799)	(26,632)	(50,323)
Operating profit		70,661	37,683	140,331	35,690
Financial income	24	558	1,963	1,399	2,186
Financial expenses	24	(20,533)	(19,455)	(43,007)	(37,661)
Exchange difference (net)		344	(717)	860	(692)
Profit (loss) before income tax		51,030	19,474	99,583	(477)
Income tax	20	(13,014)	(9,092)	(27,054)	(8,342)
Net profit (loss)		38,016	10,382	72,529	(8,819)
Weighted average of the number of outstanding shares (in thousands)		3,857,594	3,857,594	3,857,594	3,857,594
Basic and diluted earnings (loss) per share		0.010	0.003	0.019	(0.002)

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 June 30, 2025 and 2024

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2025	2024	2025	2024
	US\$000	US\$000	US\$000	US\$000
Net profit (loss)	38,016	10,382	72,529	(8,819)
OTHER COMPREHENSIVE INCOME:				
Net change in gains (losses) unrealized on derivate instruments and Financial investments	(40,368)	127,022	(39,342)	123,026
Deferred income tax	11,909	(37,472)	11,606	(36,293)
Other comprehensive income (loss) net of income tax	(28,459)	89,550	(27,736)	86,733
Total comprehensive income (loss) net of income tax	9,557	99,932	44,793	77,914

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 June 30, 2025 and 2024

	Issued capital stock US\$000	Treasury shares US\$000	Capital reserve US\$000	Legal reserve US\$000	Unrealized gains (loss) US\$000	Retained earnings US\$000	Total US\$000
Balance as of January 1, 2024	906,680	(60,934)	(173,234)	10,416	(10,208)	(308,122)	364,598
Comprehensive income							
Net loss	-	-	-	-	-	(8,819)	(8,819)
Other comprehensive income	-	-	-	-	86,733	-	86,733
Total comprehensive income	-	-	-	-	86,733	(8,819)	77,914
Capital decrease	(132,386)	-	-	-	-	-	(132,386)
Other changes in equity	-	19,423	10,949	76	-	(9,709)	20,739
Balance as of June 30, 2024	<u>774,294</u>	<u>(41,511)</u>	<u>(162,285)</u>	<u>10,492</u>	<u>76,525</u>	<u>(326,650)</u>	<u>330,865</u>
Balance as of January 1, 2025	774,294	(41,511)	(162,285)	-	49,406	(170,206)	449,698
Comprehensive income							
Net profit	-	-	-	-	-	72,529	72,529
Other comprehensive income	-	-	-	-	(27,736)	-	(27,736)
Total comprehensive income	-	-	-	-	(27,736)	72,529	44,793
Legal reserve	-	-	-	12,009	-	(12,009)	-
Balance as of June 30, 2025	<u>774,294</u>	<u>(41,511)</u>	<u>(162,285)</u>	<u>12,009</u>	<u>21,670</u>	<u>(109,686)</u>	<u>494,491</u>

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 June 30, 2025 and 2024

	30/06/2025	30/06/2024
	US\$000	US\$000
OPERATING ACTIVITIES:		
Collection from:		
Sales	611,103	441,685
Return of credit balance subject to profit and taxes	21,671	25,484
Hedging financial instruments, net	1,178	501
Other collections	366	3,075
Payments to/for:		
Suppliers and others	(377,600)	(322,309)
Employees	(76,468)	(50,125)
Income tax	(32,024)	(2,578)
Royalties	(11,307)	(4,864)
Net cash and cash equivalents provided by operating activities	136,919	90,869
INVESTING ACTIVITIES:		
Collection from:		
Sale of shares in energy company	-	26,279
Payments for:		
Cementos Polpaico Shares	(5,000)	-
Purchase of property, plant and equipment	(43,826)	(24,122)
Increase of exploration and development costs, and other assets	(39,145)	(37,077)
Net cash and cash equivalents used in investing activities	(87,971)	(34,920)
FINANCING ACTIVITIES:		
Collection from:		
Obtainment of loans with third parties	-	25,000
Payments for:		
Financial obligations	(27,644)	(44,688)
Interests	(30,332)	(29,341)
Overdrafts	-	(1,043)
Net cash and cash equivalents used in financing activities	(57,976)	(50,072)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,028)	5,877
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	155,834	61,642
CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE	-	500
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	146,806	68,019
Transactions that do not generate cash flows:		
Acquisition of assets under financial lease	-	1,502
Acquisition of assets under operating lease	-	3,218

The accompanying notes are an integral part of this statement

Volcan Compañía Minera S.A.A. and Subsidiaries

Notes to the consolidated interim financial statements (unaudited)

As of June 30, 2025 and December 31, 2024

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%, 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 (c).

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) Approval of consolidated financial statements –

The consolidated financial statements as of June 30, 2025 were approved by the Company's Management on July 31, 2025. The consolidated financial statements as of December 31, 2024 were approved by the Shareholders's Meeting on March 27, 2025.

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

Consolidated Subsidiaries and economic activity	Direct and indirect interest in ownership		Domicile
	30/06/2025	31/12/2024	
	%	%	
Mining exploration and operation:			
Compañía Minera Chungar S.A.C.	100.00	100.00	Perú
Empresa Administradora de Cerro S.A.C.	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:			
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

(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.

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

Compañía Minera Chungar S.A.C.

This company has two mining units, Animon, located in the province of Pasco, department of Cerro de Pasco, and Alpamarca, located in the province of Yauli, Department of Junin. It is engaged in the exploration, development, and operation of mineral deposits, basically with zinc, copper, and lead contents. This company has 244 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of the mine until 2046.

In addition, the Subsidiary has 10 hydroelectric power plants, from which 9 are located in Huaral and one in Cerro de Pasco. Six of these plants have a concession (4 indefinite and 2 definite) and four plants do not have a concession nor a permit since this plant has a production less than 500KW, as established in the Electrical Concessions Law.

Empresa Administradora de Cerro S.A.C.

This company is located in the province of Pasco, department of Cerro de Pasco, and is engaged in the exploration, development, and operation of mineral deposits, basically with zinc and lead contents. Now, the Subsidiary processes stockpiles in its mining unit Cerro since its mining operations have stopped. The Subsidiary has 10 mining concessions with an indefinite term. Relevant obligations and commitments related to the concession are mentioned in Note 32. Based on the estimate of reserves and resources, the Company's Management has considered a useful life of the mine until 2030.

In addition, as a result of the merger with Oxidos de Pasco S.A.C., which became effective in October 2023, the Subsidiary is engaged in the treatment of oxidized minerals at a leach pad. The Subsidiary has one beneficiation concession with an indefinite term. Based on the estimate of 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, located in the province of Daniel Alcides Carrion, department of Cerro de Pasco, was incorporated for the exploration, development and operation of mineral deposits and its main activity was the exploration of its mining concessions through the financing of the Company and Subsidiaries. No activities have been developed as of June 30, 2025.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of its projects. The Subsidiary has 29 mining concessions with an indefinite term.

Empresa Minera Paragsha S.A.C.

This company was incorporated for exploration, operation, assignment, and mining usufruct; however, its main activity now is the purchase and sale of investments in equity instruments. This subsidiary has shares of the Company and investments in Inversiones Portuarias Chancay S.A.A and Cementos Polpaico S.A. This subsidiary has 47 mining concessions, from which there are 30 concessions with an indefinite term.

Minera Aurífera Toruna S.A.C.

The concessions of this company are located in the district of Ulcumayo and Paucartambo, departments of Junin and Cerro de Pasco, respectively. This company was incorporated for the exploration, development and operation of mineral deposits and its main activity was the exploration of its mining concessions through the financing of the Company and Subsidiaries. No activities have been developed as of June 30, 2025.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of its projects. The Subsidiary has 7 mining concessions with an indefinite term.

Compañía Hidroeléctrica Tingo S.A.

This company is engaged in the operation and maintenance of gen-sets and electrical energy transmission systems. It has the hydroelectric power plant of Tingo of 1.25 MW and 82 km of transmission lines of 22.9 and 50 KV, which are located in

the province of Huaral, department of Lima. The Subsidiary has a definite electrical concession.

Roquel Global S.A.C.

This company is engaged in real estate development in order to perform port and logistics activities in relation to the Chancay Port. This company performed municipal procedures for the award of acquired land in 2019 (sanitation stage), which are still in progress. This company is seeking a strategic partner for the Industrial Logistics Complex Project, which is undergoing an initial stage. The subsidiary is located in the district of Surco, Lima.

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.

(d) Companies sold and/or belonged to the Group in 2024.

Below is a description of the economic activity of these companies:

- Companies sold:

Hidroeléctrica Huanchor S.A.C.

The Company was 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 had 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 Infraestructura 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 for 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 Capitaes Infraestructure Fund II, L.P., managed by AC Capitaes Infraestructure II GP LLC; (ii) AC Capitaes Fondo Infraestructura II and (iii) AC Capitaes Fondo Infraestructura II GP, both managed by AC Capitaes 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.

- Company that belonged to the Group until February 2024:

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 S/443,328 (equivalent to US\$132,386) composed of capital of S/407,656 and additional capital of 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.

(e) 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 S.A.C., Empresa Administradora Cerro S.A.C., Empresa Minera Paragsha S.A.C., Compañía Industrial Limitada de Huacho S.A., Roquel Global S.A.C., Compañía Hidroeléctrica Tingo S.A., Minera Aurífera Toruna S.A.C. and Empresa Explotadora de Vinchos Ltda. S.A.C. 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.

(f) 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 for

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

(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 S.A.C., Empresa Administradora Cerro S.A.C., Empresa Minera Paragsha S.A.C., Compañía Industrial Limitada de Huacho S.A., Roquel Global S.A.C., Compañía Hidroeléctrica Tingo S.A., Minera Aurífera Toruna S.A.C. y Empresa Explotadora de Vinchos Ltda. S.A.C.

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

(g) 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.
	<u>US\$(000)</u>
Assets	
Non-current Assets	
Investments in Associates	<u>148,796</u>
Total non-current assets	<u>148,796</u>
Total assets	<u>148,796</u>
Liabilities	
Non-current liabilities	
Deferred income tax liability	<u>16,407</u>
Total non-current liabilities	<u>16,407</u>
Total liabilities	<u>16,407</u>
Net value of the split-off equity block	<u>132,389</u>

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 June 30, 2025 and as of December 31, 2024, 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 June 30, 2025 and December 31, 2024, 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 June 30, 2025 and December 31, 2024, monetary assets and liabilities, whose original currency is the sol, have been converted to US dollars using the buying and selling exchange rate published by the Superintendency of Banking and Insurance and AFP (SBS) in effect as of that date, which were US\$0.283 and US\$0.282 per S/1.00, respectively, (US\$0.266 and US\$0.265 per S/1.00, respectively, as of December 31, 2024). 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 arise.

(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.

Amortized cost and effective interest method

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.

Equity Investments Designated at Fair Value Through Other Comprehensive Income

At initial recognition, the Company may make an irrevocable election (instrument by instrument) to designate equity investments at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Equity investments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. They are subsequently measured at fair value, with gains and losses arising from changes in fair value recognized in accumulated other comprehensive income. The accumulated gain or loss cannot be reclassified to gain or loss on the disposal of equity investments but is transferred to retained earnings.

Dividends on these equity investments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the investment's cost.

The Company has designated all equity investments not held for trading at fair value through other comprehensive income.

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:

- (i) It has been acquired principally for the purpose of repurchasing it in the near term; or
- (ii) 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
- (iii) 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:

- (i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (ii) 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
- (iii) It is part of a contract that contains one or more embedded instruments; and IFRS 9 allows the entire combined contract to be designated 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 gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the line item "Other profit and losses".

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.

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 June 30, 2025, 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.

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 8 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:

	<u>Useful life</u>
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 11 Property, plant and equipment (net).

(i) Investment properties (net)

Investment property is held to earn rental income and is recorded at acquisition cost, including costs incurred in the transaction less accumulated depreciation.

Subsequent expenditures are capitalized into the asset's carrying amount only when it is probable that benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All maintenance and repair costs are recognized in earnings as incurred. When a component of investment property is replaced, the carrying amount of the replaced item is derecognized.

Investment property is derecognized when the Company disposes of it. When the Company disposes of a property at fair value in a business transaction, the carrying amount immediately before the sale is adjusted to the transaction price, and the adjustment is recognized in the income statement. If investment property is occupied by the Company, it is reclassified to property and equipment. Its fair value at the reclassification date is included in the asset's cost for subsequent accounting purposes.

See Note 13 Investment properties (net).

(j) 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).

(k) 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.

(I) 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.

(m) 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 12 Assets by right of use

(n) 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 19 Provision for contingencies and other provisions.

(o) 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

(p) *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.

(q) *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.

Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to be applied to revenue from contracts with customers, including:

- Identification of the contract with the customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations of the contract.
- Recognition of revenue when (or as) the entity satisfies the performance obligations.

The accounting principles established in IFRS 15 provide a more structured approach to measuring and recognizing revenue. A relevant aspect is the determination of the selling price for the delivery of a good or service that involves more than one performance obligation in relation to the agreed price.

- (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 Net sales

(r) 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.

(s) 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.

(t) 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.

(u) Income tax

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

Current income tax

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 20 Deferred income tax

(v) 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.

(w) 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 current standards were published with mandatory application for accounting periods beginning on or after January 1, 2024, which did not affect the records and disclosures of the Company and Subsidiaries:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the

amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty 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 is required to comply with on 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 must be considered in assessing the classification of the liability 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 (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance 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 covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

- ***Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback***

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize 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 recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback 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 lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 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 Finance Arrangements***

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance 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 finance

arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance 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 finance arrangements:

- The terms and conditions of the arrangements.
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements.
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers.
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement.
- Liquidity risk information.

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

At the approval date 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 effective yet:

- Amendments to IAS 21 – Lack of Exchangeability

The amendments to IAS 21 specify when a currency is exchangeable into another currency and when it is not: (i) a currency is exchangeable when an entity is able to exchange that currency for the other 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 exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

The amendments specify how an entity determines the exchange rate to apply when a currency is not exchangeable: when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing. The amendments require the disclosure of additional information when a currency is not exchangeable: when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

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

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

- ***IFRS 18 Presentation and Disclosures in Financial Statements***

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings Per Share.

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss.
- Provide disclosures on management-defined performance measures in the notes to the financial statements.
- Improve aggregation and disaggregation.

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

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

- ***IFRS 19 Subsidiaries without Public Accountability: Disclosures***

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

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

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

An entity is only permitted to 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 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 outsiders as one of its primary 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 their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

This new standard is effective for reporting periods beginning on January 1, 2027, with earlier application permitted. If the Company elects to apply IFRS 19 for a reporting period earlier than 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 it applied the

amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

Management considers that this standard is not applicable to the Company and Subsidiaries since they do not perform this type of operations.

- ***Amendments to IFRS 9 Classification and Measurement of Financial Instruments.***

Effective for annual periods beginning on or after January 1, 2026, with earlier application permitted.

Derecognition of a financial liability settled through electronic transfer:

The amendments to the application guidance of IFRS 9 permit an entity to consider a financial liability (or part of it) that will be settled in cash using an electronic payment system as discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

Classification of financial assets:

- Contractual terms that are consistent with a basic lending arrangement: The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Assets with non-recourse features: The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset is considered to have non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- Contractually linked instruments: The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions involving multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures:

- Investments in equity instruments designated at fair value through other comprehensive income: The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.
- Contractual terms that could change the timing or amount of contractual cash flows: The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or fair value through other comprehensive income and each class of financial liability measured at amortized cost.

- ***Annual Improvements to IFRS Standards.***

Effective for annual periods beginning on or after January 1, 2026, with early application permitted.

The Annual Improvements include amendments to five standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Hedge accounting by a first-time adopter. The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.

IFRS 7 Financial Instruments: Disclosures

- Gain or loss on derecognition. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued.
- Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a

consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.

- Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.

IFRS 9 Financial Instruments

- Lessee derecognition of lease liabilities. The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9.
- Transaction price. The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of 'transaction price' in IFRS 15 Revenue from Contracts with Customers while term 'transaction price' is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.

IFRS 10 Consolidated Financial Statements

Determination of a 'de facto agent'. The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

IAS 7 Statement of Cash Flows

Cost method. The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

- Amendments to IFRS 9 Financial Instruments.

Effective for annual periods beginning on or after January 1, 2026, with early application permitted.

- The own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- The hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument: To designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

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

4. Financial Instruments and Risks

(a) Categories of financial instruments

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

	<u>30/06/2025</u> US\$000	<u>31/12/2024</u> US\$000
Financial assets:		
Cash and cash equivalents	<u>146,806</u>	<u>155,834</u>
Amortized cost		
Other accounts receivable	<u>10,464</u>	<u>12,342</u>
Fair value through profit or loss		
Trade accounts receivable (net)	43,702	33,477
Derivatives designated as hedging instruments	<u>233</u>	<u>-</u>
	<u>43,935</u>	<u>33,477</u>
Fair value through other comprehensive income		
Financial investments	129,645	153,047
Derivatives designated as hedging instruments	<u>1,125</u>	<u>948</u>
	<u>130,770</u>	<u>153,995</u>
Total	<u><u>331,975</u></u>	<u><u>355,648</u></u>

Financial liabilities:**Amortized cost**

Trade accounts payable	166,614	189,711
Other accounts payable	16,237	17,408
Financial obligations and bank overdrafts	<u>727,469</u>	<u>749,761</u>
	<u>910,320</u>	<u>956,880</u>

Fair value through profit or loss

Derivatives not designated as hedging instruments	590	-
Derivatives designated as a hedging instrument	<u>533</u>	<u>-</u>
	<u>1,123</u>	<u>-</u>

Fair value through other comprehensive income

Derivatives designated as hedging instruments	<u>9,734</u>	<u>-</u>
	<u>9,734</u>	<u>-</u>
Total	<u><u>921,177</u></u>	<u><u>956,880</u></u>

(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 June 30, 2025, 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\$0.283, US\$0.282 per S/1.00, respectively, (US\$0.266 and US\$0.265 per S/1.00, respectively as of December 31, 2024) and are summarized as follows:

	30/06/2025	31/12/2024
	S/000	S/000
<u>Assets</u>		
Cash and cash equivalents	101,245	194,403
Other accounts receivable (net)	155,894	127,690
Total assets	257,139	322,093
<u>Liabilities</u>		
Bank overdrafts	(1)	-
Trade accounts payable	(166,614)	(120,572)
Other accounts payable	(81,856)	(65,317)
Total liabilities	(248,471)	(185,889)
Net assets	8,668	136,204

As of June 30, 2025, the Company recorded an exchange gain of US\$73,224 and an exchange loss of US\$74,084 (exchange gain of US\$53,373 and an exchange loss of US\$54,065 as of June 30, 2024).

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	
		30/06/2025	31/12/2024
		US\$000	US\$000
Revaluation	+5%	(122)	(1,806)
Devaluation	-5%	122	1,806

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 June 30, 2025 and 2024, 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	
2025:	
Increase in the international price of zinc	29,952
Decrease in the international price of zinc	(29,952)
2024:	
Increase in the international price of zinc	21,202
Decrease in the international price of zinc	(21,202)
	Effect on profit (loss) before income tax (Debit) Credit US\$000
Lead concentrate	
2025:	
Increase in the international price of lead	9,806
Decrease in the international price of lead	(9,806)
2024:	
Increase in the international price of lead	9,006
Decrease in the international price of lead	(9,006)
	Effect on profit (loss) before income tax (Debit) Credit US\$000
Copper concentrate	
2025:	
Increase in the international price of copper	3,972
Decrease in the international price of copper	(3,972)
2024:	
Increase in the international price of copper	2,478
Decrease in the international price of copper	(2,478)

	Effect on profit (loss) before income tax (Debit) Credit US\$000
Silver concentrate	
2025:	
Increase in the international price of silver	7,392
Decrease in the international price of silver	(7,392)
2024:	
Increase in the international price of silver	3,375
Decrease in the international price of silver	(3,375)

As of June 30, 2025 and December 31, 2024, the fair value of the embedded derivatives contained in the commercial contracts amounts to a gain of US\$3,711 and a loss of US\$2,692, 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 June 30, 2025 and December 31, 2024, the Company and Subsidiaries have negative working capital for US\$81,954 and US\$24,571, respectively.

The increase in negative working capital is mainly due to the 4.375% Senior Notes Due 2026, which mature in February 2026, therefore this is part of current liabilities as of June 30, 2025.

In addition, it generates significant cash flows from operating activities (US\$136,919 as of June 30, 2025, and US\$90,869 as of June 30, 2024).

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 US\$000	Between 1 and 2 years US\$000	Between 2 and 10 years US\$000	Total US\$000
As of June 30, 2025:				
Cash and cash equivalents	146,806	-	-	146,806
Other accounts receivable (net)	10,464	-	-	10,464
Trade accounts receivable (net)	43,702	-	-	43,702
Derivatives designated as hedging instruments	1,358	-	-	1,358
Financial investments	-	-	129,645	129,645
Total	202,330	-	129,645	331,975
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
Financial Liabilities				
Financial Liabilities	Less than 1 year US\$000	Between 1 and 2 years US\$000	Between 2 and 10 years US\$000	Total US\$000
As of June 30, 2025:				
Bank overdrafts	1	-	-	1
Financial obligations	173,272	81,195	721,010	975,477
Trade accounts payable	166,614	-	-	166,614
Derivatives designated as hedging instruments	8,767	2,090	-	10,857
Other accounts payable	16,237	-	-	16,237
Total	364,892	83,285	721,010	1,169,187
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

(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 leverage ratio was as follows:

	<u>30/06/2025</u> US\$000	<u>31/12/2024</u> US\$000
Financial obligations	727,468	749,761
Cash and cash equivalents	<u>(146,806)</u>	<u>(155,834)</u>
Total net debt	<u>580,662</u>	<u>593,927</u>
Total equity	<u>494,491</u>	<u>449,698</u>
Net debt ratio	<u>1.17</u>	<u>1.32</u>

The Company managed to reduce the ratio from 1.32 in 2024 to 1.17 in 2025 due to the amortization of debt and an increase in cash and cash equivalents from its operations.

(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\$364,299 as of June 30, 2025 (US\$352,033 as of December 31, 2024).

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

As of June 30, 2025 and December 31, 2024, 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:

	30/06/2025 US\$000	31/12/2024 US\$000
Financial assets		
Level 1		
Investments in equity instruments (a)	129,640	153,042
Level 2		
Trade accounts receivable (net)	43,702	33,477
Derivatives designated as hedging instruments	1,358	948
	<u>45,060</u>	<u>34,425</u>
Financial liabilities		
Derivatives not designated as hedging instruments	590	-
Derivatives designated as hedging instruments	10,267	-
	<u>10,857</u>	<u>-</u>

- (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:

	30/06/2025 US\$000	31/12/2024 US\$000
Available:		
Bank checking accounts	51,681	84,612
Deposits	45,698	15,000
Fixed fund	11	-
	<u>97,390</u>	<u>99,612</u>
Available - Restricted:		
Bank checking accounts - Banco de la Nación (*)	20,175	40,628
Restricted Funds	29,241	11,872
Cash in transit - Banco de la Nación (*)	-	3,722
	<u>49,416</u>	<u>56,222</u>
Total	<u><u>146,806</u></u>	<u><u>155,834</u></u>

(*) Available for tax payment

6. Trade accounts receivable (net)

The composition of the item is presented below:

	30/06/2025 US\$000	31/12/2024 US\$000
From third parties		
Invoices	62,879	56,371
Embedded derivatives	309	(3,402)
Impairment estimate for accounts receivable	(19,486)	(19,492)
Total	<u><u>43,702</u></u>	<u><u>33,477</u></u>

7. Other accounts receivable (net)

The composition of the item is presented below:

	30/06/2025 US\$000	31/12/2024 US\$000
General sales tax credit (a)	47,282	41,897
Taxes to be recovered	42,211	32,134
Advances granted to contractors and suppliers	16,428	11,652
Balance in favor of income tax and temporary tax on net assets (b)	5,337	9,496
Public works for taxes, in process (d)	4,777	4,313
Prepaid expenses	2,649	3,968
Loans to staff	1,118	239
Other minors	460	483
	120,262	104,182
Allowance for impairment of other accounts receivable (e)	(19,269)	(17,266)
Subtotal	100,993	86,916
<u>Amortized cost:</u>		
Accounts receivable from contractors and others	12,877	13,298
Loans to third parties (c)	10,422	10,366
Escrow Account - Companies Sales	5,096	5,973
Other minors	1,288	1,810
	29,683	31,447
Allowance for impairment of other accounts receivable (e)	(19,219)	(19,105)
Subtotal	10,464	12,342
Total	111,457	99,258
Non-current portion	42,012	31,834
Current portion	69,445	67,424

(a) As of June 30, 2025, it includes an amount of US\$19,269 (as of December 31, 2024, US\$17,266) corresponding to a tax credit that is not expected to be recovered; therefore, an impairment allowance has been made for this amount.

(b) As of June 30, 2025, it corresponds to the balance of income tax payments on account for US\$3,430 and payments for the temporary tax on net assets for US\$1,907 (as of December 31, 2024, it corresponds to the balance of income tax payments on account for US\$3,017 and payments for the temporary tax on net

assets for US\$6,479).

- (c) Loans to third parties accrue interest at market rates and are primarily considered current maturities. The Company and Subsidiaries have considered setting aside US\$10,106 for doubtful accounts based on the assessment of the risk of non-collectibility.
- (d) This 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 for the cancellation of the amount invested by the Company in the execution of investment projects. During 2024, the Company completed the projects "Improvement and Expansion of Sports Services at the Municipal Sports Center on Av. 1° de Mayo in the District of Chancay, Province of Huaral, Department of Lima" (CUI 2466179) and "Improvement of the Comprehensive Management of Municipal Solid Waste in the District of Huayllay, Province of Pasco, Department of Pasco" (CUI 2511013) which US\$1,792 has been recovered through the "CIPRL" (Recycling and Recycling Program) under the scheme of Law 29230 on Works for Taxes. The recovery of the invested balance, amounting to US\$2,985, will be sought in 2025.
- (e) As of June 30, 2025, it corresponds mainly to the allowance for impairment of the general sales tax credit for US\$19,269 and loans receivable for US\$10,106. As of December 31, 2024, it corresponds mainly to the provision for impairment of the general sales tax credit for US\$17,266, loans receivable for US\$10,069 and the remaining balance corresponds mainly to contractors receivable.

8. Inventories (net)

The composition of the item is presented below:

	30/06/2025 US\$000	31/12/2024 US\$000
Concentrates	4,558	8,909
Raw material (extracted mineral)	3,023	5,416
Pyrite stockpiles	4,968	5,180
Sundry supplies	36,765	32,297
Inventories in transit	231	482
Total	49,545	52,284
Impairment estimate (a)	(8,913)	(9,034)
Total	40,632	43,250
Non-current portion	4,968	5,180
Current portion	35,664	38,070

(a) During 2025, the provision for the net realizable value of concentrate was updated, resulting in a net effect for US\$121.

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.

9. Other financial assets and liabilities

The composition of the item is presented below:

	<u>30/06/2025</u> US\$000	<u>31/12/2024</u> US\$000
Other financial assets		
Derivative financial instruments:		
Fair value of hedging derivative financial instruments	<u>1,358</u>	<u>948</u>
	<u>1,358</u>	<u>948</u>
Other financial liabilities		
Derivative financial instruments:		
Fair value of hedging derivative financial instruments	10,267	-
Settled derivative financial instruments	<u>590</u>	<u>-</u>
	<u>10,857</u>	<u>-</u>

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 June 30, 2025, 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, 2023	(14,480)	4,272	(10,208)
Total change in hedging derivative financial instruments	(173)	51	(122)
Total change in Polpaico share investment	(2,511)	741	(1,770)
Total change in fair value of IPCH shares	125,709	(37,084)	88,625
Balances as of June 30, 2024	<u>108,545</u>	<u>(32,020)</u>	<u>76,525</u>
Balances as of December 31, 2024	70,079	(20,673)	49,406
Total change in hedging derivative financial instruments	(9,557)	2,819	(6,738)
Total change in Polpaico share investment	5,452	(1,608)	3,844
Total change in fair value of IPCH shares	(35,237)	10,395	(24,842)
Balances as of June 30, 2025	<u>30,737</u>	<u>(9,067)</u>	<u>21,670</u>

10. Financial investments

The composition of the item is presented below:

Company	Class	Shares Number	Participation in Net equity		Nominal Value	Book value	
			30/06/2025	31/12/2024		30/06/2025	31/12/2024
Cemento Polpaico S.A.	Common	4,056,643	18.59	15.90	7,661 Pesos chilenos	39,046	28,593
Inversiones Portuarias Chancay S.A.A.	Common - Class A	206,743,063	12.66	12.66	1.54 Soles	90,092	123,782
Inversiones Portuarias Chancay S.A.A.	Common - Class B	12,234,901	0.50	0.50	0.15 Soles	502	667
						<u>129,640</u>	<u>153,042</u>

11. Property, plant and equipment (net)

The composition of the item is presented below:

	Balance as of January 1, 2025 US\$000	Additions US\$000	Sales and/or disposals US\$000	Transfers and reclassifications US\$000	Balance as of June 30, 2025 US\$000
Cost of:					
Land	18,528	-	-	-	18,528
Buildings and other constructions	1,173,761	-	-	3,556	1,177,317
Infrastructure PAMA	680	-	-	-	680
Machinery and equipment	178,080	733	(150)	218	178,881
Vehicles	2,916	144	-	-	3,060
Furniture and fixtures and computer equipment	8,927	123	-	-	9,050
Sundry equipment	444,796	5,461	-	512	450,769
Units in transit	565	88	-	(143)	510
Works in progress (a)	101,303	37,277	-	(9,367)	129,213
	<u>1,929,556</u>	<u>43,826</u>	<u>(150)</u>	<u>(5,224)</u>	<u>1,968,008</u>
Accumulated depreciation of:					
Buildings and other constructions	740,256	26,927	-	-	767,183
Infrastructure PAMA	680	-	-	-	680
Machinery and equipment	149,201	5,865	(50)	-	155,016
Vehicles	2,586	72	-	-	2,658
Furniture and fixtures and computer equipment	7,478	177	-	-	7,655
Sundry equipment	351,243	9,785	-	-	361,028
	<u>1,251,444</u>	<u>42,826</u>	<u>(50)</u>	<u>-</u>	<u>1,294,220</u>
Net value	<u>678,112</u>				<u>673,788</u>

	Balance as of January 1, 2024 US\$000	Additions US\$000	Sales and/or disposals US\$000	Transfers and reclassifications US\$000	Disposal of subsidiaries US\$000	Balance as of December 31, 2024 US\$000
Cost of:						
Land	18,995	-	-	-	(467)	18,528
Buildings	1,199,407	569	-	42,247	(68,463)	1,173,760
Infrastructure PAMA	680	-	-	-	-	680
Machinery and equipment	187,986	3,236	(973)	-	(12,169)	178,080
Vehicles	3,320	-	(404)	-	-	2,916
Furniture and fixtures and computer equipment	8,937	40	-	7	(57)	8,927
Sundry 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
	<u>1,939,831</u>	<u>70,752</u>	<u>(1,980)</u>	<u>3,059</u>	<u>(82,107)</u>	<u>1,929,555</u>
Accumulated depreciation of:						
Buildings	684,976	76,538	-	-	(21,285)	740,229
Infrastructure PAMA	680	-	-	-	-	680
Machinery and equipment	147,157	13,170	(919)	-	(10,207)	149,201
Vehicles	2,811	152	(377)	-	-	2,586
Furniture and fixtures and computer equipment	7,108	421	-	-	(51)	7,478
Sundry equipment	330,330	21,528	(108)	-	(507)	351,243
	<u>1,173,062</u>	<u>111,809</u>	<u>(1,404)</u>	<u>-</u>	<u>(32,050)</u>	<u>1,251,417</u>
Net value	<u>766,769</u>					<u>678,138</u>

- (a) As of June 30, 2025, the projects included in the work-in-progress category belong primarily to Volcan Compañía Minera S.A.A. for an amount of US\$68,534 and to the subsidiary Compañía Minera Chungar S.A.C. for an amount of US\$41,736 (US\$52,662 and US\$31,209 as of December 31, 2024, respectively).
- (b) As of June 30, 2025, buildings, machinery, and equipment include assets acquired under financial leases with a carrying amount of US\$7,631 and US\$14,417, respectively (US\$7,800 and US\$18,805 as of December 31, 2024).
- (c) The Company and Subsidiaries maintain insurance on their principal assets in accordance with the policies established by Management.
- (d) As of June 30, 2025, and December 31, 2024, the cost of property, plant, and equipment is presented net of an accumulated impairment for US\$335,623, distributed among buildings and constructions for US\$263,245, machinery and equipment, and miscellaneous equipment for US\$43,897, and other items for US\$28,481.

12. Right-of-use assets (net)

The composition of the item is presented below:

	Balance as of January 1, 2025	Additions	Balance as of June 30, 2025
	US\$000	US\$000	US\$000
Cost of:			
Operating machinery	15,865	-	15,865
Vehicles	9,950	-	9,950
Properties	170	-	170
	<u>25,985</u>	<u>-</u>	<u>25,985</u>
Depreciation of:			
Operating machinery	4,871	1,759	6,630
Vehicles	5,281	2,195	7,476
Properties	170	-	170
	<u>10,322</u>	<u>3,954</u>	<u>14,276</u>
Net value	<u>15,663</u>		<u>11,709</u>

	Balance as of January 1, 2024	Additions	Disposals	Disposal of subsidiaries	Balance as of December 31, 2024
	US\$000	US\$000	US\$000	US\$000	US\$000
Cost of:					
Operating machinery	13,448	2,417	-	-	15,865
Vehicles	11,029	2,912	(3,897)	(94)	9,950
Properties	170	-	-	-	170
	<u>24,647</u>	<u>5,329</u>	<u>(3,897)</u>	<u>(94)</u>	<u>25,985</u>
Depreciation of:					
Operating machinery	1,857	3,014	-	-	4,871
Vehicles	4,712	4,412	(3,784)	(59)	5,281
Properties	152	18	-	-	170
	<u>6,721</u>	<u>7,444</u>	<u>(3,784)</u>	<u>(59)</u>	<u>10,322</u>
Net value	<u>17,926</u>				<u>15,663</u>

13. Investment properties (net)

The composition of the item is presented below:

	Balance as of January 1, 2025	Additions	Balance as of June 30, 2025
	US\$000	US\$000	US\$000
Cost of:			
Lands	4,578	-	4,578
Buildings	1,548	-	1,548
	<u>6,126</u>	<u>-</u>	<u>6,126</u>
Depreciation of:			
Buildings	1,117	26	1,143
	<u>1,117</u>	<u>26</u>	<u>1,143</u>
Net value	<u>5,009</u>		<u>4,983</u>

	Balance as of January 1, 2024	Additions	Balance as of December 31, 2024
	US\$000	US\$000	US\$000
Cost of:			
Lands	4,578	-	4,578
Buildings	1,548	-	1,548
	<u>6,126</u>	<u>-</u>	<u>6,126</u>
 Depreciation of:			
Buildings	1,091	26	1,117
	<u>1,091</u>	<u>26</u>	<u>1,117</u>
Net value	<u>5,035</u>		<u>5,009</u>

14. Mining concessions, explorations and development costs and other assets (net)

The composition of the item is presented below:

	Balance as of January 1, 2025	Additions	Disposals	Transfers	Balance as of June 30, 2025
	US\$000	US\$000	US\$000	US\$000	US\$000
Cost of:					
Mining concessions	250,068	-	(741)	-	249,327
Exploration costs	347,530	3,700	-	1,069	352,299
Development costs	1,053,424	35,406	-	3,974	1,092,804
Closure of mining units	141,537	-	-	-	141,537
Community rights	21,401	-	-	-	21,401
Other intangibles	17,898	39	-	181	18,118
	<u>1,831,858</u>	<u>39,145</u>	<u>(741)</u>	<u>5,224</u>	<u>1,875,486</u>
Amortization of:					
Mining concessions	210,356	1,948	(648)	-	211,656
Exploration costs	217,906	7,147	-	-	225,053
Development costs	614,939	24,475	-	-	639,414
Closure of mining units	112,510	1,261	-	-	113,771
Community rights	9,712	613	-	-	10,325
Other intangibles	10,207	613	-	-	10,820
	<u>1,175,630</u>	<u>36,057</u>	<u>(648)</u>	<u>-</u>	<u>1,211,039</u>
Net value	<u>656,228</u>				<u>664,447</u>

	Balance as of January 1, 2024 US\$000	Additions US\$000	Disposals US\$000	Change in estimate US\$000	Transfers US\$000	Disposal of subsidiaries US\$000	Impairment recovery US\$000	Balance as of December 31, 2024 US\$000
Cost of:								
Mining concessions	260,650	-	(10,343)	-	-	(239)	-	250,068
Exploration costs	338,691	8,839	-	-	-	-	-	347,530
Development costs	896,005	69,145	-	-	(3,426)	-	91,700	1,053,424
Closure of mining units	210,609	-	-	(72,509)	3,437	-	-	141,537
Community rights	24,645	-	-	-	-	(3,244)	-	21,401
Other intangibles	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
Amortization of:								
Mining concessions	205,730	4,865	-	-	-	(239)	-	210,356
Exploration costs	201,663	16,243	-	-	-	-	-	217,906
Development costs	577,179	37,760	-	-	-	-	-	614,939
Closure of mining units	98,717	13,793	-	-	-	-	-	112,510
Community rights	8,911	1,545	-	-	-	(744)	-	9,712
Other intangibles	8,745	1,479	-	-	-	(17)	-	10,207
	1,100,945	75,685	-	-	-	(1,000)	-	1,175,630
Net value	650,650							656,228

15. Financial obligations

The composition of the item is presented below:

	Expiration date	Balances as of January 1, 2025	Others	Loans obtained	Payment	Balances as of June 30, 2025	Current	Non-current
		US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Financial Institutions - leasing								
Banco Internacional del Perú-Interbank		142	-	-	(142)	-	-	-
Scotiabank Perú S.A.A.		4,070	-	-	(2,530)	1,540	1,103	437
Syndicated loan	Jul-29	344,348	-	-	(14,147)	330,201	15,000	315,201
Adjustment for amortized cost (issue costs)		(15,097)	605	-	-	(14,492)	(3,549)	(10,943)
Negotiated bonds - 4.375%	Feb-26	67,986	-	-	-	67,986	67,986	-
Adjustment for amortized cost (issue costs)		(1,194)	551	-	-	(643)	(643)	-
Negotiated bonds - 8.750%	Jan-30	299,872	-	-	-	299,872	-	299,872
Adjustment for amortized cost (issue costs)		(11,545)	1,094	-	-	(10,451)	(2,280)	(8,171)
Loans from other entities								
Glencore Lima Trading	Dec-28	25,000	-	-	-	25,000	-	25,000
Glencore International Inc	Jan-25	6,375	-	-	(6,375)	-	-	-
Interest payable		719,957	2,250	-	(23,194)	699,013	77,617	621,396
Interest payable - leasing		17,027	-	32,971	(30,332)	19,666	19,666	-
Operating lease (IFRS 16)		-	-	81	(81)	-	-	-
		12,777	381	-	(4,369)	8,789	8,138	651
TOTAL		29,804	381	33,052	(34,782)	28,455	27,804	651
		749,761	2,631	33,052	(57,976)	727,468	105,421	622,047
Financial obligations current		40,701				105,421		
Financial obligations non-current		709,060				622,047		

16. Trade accounts payable

The composition of the item is presented below:

	30/06/2025 US\$000	31/12/2024 US\$000
Invoices payable (a) (b)	98,254	117,233
Invoices receivable (c)	54,497	59,563
Guarantee funds	13,863	12,915
	<u>166,614</u>	<u>189,711</u>

- (a) Trade accounts payable arise primarily from the acquisition of materials and supplies for the execution of the Company's and Subsidiaries' activities and are denominated primarily in US dollars and soles. These obligations have current maturities, do not accrue interest, and no guarantees have been provided for these obligations. As of June 30, 2025, and December 2024, 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 June 30, 2025, the Company and Subsidiaries have obligations for US\$16,461 (US\$7,320 as of December 31, 2024), which relate to invoices that suppliers have assigned to financial institutions. These obligations do not accrue interest and maintain the original maturity agreed upon 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:

	30/06/2025 US\$000	31/12/2024 US\$000
Short term		
Salaries and profit-sharing of employees	44,204	45,907
Income tax	27,626	16,425
Mining taxes	5,561	5,144
Dividends	1,004	953
Contribution to OEFA	221	201
Other minor items	3,251	3,852
	<u>81,867</u>	<u>72,482</u>
Amortized cost:		
Water use/treatment/discharge	3,932	3,447
Operating rights and penalties	8,007	12,024
Other minor items	4,298	1,938
	<u>16,237</u>	<u>17,409</u>
TOTAL	<u><u>98,104</u></u>	<u><u>89,891</u></u>

18. Provision for closing of mining units and communities

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

Mining units	Balances as of December 31, 2024 US\$000	Disbursements US\$000	Financial Expenses US\$000	Balances as of June 30, 2025 US\$000
Andaychagua	23,615	(318)	690	23,987
Carahuacra	43,100	(105)	1,270	44,265
Ticlio	8,137	(25)	240	8,352
Alpamarca	26,928	(89)	792	27,631
Chungar	21,517	(315)	627	21,829
Toruna	1,535	-	45	1,580
Cerro	37,928	(295)	1,114	38,747
Vinchos	9,269	(9)	273	9,533
Vichaycocha	4,930	(81)	143	4,992
San Sebastian	3,852	(12)	113	3,953
Closure of mining units	<u>180,811</u>	<u>(1,249)</u>	<u>5,307</u>	<u>184,869</u>
Volcan	3,005	(327)	80	2,758
Chungar	14,266	(492)	408	14,182
Cerro	2,199	(340)	55	1,914
Tingo	368	(72)	10	306
Communities	<u>19,838</u>	<u>(1,231)</u>	<u>553</u>	<u>19,160</u>
Provision for closure of mining units and communities	<u><u>200,649</u></u>	<u><u>(2,480)</u></u>	<u><u>5,860</u></u>	<u><u>204,029</u></u>

19. Provision for contingencies and other provisions

The composition of the item is presented below:

	<u>30/06/2025</u>	<u>31/12/2024</u>
	US\$000	US\$000
Provisions for lawsuits (a)	33,193	31,990
Other provisions	<u>416</u>	<u>5,019</u>
	<u>33,609</u>	<u>37,009</u>

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

20. Deferred income tax

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

	<u>30/06/2025</u>	<u>31/12/2024</u>
	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	46,421	45,783
Provision for the closing of mining units	39,827	38,963
Recoverable tax loss	27,608	26,621
Fair value Polpaico Cement	8,366	9,975
Contingencies provisions	8,103	9,067
Provision for communities	5,088	5,204
Provision for operating lease	2,358	3,505
Estimation for devaluation of inventories	2,157	2,193
Various provisions	2,157	2,068
Vacation payments outstanding	1,925	1,579
Provision of mining royalties	1,226	1,220
Embedded derivative	293	814
Fair value of IFD	3,029	-
Provision for doubtful accounts	167	167
Other minors	<u>2,879</u>	<u>3,527</u>
	<u>151,604</u>	<u>150,686</u>

Deferred liabilities

Utilization of amortization of mining rights and concessions, exploration, development and stripping costs and amortization of property, plant and equipment	196,449	195,473
Effect by translation of the tax benefits to dollars	19,953	41,461
Valuation of IPCH shares	18,228	27,242
Financial expenses due to financial obligations	4,993	5,249
Activation of expenses for bond issuance	2,555	2,962
Fair value of IFD	433	280
Embedded derivative	188	-
Uncollected IFD	93	-
Other minors	1,479	1,528
	244,371	274,195
Deferred liabilities (net)	(92,767)	(123,509)

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

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2025 US\$000	2024 US\$000	2025 US\$000	2024 US\$000
Income tax				
Current	(21,092)	(2,452)	(36,370)	(3,582)
Deferred	13,960	(3,236)	20,509	892
	(7,132)	(5,688)	(15,861)	(2,690)
Mining royalty tax	(3,296)	(2,314)	(6,319)	(4,258)
Special mining tax	(2,227)	(1,053)	(4,219)	(1,343)
Contribution to the mining retirement fund	(359)	(37)	(655)	(51)
Total income tax expenditure	(13,014)	(9,092)	(27,054)	(8,342)

21. Issued capital stock

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 "B" common shares, listed on the Lima Stock Exchange, are frequently traded on the stock market. As of June 30, 2025, their prices were S/0.46 and S/0.24 per share, respectively (S/0.41 and S/0.208 per share, respectively, as of December 31, 2024).

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, 2018 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 (equivalent to US\$227,620), 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/ 2,690,538 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 (equivalent to US\$132,386). 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/ 2,242,115 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 April 1 to June 30		For the cumulative period from January 1 to June 30	
	2025	2024	2025	2024
	US\$000	US\$000	US\$000	US\$000
<u>Net sales per concentrate:</u>				
Zinc	153,456	116,135	299,515	212,017
Lead	48,233	47,504	98,061	90,056
Silver	36,454	19,679	73,922	33,747
Silver bars	31,286	20,933	52,814	37,115
Copper	20,761	14,282	39,724	24,783
	290,190	218,533	564,036	397,718
<u>Profit (loss) in:</u>				
Derivative financial instruments	(96)	(198)	288	(55)
Embedded derivatives (a)	141	(47)	3,711	(2,692)
	45	(245)	3,999	(2,747)
Total	290,235	218,288	568,035	394,971

(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 June 30, 2025, and 2024, 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.

Concentrate sales include provisional sales value adjustments resulting from changes in the fair value of embedded derivatives. This adjustment resulted in a gain of US\$3,711 in the six-month period ended June 30, 2025 (a loss of US\$2,692 as of June 30, 2024) and is shown as part of net sales.

23. Cost of sales

The composition of this below:

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2025	2024	2025	2024
	US\$000	US\$000	US\$000	US\$000
Initial Concentrate Inventory	13,834	6,984	8,909	8,052
Initial Ore Inventory	4,063	16,512	5,416	11,956
Production cost:				
Labor	31,655	18,667	54,247	38,226
Third-party services, energy, and other	64,682	56,172	134,104	117,173
Supplies used	31,669	28,422	62,440	57,117
Depreciation	19,380	23,981	40,497	48,354
Right-of-use asset depreciation	2,165	1,909	3,954	3,411
Amortization	16,019	15,786	32,052	31,959
Purchase of concentrates and minerals	6,274	319	17,349	319
Less - ending concentrate inventory	(4,558)	(9,216)	(4,558)	(9,216)
Less - ending ore inventory	(3,023)	(11,917)	(3,023)	(11,917)
Subtotal	182,160	147,619	351,387	295,434
Cost of plant shutdown	5,804	12,964	11,907	21,697
Depreciation of plant shutdown	470	2,357	933	3,954
Amortization of plant shutdown	1,259	1,598	2,357	2,807
Total	189,693	164,538	366,584	323,892

24. Financial income (expenses)

The composition of this below:

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2025	2024	2025	2024
	US\$000	US\$000	US\$000	US\$000
Income				
Interests on loans	7	15	11	15
Other financial income	551	1,948	1,388	2,171
	558	1,963	1,399	2,186
Expenses				
Interests on syndicated loans	(8,213)	(9,979)	(16,652)	(20,171)
Interests on issued bonds	(7,582)	(4,145)	(15,250)	(8,336)
Effect for the update of the present value of mine closure	(2,644)	(1,226)	(5,306)	(2,444)
Interests of financial obligations	(588)	(212)	(1,135)	(547)
Amortized cost of bonds	(271)	(221)	(541)	(441)
Effect of present value adjustment - leases	(174)	(383)	(382)	(763)
Lease interest	(33)	(116)	(81)	(238)
Commissions and other expenses	(1,028)	(3,173)	(3,660)	(4,721)
	(20,533)	(19,455)	(43,007)	(37,661)

25. Tax situation

(i) Current tax framework

The Company and Subsidiaries are subject to the Peruvian tax regime. The income tax rate applicable to companies as of June 30, 2025 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% as of June 30, 2025.

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 June 30, 2025.

(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 complied with the submission to the tax administration of the local, master, and country-by-country transfer pricing report corresponding to the 2024 period.

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

During 2025 and 2024, 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:

	30/06/2025		30/06/2024	
	Amount US\$000	Percentage %	Amount US\$000	Percentage %
Profit (loss) before income tax	99,583	100.00	(477)	100.00
Income taxes according to tax rate	(29,377)	(29.50)	141	(29.50)
Conversion effect of non-financial assets	8,578	8.61	(4,072)	853.71
Tax effects on non-deductible expenses and others	4,938	4.96	1,241	(260.27)
Mining taxes as income tax	(11,193)	(11.24)	(5,652)	1,184.91
Income tax and tax rate applicable to profit according to books	(27,054)	(27.17)	(8,342)	1,748.85

(v) Income tax payable

The Company and Subsidiaries maintain a credit balance with the tax administration for US\$27,626 as of June 30, 2025 (US\$16,425 as of December 2024).

(vi) Significant changes to income tax in Peru

After June 30, 2025, 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 June 30, 2025 have been considered by Management when preparing these consolidated financial statements.

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

Interests and capital gains from repurchase and disposal transactions of participation units of Stock Exchange Funds or ETFs

Pursuant to Law 32218, published on December 29, 2024, interests and capital gains from repurchase and disposal transactions of participation units of Stock Exchange Funds or Exchange-traded Funds (ETF), whose underlying items are the instruments issued by the Republic of Peru (Public Treasury bills issued by the Republic of Peru and Bonds and other debt securities issued by the Republic of Peru under the Market Creators Program or the mechanism that replaces it, or in the international market as of 2003), constitute untaxed income.

Accelerated depreciation of fixed assets used in the power generation activity with water resources and other renewable resources

Pursuant to Law 32217, published on December 29, 2024, the accelerated depreciation tax benefit that promotes investment in the power generation activity with water resources and other renewable resources was extended until December 31, 2030.

This benefit consists of the accelerated depreciation applicable to the machinery, equipment and civil works necessary for the installation and operation of the plant that generates electricity with water resources and other renewable resources, which will have an annual depreciation rate of no more than 20% as annual global rate.

Advance pricing agreements (APAs) and other valuation methods

- Legislative Decree 1663, published on September 24, 2024, modifies paragraph 7 of article 32 A of the Income Tax Law, in which the application of other valuation methods is allowed when it is not possible to apply the other six provided, provided that such methods comply with the new conditions and rules established in the ITL.
- Legislative Decree 1662, published on September 24, 2024, allows the retroactive application of advance pricing agreements (rollback), provided that it is verified that the relevant facts and circumstances of such years are the same as in the years covered by the advance pricing agreements and the action of SUNAT to determine the tax obligation of the income tax by application of transfer pricing standards has not expired with respect to such transactions.

(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 June 30, 2025 and 2024 amounted to US\$9,700 and US\$6,803, respectively and corresponds to salaries, participations, benefits and social charges and extraordinary gratification.