



(Free translation from the original in Spanish)

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Gavoglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
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VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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US\$ = United States dollar

S/ = Sol



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors
Volcan Compañía Minera S.A.A.

Opinion

We have audited the consolidated financial statements of Volcan Compañía Minera S.A.A. and subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position as of December 31, 2025, the consolidated statement of income, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) approved for its application in Peru by the Board of Deans of the Institutes of Peruvian Certified Public Accountants. Our responsibilities, under those standards, are further described in the *Auditor's responsibilities for the audit of consolidated financial statements* section of our report.

We are independent of the Group, in accordance with the ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code of Ethics) approved for its application in Peru by the Board of Deans of the Institutes of Peruvian Certified Public Accountants that are relevant for our audit of the consolidated financial statements in Peru. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were the most significant in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in establishing our opinion thereon. We do not provide a separate opinion on these matters.



Key audit matter

How the matter was handled in our audit

Assessment of the recoverability of the carrying amount of cash-generating unit assets

The accompanying consolidated financial statements present, as of December 31, 2025, long-term assets comprising investment properties of US\$4,956 thousand (Note 10), property, plant and equipment of US\$729,135 thousand (Note 11), right-of-use assets of US\$12,726 thousand (Note 12) and mining concessions, exploration and development costs and other assets of US\$809,731 thousand (Note 13).

These assets are allocated to the cash-generating unit (CGU) as described in Notes 2.13 and 13 to the accompanying consolidated financial statements.

The Group performs impairment testing of the aforementioned assets by CGU, in accordance with the methodology and key assumptions disclosed in Notes 2.13 and 13 and determines the recoverable amount of the carrying amount of these assets based on the present value of future cash flows generated by them.

The main assumptions used by the Group in the impairment assessment correspond to (i) mineral prices, (ii) proven and probable reserves, (iii) ore grades and (iv) discount rate.

As a result of this analysis as of December 31, 2025, the Group determined a reversal of impairment provision of US\$140,399 thousand, which is presented in the consolidated statement of income under the item reversal of impairment provision of long-term assets.

We considered this estimate to be a key audit matter due to:

a) Estimate calculation model - the use of spreadsheets with data from different sources and mathematical formulas that may be subject to material misstatements;

Our audit procedures related to this matter included, among others, the following:

- We obtained an understanding of the methodology applied by the Group to assess the recoverability of CGU assets, through interviews with Management and operational areas.
- With the assistance of our specialist, we assessed the methodology applied, the formulas used, the mathematical accuracy of the models, and the reasonableness of significant assumptions, including ore grades, reserves, mineral prices, discount rate, and projected cash flows.
- We verified that the time horizon used in the models is consistent with the estimated life of the mines and operational assets.
- We assessed the competence, capability, objectivity, and nature of the work of the Group's specialist on whom Management relied to prepare the estimate.
- We compared the recoverable amount calculated by the Group with the carrying amount of the CGU to assess whether an impairment or reversal of impairment exists. In addition, we assessed the reasonableness of the sensitivity calculations performed by Management.
- We assessed the adequacy of the disclosures included in the notes to the consolidated financial statements related to this matter.



Key audit matter	How the matter was handled in our audit
<p>b) Inputs used - mineral prices, reserves and ore grades, are inputs considered by Management in the preparation of projected cash flows;</p> <p>c) Discount rate - annual changes in the determination of the discount rate using macroeconomic data incorporated into the calculation model; and</p> <p>d) Projected cash flows - consistent with historical information, projections and macroeconomic assumptions used in the evaluation of the CGU.</p> <p>In addition, the audit effort involves the use of experts with specialized skills and knowledge to evaluate Management's model and assumptions.</p>	

Other matter

The consolidated financial statements of **Volcan Compañía Minera S.A.A and subsidiaries** for the year ended December 31, 2024, were audited by another independent auditors who, in their opinion dated February 21, 2025, expressed an unqualified opinion.

Other information

Management is responsible for the other information. The other information comprises the annual report required by the Peruvian Superintendency of the Securities Market (“Superintendencia del Mercado de Valores” - SMV), which is not part of the consolidated financial statements or our auditor’s report, which we expect to have available after the date of this audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion on that other information.

Regarding our audit of the consolidated financial statements, our responsibility is to read the other information indicated above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or if it appears that there is a material misstatement in the other information for some other reason.

If upon reviewing the annual report, we determine that it contains a material misstatement, we are obliged to report this matter to the Group’s Corporate Governance representatives.



Responsibilities of Management and those charged with Corporate Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Corporate Governance of the Group are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA, approved for its application in Peru, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, approved for its application in Peru, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We were responsible for the direction, supervision and review of the audit work performed, for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with Corporate Governance of the Group regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with Corporate Governance of the Group with a statement that we have complied with applicable ethical requirements regarding independence. Furthermore, we have communicated any relationships or matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate the threats or safeguards applied.

From the matters communicated with those charged with Corporate Governance of the Group, we identified those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lima, Peru

February 27, 2026

Jareglis Aparicio y Asociados

Countersigned by

Signed by:

-----1602BA5B612F476----- (partner)

Pablo Saravia Magne
Peruvian Public Accountant
Registration No.24367

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VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of December 31,			Note	As of December 31,	
		2025	2024			2025	2024
		US\$000	US\$000			US\$000	US\$000
ASSETS				LIABILITIES AND EQUITY			
Current assets				Current liabilities			
Cash and cash equivalents	4	334,671	155,834	Financial obligations	14	88,561	26,003
Trade receivables (net)	5	25,738	33,477	Lease liabilities	15	8,854	14,698
Derivative financial instruments	33	-	948	Trade payables	16	244,376	189,711
Other receivables (net)	6	32,145	28,984	Derivative financial instruments	33	136,066	-
Income tax assets	7	41,875	28,944	Other payables	17	75,990	67,064
Income tax		8,677	9,496	Taxes payable	18	27,447	22,827
Inventories (net)	8	47,451	38,070	Deferred income		21	21
Total current assets		<u>490,557</u>	<u>295,753</u>	Total current liabilities		<u>581,315</u>	<u>320,324</u>
Non-current assets				Non-current liabilities			
Other receivables	6	46,237	31,834	Financial obligations	14	784,051	706,768
Inventories (net)	8	-	5,180	Lease liabilities	15	1,036	2,292
Financial investments	9	106,902	153,047	Provisions	19	225,322	237,658
Investment properties (net)	10	4,956	5,008	Deferred income tax	30(b)	77,493	123,509
Property, plant and equipment (net)	11	729,135	678,113	Deferred income		556	577
Right-of-use assets (net)	12	12,726	15,663	Total non-current liabilities		<u>1,088,458</u>	<u>1,070,804</u>
Mining concessions, exploration and development costs and other assets (net)	13	809,731	656,228	Total liabilities		<u>1,669,773</u>	<u>1,391,128</u>
Total non-current assets		<u>1,709,687</u>	<u>1,545,073</u>	Equity	20		
				Share capital		774,294	774,294
TOTAL ASSETS		<u>2,200,244</u>	<u>1,840,826</u>	Excess paid on acquisition of treasury shares		(162,285)	(162,285)
				Treasury shares		(41,511)	(41,511)
				Legal reserve		12,009	-
				Other accumulated comprehensive income		(75,242)	49,406
				Retained earnings		23,206	(170,206)
				Total equity		<u>530,471</u>	<u>449,698</u>
				TOTAL LIABILITIES AND EQUITY		<u>2,200,244</u>	<u>1,840,826</u>

The notes from page 11 to 105 are part of these consolidated financial statements.

(Free translation from the original in Spanish)

VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF INCOME**

	Note	For the years ended	
		December 31,	
		2025	2024
		US\$000	US\$000
Net sales	21	1,180,687	960,521
Cost of sales	22	(737,401)	(699,588)
Gross profit		<u>443,286</u>	<u>260,933</u>
Administrative expenses	23	(92,978)	(62,477)
Selling expenses	24	(35,278)	(29,081)
Other income	25	34,850	145,115
Other expenses	26	(87,111)	(115,680)
Reversal of impairment of long-lived assets	27	140,399	91,700
Operating profit		<u>403,168</u>	<u>290,510</u>
Financial income	28	4,525	4,318
Financial expenses	29	(127,038)	(79,206)
Exchange difference, net		2,134	570
Profit before income tax		<u>282,789</u>	<u>216,192</u>
Income tax	30(a)	(77,368)	(79,059)
Net profit for the year		<u>205,421</u>	<u>137,133</u>
Basic and diluted earnings per share	31	0.053	0.036

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VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	For the years ended	
		December 31,	
		2025	2024
		US\$000	US\$000
Net profit for the year		205,421	137,133
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Unrealized gain (loss) on investments in equity instruments	9 (c)	(49,354)	83,785
Deferred income tax		14,559	(24,717)
Total other comprehensive income that can not be subsequently reclassified to profit or loss		<u>(34,795)</u>	<u>59,068</u>
Items that can be subsequently reclassified to profit or loss:			
Unrealized gain (loss) on derivative financial instruments	32 (a)	(127,451)	774
Deferred income tax		37,598	(228)
Total other comprehensive income that can be subsequently reclassified to profit or loss		<u>(89,853)</u>	<u>546</u>
Total comprehensive income, net of income tax		<u>80,773</u>	<u>196,747</u>

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VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>Issued share capital</u>	<u>Excess paid on acquisition of treasury shares</u>	<u>Treasury shares</u>	<u>Legal reserve</u>	<u>Other accumulated comprehensive income</u>	<u>Retained earnings</u>	<u>Total equity</u>
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
	Note 19 (a)	Note 19 (b)	Note 19 (b)	Note 19 (b)	Note 19 (c)		
Balances as of January 1, 2024	906,680	(173,234)	(60,934)	-	(10,208)	(297,706)	364,598
Comprehensive income							
Net profit for the year	-	-	-	-	-	137,133	137,133
Other comprehensive income for the year	-	-	-	-	59,614	-	59,614
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,614</u>	<u>137,133</u>	<u>196,747</u>
Capital reduction	(132,386)	-	-	-	-	-	(132,386)
Other changes in equity	-	10,949	19,423	-	-	(9,633)	20,739
Balances as of December 31, 2024	<u>774,294</u>	<u>(162,285)</u>	<u>(41,511)</u>	<u>-</u>	<u>49,406</u>	<u>(170,206)</u>	<u>449,698</u>
Comprehensive income							
Net profit for the year	-	-	-	-	-	205,421	205,421
Other comprehensive income for the year	-	-	-	-	(124,648)	-	(124,648)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,648)</u>	<u>-</u>	<u>(124,648)</u>
Capital reduction							
Legal reserve	-	-	-	12,009	-	(12,009)	-
Balances as of December 31, 2025	<u>774,294</u>	<u>(162,285)</u>	<u>(41,511)</u>	<u>12,009</u>	<u>(75,242)</u>	<u>23,206</u>	<u>530,471</u>

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VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the years ended	
	December 31,	
	2025	2024
	US\$000	US\$000
OPERATING ACTIVITIES		
Collections corresponding to:		
Sales	1,333,237	1,061,959
Refund of tax credit balance related to tax benefits	49,048	43,692
Payments corresponding to:		
Suppliers and others	(785,164)	(682,745)
Employees	(141,757)	(107,346)
Income tax	(20,443)	(2,774)
Royalties	(23,032)	(13,276)
Net hedging financial instruments	(14,646)	-
Other collections	7,433	-
Cash and cash equivalents provided by operating activities	404,676	299,510
INVESTING ACTIVITIES		
Collections corresponding to:		
Sale of shares in energy company	-	74,148
Payments corresponding to:		
Purchase of property, plant and equipment	(148,049)	(73,027)
Increased costs of exploration and development and other assets	(94,634)	(74,857)
Shares of Cementos Polpaico	(5,000)	-
Net cash and cash equivalents used in investing activities	(247,683)	(73,736)
FINANCING ACTIVITIES		
Collections corresponding to:		
Proceeds from borrowings from third parties	750,000	55,000
Payments corresponding to:		
Overdrafts and other financial liabilities	-	(1,046)
Transaction costs paid	(34,323)	(20,753)
Interest of financial obligations	(70,929)	(60,411)
Interest on lease liabilities	(795)	(1,446)
Principal repayments of financial obligations	(615,324)	(83,981)
Amortization of lease liabilities	(11,346)	(18,945)
Net cash and cash equivalents provided by (used in) financing activities	17,283	(131,582)
NET INCREASE IN CASH AND CASH EQUIVALENTS	174,276	94,192
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	155,834	61,642
Cash equivalent movements	4,561	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	334,671	155,834

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VOLCAN COMPAÑÍA MINERA S.A.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

1 BACKGROUND AND ECONOMIC ACTIVITY, APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS, SUBSIDIARIES AND OTHER CONTRACTUAL MATTERS

(a) Background

Volcan Compañía Minera S.A.A. (hereinafter the “Company”) is a subsidiary of Transition Metals AG, which in turn is a subsidiary of Integra Capital Business S.A., an entity domiciled in Panama, which holds 63.00% of Class A voting common shares outstanding and 27.40% economic interest excluding treasury shares.

On May 8, 2024, Glencore AG (the Company's former controlling shareholder), which in turn 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 Lima, Peru on February 1, 1998.

The total number of Class A voting shares and Class B non-voting shares that make up the Company's share capital are listed on the Lima Stock Exchange.

The legal address, as well as the administrative offices of the Company and its Subsidiaries, is located at Av. Manuel Olguín No. 375, Santiago de Surco, Lima.

(b) Economic activity

The Company's main economic activity comprises the exploration and exploitation of mining claims and the extraction, concentration, processing, and commercialization of polymetallic minerals. The economic activities of the Subsidiaries are described in section (d).

The Company and its mining subsidiaries operate Yauli, Animón, Alpamarca, and Cerro mining units, located in the departments of Cerro de Pasco, Junín, and Lima. The Tingo subsidiary, engaged in electricity generation, holds authorizations and concessions for self-consumption in its Animón mining operations.

(c) Approval of consolidated financial statements

The consolidated financial statements as of December 31, 2025, were approved by the Company's Management on February 16, 2026, and will be submitted for approval by the Board of Directors and the Shareholders. General Management considers that the consolidated financial statements will be approved by the Annual General Shareholders' Meeting without amendments. The consolidated financial statements as of December 31, 2024, were approved by the Annual General Shareholders' Meeting held on March 27, 2025.

(d) Subsidiaries

The subsidiaries included in the preparation of the accompanying consolidated financial statements are detailed below:

Consolidated subsidiaries and economic activity	Direct and indirect ownership interest		Domicile
	2025	2024	
	%	%	
Mining exploration and exploitation:			
Compañía Minera Chungar S.A.C.	100.00	100.00	Peru
Empresa Administradora Cerro S.A.C.	100.00	100.00	Peru
Empresa Explotadora de Vinchos Ltda. S.A.C.	100.00	100.00	Peru
Minera Aurífera Toruna S.A.C. (1)	80.00	80.00	Peru
Electricity generation:			
Compañía Hidroeléctrica Tingo S.A. (2)	100.00	100.00	Peru
Hidroeléctrica Huanchor S.A. (3)	-	-	Peru
Empresa de Generación Eléctrica Río Baños S.A.C. (4)	-	-	Peru
Investments in general:			
Empresa Minera Paragsha S.A.C.	100.00	100.00	Peru
Roquel Global S.A.C.	100.00	100.00	Peru
Compañía Industrial Limitada de Huacho S.A.	96.41	96.41	Peru

- (1) Subsidiary of Empresa Minera Paragsha S.A.C. and indirect subsidiary of the Company.
(2) Subsidiary of Compañía Minera Chungar S.A.C. and indirect subsidiary of the Company.
(3) Hidroeléctrica Huanchor S.A. subsidiary was sold on October 11, 2024.
(4) Empresa de Generación Eléctrica Río Baños S.A.C. subsidiary was sold on May 31, 2024.

A description of the economic activities of each subsidiary is presented below:

(d.1) Mining exploration and exploitation**Compañía Minera Chungar S.A.C.**

The Company operates two mining units, Animón, located in the province of Pasco in the department of Cerro de Pasco, and Alpamarca, located in the province of Yauli in the department of Junín. It is engaged in the exploration, development, and exploitation of mining deposits, mainly containing zinc, copper, and lead. The Company holds 244 mining concessions with an indefinite term. Relevant obligations and commitments related to these concessions are disclosed in Note 35. Based on the estimated reserves and resources, the Company's Management has determined the mine's useful life until 2047.

Likewise, the Subsidiary owns 10 hydroelectric power plants, 9 located in Huaral and 1 in Cerro de Pasco, of which 6 have a concession (4 indefinite and 2 defined), while 4 do not require a concession or permit as they are hydroelectric power plants with generation capacity of less than 500KW as indicated by the Electricity Concessions Law.

Empresa Administradora Cerro S.A.C.

It is located in the province of Pasco, in the department of Cerro de Pasco, and is engaged in the exploration, development and exploitation of mineral deposits, primarily containing zinc and lead. Currently, the Subsidiary processes stockpiles at its Cerro mining unit, as its mining operations are suspended. The subsidiary holds 10 mining concessions with an indefinite term, and the relevant obligations and commitments associated with these concessions are disclosed in Note 35. Based on estimates of reserves and resources, the Company's Management has determined a mine life until 2030.

Likewise, at the General Shareholders' Meeting held on September 29, 2023, the merger by absorption of Óxidos de Pasco S.A.C. was approved, entering into force on October 1, 2023 and carried out at its carrying amount. As a result of the merger with Óxidos de Pasco S.A.C., the Company is engaged in the processing of oxidized minerals at the leaching plant. The subsidiary holds a processing concession with an indefinite term. Based on estimates of reserves and resources, the Company's Management has determined a mine life until 2034.

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

It is located in the province of Daniel Alcides Carrión, in the department of Cerro de Pasco, and was established for the exploration, development and exploitation of mineral deposits. Its main activity is the exploration of its mining concessions, financed by the Company and its subsidiaries. No activities were carried out during 2025 and 2024.

Company's Management is currently reassessing the potential of these projects, including the possibility of a simple reorganization aimed at generating synergies for the development of its projects. The subsidiary holds 29 mining concessions with an indefinite term, and the relevant obligations and commitments associated with these concessions are disclosed in Note 35.

Minera Aurífera Toruna S.A.C.

Its concessions are located in the districts of Ulcumayo and Paucartambo, in the departments of Junín and Cerro de Pasco, respectively, and was established for the exploration, development and exploitation of mineral deposits. Its main activity is the exploration of its mining concessions, financed by the Company and its subsidiaries. No activities were carried out during 2025 and 2024.

Company's Management is currently reassessing the potential of these projects, including the possibility of a simple reorganization aimed at generating synergies for the development of its projects. The subsidiary holds 7 mining concessions with an indefinite term, and the relevant obligations and commitments associated with these concessions are disclosed in Note 35.

(d.2) Electricity generation

Compañía Hidroeléctrica Tingo S.A.

The Company is engaged in the operation and maintenance of power generation plants and electricity transmission systems. It operates the Tingo Hydroelectric Power Plant, with a capacity of 1.25 MW and 82 km of transmission lines at 22.9 and 50 KV, located in the province of Huaral, department of Lima. The subsidiary holds an electricity concession with an indefinite term.

Hidroeléctrica Huanchor S.A.C.

The Company was primarily engaged in the sale of electricity through the operation and maintenance of power generation plants and electricity transmission systems. For this purpose, it operated the Huanchor hydroelectric power plant, with a capacity of 19.768 MW and the Tamboraque mini-hydroelectric power plant, with a capacity of 1.3 MW, both located in the district of San Mateo, province of Huarochirí, Lima. The subsidiary held a permanent electricity concession.

On June 14, 2024, the Company entered into a definitive agreement for the sale of Huanchor with EDF PERU 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 sale of Hidroeléctrica Huanchor S.A.C. was completed for US\$49,179, generating a gain of US\$9,394.

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

The Company was primarily engaged in the sale of electricity through the operation and maintenance of the Rucuy hydroelectric power plant, with a capacity of 20.27 MW, located in the district of Pacaraos, province of Huaral, department of Lima. The subsidiary held a definitive electricity concession.

On May 31, 2024, the Company sold to this subsidiary for US\$31,675 to Sindicato Energético S.A. generating a gain of US\$1,675.

(d.3) Investments in general

Empresa Minera Paragsha S.A.C.

The Company was incorporated for the exploration, exploitation, transfer and usufruct of mining rights; however, since 2006 its main activity has been the purchase and sale of investments in equity instruments, holding shares of the Company and Cementos Polpaico S.A. (Note 9). The subsidiary holds 47 mining concessions, of which 30 concessions have an indefinite term. The subsidiary is located in the district of Surco, Lima.

Roquel Global S.A.C.

The Company is engaged in real estate development in order to carry out port and logistics activities related to the Port of Chancay. During 2019, it completed municipal procedures for the adjudication of the acquired land (regularization phase), which remains ongoing. The Industrial Logistics Complex Project is still in the process of finding a strategic partner and is in an initial stage. The subsidiary is located in the district of Surco, Lima.

Compañía Industrial Limitada de Huacho S.A.

The Company is engaged in real estate activities, and its main properties are located in the district of Jesús María, province of Lima.

(d.4) Non-consolidated entities

The Company prepares its consolidated financial statements by incorporating the balances and transactions of those entities over which it exercises control, regardless of the level of shareholding, except for certain subsidiaries that are in the process of liquidation. Management considers that the financial statements of the non-consolidated entities do not present relevant amounts (total assets of less than US\$50) for the consolidated financial statements that could have an impact on the economic decisions of users.

(d.5) Financial information of the subsidiaries

As of December 31, 2025, the financial statements of the direct and indirect subsidiaries (unaudited) that are consolidated, are summarized below:

	<u>Assets</u> US\$000	<u>Liabilities</u> US\$000	<u>Equity</u> US\$000	<u>Net profit (loss)</u> US\$000
Compañía Minera Chungar S.A.C.	686,589	466,089	220,500	(32,770)
Empresa Administradora Cerro S.A.C.	564,619	177,166	387,453	138,085
Empresa Explotadora de Vinchos Ltda. S.A.C.	1,066	14,062	(12,996)	(2,870)
Minera Aurífera Toruna S.A.C. (1)	13	4,617	(4,603)	(519)
Compañía Hidroeléctrica Tingo S.A. (2)	28,132	10,540	17,591	(1,009)
Empresa Minera Paragsha S.A.C.	182,760	103,324	79,436	(17,986)
Roquel Global S.A.C.	18,929	4,319	14,610	(445)
Compañía Industrial Limitada de Huacho S.A.	8,509	808	7,700	660
Non-consolidated entities	149	-	149	-
	<u>1,490,766</u>	<u>780,925</u>	<u>709,840</u>	<u>83,146</u>

As of December 31, 2024, the financial statements of the direct and indirect subsidiaries (unaudited) are summarized below:

	<u>Assets</u> US\$000	<u>Liabilities</u> US\$000	<u>Equity</u> US\$000	<u>Net profit (loss)</u> US\$000
Compañía Minera Chungar S.A.C.	636,092	494,388	141,704	(37,613)
Empresa Administradora Cerro S.A.C.	428,646	179,278	249,368	40,106
Empresa Explotadora de Vinchos Ltda. S.A.C.	1,040	11,166	(10,126)	14,624
Minera Aurífera Toruna S.A.C. (1)	3	4,087	(4,084)	(135)
Compañía Hidroeléctrica Tingo S.A. (2)	21,848	3,248	18,600	234
Empresa Minera Paragsha S.A.C.	178,880	81,336	97,544	(9,537)
Roquel Global S.A.C.	18,734	3,679	15,055	(800)
Compañía Industrial Limitada de Huacho S.A.	7,378	307	7,071	399
Non-consolidated entities	34	-	34	-
	<u>1,292,655</u>	<u>777,489</u>	<u>515,166</u>	<u>7,278</u>

(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.

(d.6) Sale of interests in subsidiaries

During 2024, the Company disposed of its equity interests in two subsidiaries belonging to the Energy operating segment:

- Empresa de Generación Eléctrica Río Baños S.A.C. (Note 1 (d.2))
- Hidroeléctrica Huanchor S.A.C. (Note 1 (d.2))

The sale of these shares resulted in the loss of control over the subsidiaries, on the respective dates when these transactions were completed (October 11, 2024 and May 31, 2024, respectively). In accordance with the policy described in Note 2.24., these transactions generated an impact on the results for the 2024 period, resulting in a gain amounting to US\$20,890.

The implications of this transaction in the consolidated financial statements are summarized below:

- (i) The result of the transaction is composed of:

	Empresa de Generación Eléctrica Río Baños	Hidroeléctrica Huanchor	Total
	US\$000	US\$000	US\$000
Gain on sale of shares (Note 25)	31,675	59,000	90,675
Net cost of disposal (Note 26)	(30,000)	(39,785)	(69,785)
Total	1,675	19,215	20,890

As part of these transactions, there are still outstanding receivable balances, which are managed through an escrow account, and whose balances are presented as part of the other receivables (Note 6) and are distributed as follows:

- US\$ 1,731 for the sale of Empresa de Generación Eléctrica Río Baños S.A.C.
- US\$ 1,600 for the sale of Hidroeléctrica Huanchor S.A.C.

- (ii) The equity of the subsidiaries disposed of was composed of:

	Empresa de Generación Eléctrica Río Baños	Hidroeléctrica Huanchor	Total
	US\$000	US\$000	US\$000
Total assets	44,588	21,053	65,641
Total liabilities	12,408	2,348	14,756
Total equity	32,180	18,705	50,885

The transferred block of assets mainly comprised financial assets (trade receivables and other receivables) and non-financial assets (inventories, property, plant and equipment and deferred tax assets). In addition, it included financial liabilities in a smaller amount (mainly trade payables), as well as the related deferred tax liabilities.

(e) Financial investment in a related party - Inversiones Portuarias Chancay S.A.A. (Note 9)

The Company was registered in the Lima Registry Office of the Peruvian public records regulator ("Superintendencia Nacional de Registros Públicos" - SUNARP) on October 3, 2023. In accordance with the resolution adopted at the Company's General Shareholders' Meeting on August 24, 2023, the entity was incorporated to acquire, develop, and negotiate interests or ownership rights in companies engaged in port and logistics activities of any nature, as well as related services.

At the General Shareholders' Meeting of Volcan Compañía Minera S.A.A. held on August 24, 2023, and at the General Shareholders' Meeting of Inversiones Portuarias Chancay S.A.A. held on October 25, 2023, the spin-off of an equity block representing 40% of the shares of Cosco Shipping Ports Chancay Perú S.A. owned by Volcan Compañía Minera S.A.A. was approved and transferred to Inversiones Portuarias Chancay S.A.A.

The effective date of the spin-off was March 4, 2024, and the net carrying amount of the transferred equity block as of that date amounted to S/443,328 (equivalent to US\$132,386) composed of share 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 approved an amendment to the Company's bylaws, which provide as follows: the subscribed and paid-in capital of Inversiones Portuarias Chancay S.A.A. amounts to S/407,656 represented by 1,633,414,553 Class "A" common shares and 2,443,157,622 Class "B" common shares, each with a par value of S/0.10.

Under the spin-off agreement, the Company's shareholders also became shareholders of Inversiones Portuarias Chancay S.A.A.; therefore, it is not a subsidiary but rather a related party.

The Company holds investments in Inversiones Portuarias Chancay S.A.A. through its subsidiaries amounting to US\$66,403 as of December 31, 2025 (US\$124,449 as of December 31, 2024), measured at fair value through other comprehensive income (Note 9).

(f) Other contractual matters

(f.1) Investment Subscription Agreement between Volcan Compañía Minera S.A.A. and Cosco Shipping Ports Limited

On January 23, 2019, the Company entered into an agreement with the company of the People's Republic of China, Cosco Shipping Ports Limited (CSPL) and its subsidiary Cosco Shipping (Chancay) Ports Limited (CSPL SPV), with the participation of Terminales Portuarios Chancay S.A. (currently Cosco Shipping Ports Chancay Perú S.A.) (CSPL), which was a subsidiary of the Company until May 13, 2019, consisting of an Investment Subscription Agreement and a shareholders' agreement. Under these agreements, CSPL, through its subsidiary CSPL SPV, acquired shareholder status in Cosco Shipping Ports Chancay Perú S.A. with a 60% interest in the shares representing the share capital for an amount of US\$225,000.

On May 13, 2019, the strategic partner was incorporated with a 60% ownership interest in the shares representing CSPL's capital through a capital increase. As a result of this reorganization, the Company retained 40% of the shares representing the share capital of Cosco Shipping Ports Chancay Perú S.A., which from that date changed from being a subsidiary to an associate of the Company. Currently, this interest is held by Inversiones Portuarias Chancay S.A.A. (Note 1 (e)).

The closing of the transaction was mainly subject to the approval of the Modification of the Environmental Impact Study (MEIA by its acronym in Spanish), which was obtained on December 22, 2020. On that date, through Directorate Resolution No. 00158-2020 the "National Environmental Certification Service for Sustainable Investments" ("Servicio Nacional de Certificación Ambiental para las Inversiones Sostenibles" - SENACE) approved the Modification of the Detailed Environmental Impact Study (MEIA-d) for the Chancay Multipurpose Port Terminal Expansion Project - Operational Zone, Stage 1. Upon the approval of the MEIA, CSPL SPV paid the agreed capital contributions during the first half of 2021.

The infrastructure project is located 50 km north of the Port of Callao. It consists of a multipurpose port terminal that will include two specialized terminals: (i) a container terminal that will include 11 docks for this type of cargo and (ii) a bulk, general cargo and rolling cargo terminal that will have four docks. In the first stage, an area of 141 hectares was developed with an investment of US\$1,300,000.

On March 24, 2023, at the Board of Directors Meeting of Volcan Compañía Minera S.A.A., in its capacity as 40% shareholder of Cosco Shipping Ports Chancay Peru S.A., the Company approved financing granted by financial institutions for US\$975,000 for the development of the Chancay Multipurpose Port Project.

The guarantees will be covered by the assets of Cosco Shipping Ports Chancay Peru S.A.

The project represents a major infrastructure development and an important opportunity for economic growth for the country, as it will be part of China's new connectivity network with the rest of the world through maritime and land corridors, which began commercial operations in 2025.

(f.2) Bond financing

"4.375% Senior Notes Due 2026"

On February 11, 2021, the Company and its subsidiaries issued "4.375% Senior Notes Due 2026" for a total amount of US\$475,000, which were fully placed in the international market under Rule 144A and Regulation S of the U.S. Securities Act. The bonds were listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of that exchange.

These instruments have a 5-year term, maturing on February 11, 2026 and bear interest at an annual rate of 4.375%, payable semiannually starting August 11, 2021. They do not include financial maintenance covenants, but they contain certain limitations described in Note 14 (b)(i).

On June 21, 2022, a partial repurchase of these issued instruments was carried out for an amount of up to US\$110,000 using available cash.

"8.75% Senior Secured Notes Due 2030"

On September 10, 2024, the Company and its subsidiaries carried out a private exchange offer addressed to the holders of the "4.375% Senior Notes Due 2026", through which new notes denominated "8.750% Senior Secured Notes Due 2030" were issued. These notes mature in January 2030 and bear interest at an annual rate of 8.750%, payable semi-annually.

Within the framework of this transaction, valid offers and consents were received for US\$297,014, equivalent to approximately 87.90% of the outstanding principal amount of the "4.375% Senior Notes Due 2026". The Company and its subsidiaries accepted all of these offers and issued new instruments totaling US\$299,872, including a 1% fee as consideration for the exchanged instruments, thereby executing a second addendum to the existing "Indenture".

On October 28, 2025, a partial repurchase of these issued instruments was carried out, as described below.

"8.50% Senior Secured Notes Due 2032"

On October 28, 2025, the Company and its subsidiaries conducted a new private exchange offer addressed to the holders of the "8.750% Senior Secured Notes Due 2030" ("Existing Notes"), through which the "8.50% Senior Secured Notes Due 2032" ("New Notes") were issued. The New Notes mature in October 2032 and bear interest at an annual rate of 8.50%, payable semi-annually.

As a result of the process, valid offers and consents were received for US\$263,583, equivalent to approximately 81.37% of the outstanding principal amount of the Existing Notes. The Company and its subsidiaries accepted all such offers and issued a total of US\$750,000 in New Notes, executing a third addendum to the corresponding "Indenture".

These funds allowed the partial prepayment of the Existing Notes for US\$263,583 (Note 14 (c)(i)) and the full repayment of the syndicated loan (Note 14 (b) (ii)). The remaining cash flows will be used to repay the "4.375% Senior Notes Due 2026" at maturity, settle the remaining obligations related to the Existing Notes and ensure, under any scenario, the completion of the Romina Project within the planned timeframe.

In the opinion of Management, neither the Company nor its subsidiaries has experienced any event of default arising from the bond issuance agreements.

The outstanding balances are presented in Note 14 - Financial obligations, and their effects on profit or loss are disclosed in Note 29 - Financial expenses.

(f.3) Administration and Guarantee Trust Agreement with Banco Internacional del Perú S.A.A., hereinafter "Interbank"

On August 5, 2013, the agreement was entered into between "Interbank" (trustee) and Volcan Compañía Minera S.A.A. (trustor). Under this agreement, a trust estate for administration and guarantee purposes was established, whereby the Company transfers in trust to Interbank the administration of all cash flows credited to its collection accounts, which are held at various financial institutions. The commitments arising from this trust agreement have been complied with and ensure the availability of cash flows to meet the obligations of the Company and the subsidiaries involved.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated:

2.1 Basis of preparation -

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), effective as of December 31, 2025 and 2024. Furthermore, the Company has prepared these financial statements in compliance with the Financial Information Regulations of the Peruvian Superintendency of the Securities Market ("Superintendencia del Mercado de Valores" - SMV).

The information contained in these consolidated financial statements is the responsibility of the Company's Management, who expressly states that the principles and criteria required under IFRS issued by the IASB have been fully applied, in force at the end of each financial year.

The separate financial statements have arisen from the accounting records of the Company and have been prepared under the historical cost convention, except for derivative financial instruments and investments in equity not held for trading that are measured at fair value, as explained later in the accounting policies section.

The financial statements are presented in thousands of U.S. dollars (US\$000).

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are described in Note 3.

2.1.1 Going concern -

Management prepares its consolidated financial statements on a going concern basis, based on its judgment that there are no events or conditions that may give rise to material uncertainties regarding the ability of the Company and its subsidiaries to continue as a going concern. For this purpose, Management has prepared cash flow projections derived primarily from operating cash flows, which are expected to enable the Company to meet its obligations for at least the next twelve months. These cash flows depend on significant assumptions and judgments, such as mineral selling prices and production costs.

2.1.2 Consolidation -

The consolidated financial statements include the accounts of the Company and of those entities controlled by it (subsidiaries), except for certain subsidiaries that are in the process of liquidation and are not relevant (Note 1 (d.4)). The Company considers that it has control of an entity when it has the power to direct its financial and operating policies, to obtain benefits from its activities.

All significant transactions between companies within the consolidated group have been eliminated in consolidation.

The results of subsidiaries acquired or sold during the period are recognized in the consolidated statements of income from the effective date of acquisition or until the effective date of sale, as applicable. The total comprehensive income of such subsidiaries is attributed to the Company's shareholders and to the owners of non-controlling interests of these subsidiaries even in those cases in which these interests result in a deficit balance.

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

Non-controlling interest in the Company's subsidiaries and subsidiaries is not material as of December 31, 2025 and 2024. Therefore, no additional disclosures are made in accordance with IFRS 12 for significant non-controlling interests.

2.2 New standards, amendments and interpretations -

2.2.1 New standards and amendments effective from January 1, 2025 adopted by the Group

The mandatory regulatory changes for the 2025 consolidated financial statements considered by the Group in preparing these consolidated financial statements are mainly limited to the following change:

- Amendments to IAS 21: Lack of Exchangeability

In August 2023, the IASB issued an amendment to IAS 21, to assist companies that require converting a transaction or operation of a country with which there is no exchangeability of currencies into the functional currency. A currency is considered exchangeability with another when there is the possibility of obtaining this other currency, and the transaction is carried out through a market or exchange mechanism that creates enforceable rights and obligations. Where exchangeability does not exist, the exchange rate is permitted to be estimated using either (a) an observable exchange rate without adjustment, or (b) another estimation technique.

These amendments will be effective from January 1, 2025, with early adoption permitted.

2.2.2 New standards, amendments to standards and interpretations that will be effective for the consolidated financial statements for annual periods beginning on or after January 1, 2026 and which have not been early adopted

Certain standards and amendments to standards have been published that are mandatory for 2026 or later and have not been adopted in advance by the Group. The Group's assessment of the impact these standards will have on consolidated financial statements is explained below:

- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures to respond to recent questions arising in practice. These amendments are summarized as follows:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion”;
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income.

These amendments will be effective from January 1, 2026, with early adoption permitted.

- IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 is the new standard that addresses presentation and disclosure issues in financial statements. This standard replaces IAS 1 and mainly focuses on changes in the presentation of the statement of income. In general, the main changes introduced by IFRS 18 include:

- The structure of the statement of income, incorporating new mandatory subtotals;
- The requirements for determining which presentation structure for expenses in the statement of income is most useful;
- Disclosures in the notes on certain “management-defined performance measures.” In some cases, entities may be required to disclose performance indicators in the notes to the financial statements (such as EBITDA, ROA, ROE, among others), including an explanation of how they are determined and a reconciliation with the figures reported in the statement of income; and
- Criteria for aggregation and disaggregation applied to the presentation and disclosure of financial statements and their notes.

IFRS 18 will be effective from January 1, 2027. When applied, comparative information for 2026 must be presented. Early adoption is permitted.

- IFRS 19, Subsidiaries without Public Accountability: Disclosures

IFRS 19 is an optional standard applicable to certain subsidiaries that are part of a corporate group (eligible subsidiaries) and focuses on disclosure issues. When applying IFRS 19, an “eligible subsidiary” follows the general IFRS requirements, except for disclosure obligations, which are reduced under IFRS 19. These reduced disclosure requirements balance the information needs of financial statement users while offering potential cost savings for companies preparing financial statements.

A subsidiary qualifies as eligible if:

- It has no public accountability (for example, it does not issue debt or equity instruments traded in a public market); and
- Its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRS.

IFRS 19 will be effective from January 1, 2027. Early adoption is permitted.

- **Annual Improvements to IFRS 2024 - Volume 11**

The annual improvements are limited to changes that clarify or correct the wording of certain standards to avoid conflicts between their requirements. The 2024 amendments relate to the following standards:

- IFRS 1, First-time Adoption of International Financial Reporting Standards
- IFRS 7, Financial Instruments: Disclosures and its Implementation Guidance on IFRS 7;
- IFRS 9, Financial Instruments;
- IFRS 10, Consolidated Financial Statements; and
- IAS 7, Statement of Cash Flows.

These amendments will be effective from January 1, 2026, with early adoption permitted.

- **Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments**

In December 2024, the IASB issued specific amendments to IFRS 7 and 9 with the aim of improving the reflection in financial statements of nature-dependent electricity contracts. These amendments include:

- (a) clarifying the application of the 'own-use' requirements;
- (b) permitting hedge accounting if these contracts are used as hedging instruments; and
- (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

These amendments will be effective from January 1, 2026, with early adoption permitted.

No other standards have been identified that are not yet in effect and that could have a significant impact on the Group in the current reporting periods.

The Group has performed a preliminary assessment of the adoption of IFRS 18 and estimates that its main impacts will relate to the presentation of the consolidated statement of income and to the new disclosures related to Management-Defined Performance Measures (MPMs). No significant effects are expected, and their adoption will not imply a disproportionate cost or effort for the Group. For the remaining new standards, Management will assess during 2026, as they become effective, the impact they may have on its consolidated financial statements.

2.3 Functional and presentation currency

The Company and each subsidiary prepare and present their financial statements in U.S. dollars, which is their functional currency. Functional currency is the currency of the primary economic environment in which an entity operates, which influences the selling prices of the goods it renders, among other factors.

Foreign currency transactions

Transactions in currencies other than its local currency are denominated in foreign currency and are recognized by using the foreign exchange rates effective at the date of transactions. At the end of each reporting period, monetary items denominated in foreign currency are translated using the exchange rates prevailing at that date.

Non-monetary items measured at fair value and denominated in foreign currency are translated using the exchange rates applicable at the date when the fair value was determined. Non-monetary items measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

Exchange differences arising from monetary items are recognized in profit or loss in the period in which they arise.

2.4 Financial instruments

Financial instruments are defined as any contract that simultaneously gives 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 Group becomes part of the contractual provisions of the instruments.

Financial assets and financial liabilities are initially recognized at fair value plus or minus 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.

2.4.1 Financial assets

Regular purchases or sales of financial assets are recognized and derecognized on a trade date basis and require delivery of assets within the timeframe established by regulation or market.

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

(a) Classification of financial assets

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

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

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

- The financial asset is held within a business model whose objective is achieved by both the collection of contractual cash flows and the sale of the financial assets; and
- The contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

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

Notwithstanding the above, the Company may make the following irrevocable designation at 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, provided certain criteria are met; and
- It may irrevocably designate a debt instrument that meets the criteria for amortized cost or fair value through other comprehensive income if doing so eliminates or significantly reduces an accounting mismatch.

(b) Amortized cost and effective interest method

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

For financial instruments that are not purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees and points paid or received that are part of the effective interest rate, transaction costs, and other premiums or discounts) excluding expected credit losses, over the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument at initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument at initial recognition.

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

Interest income is recognized using the effective interest method for debt instruments subsequently measured at amortized cost and at fair value recognized in other comprehensive income. For financial instruments 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 subsequently become credit impairment.

For financial assets that subsequently have been 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 in 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 purchased or originated credit-impaired financial assets, the Company and its subsidiaries recognize interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not return to the gross basis, even if the credit risk of the financial asset subsequently improves, so that the financial asset is no longer credit-impaired. Interest income is recognized in the consolidated statement of income.

(c) Investments in equity at fair value through other comprehensive income

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

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other accumulated comprehensive income. Accumulated gain or loss is not reclassified to profit or loss upon disposal of the equity investments, but is transferred to retained earnings.

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

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

(d) Investments measured at fair value through profit or loss

All of the Company's financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, are measured at fair value through profit or loss. This includes all financial derivatives (Note 2.4.3) and also investments held for trading (whether through units in mutual funds or managed deposits) that are characterized by high liquidity and the volatility of their returns in the market in which they are traded. In accordance with IFRS 9, these financial assets are initially recognized at fair value and subsequent changes in their value are recognized in profit or loss for the period.

(e) Impairment of financial assets

The Company and its subsidiaries recognize an impairment loss for expected credit losses on financial assets measured at amortized cost or at fair value through other comprehensive income. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instruments.

The Company and its subsidiaries recognize lifetime expected credit losses for trade receivables and other short-term receivables, for which the simplified approach is applied. Expected credit losses for these financial assets are estimated using a provision matrix based on the Company's and its subsidiaries' historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and forecasts at the reporting date, including the time value of money when appropriate.

For all other long-term financial instruments, the Company and its subsidiaries recognize lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition; for which the general approach is applied. The assessment of whether lifetime expected credit losses should be recognized is based on significant increases in the probability or risk of default since initial recognition rather than on evidence that a financial asset is credit-impaired at the reporting date or that an actual default has occurred.

Lifetime expected credit losses represent the expected credit losses resulting from all possible default events over the expected useful life of a financial instrument. In contrast, 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events that are possible within the 12 months after the reporting date.

2.4.2 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 its subsidiaries determine the classification of financial liabilities at the time of initial recognition.

(a) Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss when it is a financial liability held for trading or at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (i) it has been acquired primarily for repurchasing it in the near term; or
- (ii) on initial recognition, it is part of a portfolio of financial instruments managed by the Company and its subsidiaries for which there is evidence of a recent actual pattern of short-term profits; or
- (iii) it is a derivative that has not been designated and is not effective as a hedging instrument or financial guarantee.

A financial liability (that is not held for trading) may also be designated at fair value through profit or loss at initial recognition if:

- (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that may arise;
- (ii) financial liabilities are part of a group of financial assets or financial liabilities or both, that are managed and their performance is measured on a fair value basis, in accordance with a documented risk management or investment strategy of the Company and its subsidiaries, and information about the group is provided internally on that basis; or
- (iii) it is part of a contract that contains one or more embedded derivatives, 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 gain or loss arising from remeasurement recognized in profit or loss. Net gain or loss recognized in profit or loss includes any interest paid on financial liabilities and is included in other income and expenses.

However, for financial liabilities designated 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 increase an accounting mismatch in profit or loss. The remaining amount of the change in fair value of the liability is recognized in profit or loss. Changes in fair value attributable to credit risk of a financial liability recognized in other comprehensive income are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings when the financial liability is derecognized.

(b) Financial liabilities subsequently measured at amortized cost

Other financial liabilities (including financial obligations, loans, trade payables, and others) are subsequently measured 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 allocating the financial expense over the relevant period. The effective interest rate is the discount rate that exactly equals the cash flows receivable or payable (including all fees and points paid or received that are part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial liability or, where appropriate, a shorter period, at the amortized cost of a financial liability.

(c) Derecognition of financial liabilities

The Company and its subsidiaries will derecognize a financial liability when, and only when, the obligations of the Company and its subsidiaries discharge, cancel or expire. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in the consolidated statement of income and is presented under financial expenses.

2.4.3 Derivative financial instruments

The Company and its subsidiaries enter into derivative financial instrument transactions to manage their exposure to commodity price risks.

Derivatives are initially recognized at fair value on the date the contract is entered into, and are subsequently remeasured at fair value at each reporting date. Gains or losses arising from changes in the fair value of these assets are recognized in profit or loss in the period in which they arise, unless the derivative has been designated as a hedging instrument, in which case the recognition will depend on the nature of the hedging 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 its subsidiaries have both the legal right and the intent 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 expected to be settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.4.4 Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary similarly to a standalone derivative.

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

Embedded derivatives in hybrid contracts with a main contract that is 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 main contract, and the main contracts are not measured at fair value through profit or loss.

If the hybrid contract is a quoted financial liability, rather than separating the embedded derivative, the Company and its subsidiaries generally designate the entire 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.

2.4.5 Hedge accounting

The Company and its subsidiaries designate certain derivatives as hedging instruments with respect to foreign currency risk and interest rate risk in fair value hedges and cash flow hedges. As of December 31, 2025, the Company and its subsidiaries maintain commodity hedging transactions to secure future concentrate sales cash flows.

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

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

If a hedging relationship no longer meets the hedging effectiveness requirement related to the hedging relationship, but the risk management objective for that designated hedging relationship remains the same, the Company and its subsidiaries adjust the hedging ratio of the hedging relationship (i.e., rebalance the hedge) so that it meets the qualifying criteria again.

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

The Company and its subsidiaries designate only the intrinsic value of option contracts as the hedging instrument, that is, excluding the time value of the option. 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 related to the transaction, the time value is reclassified to profit or loss when the hedged item affects the profit or loss. If the hedged item is related to a period of time, then the accumulated amount in the cost of the hedging reserve is reclassified to profit or loss on a systematic basis: the Company and its 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, the amount accrued in the cost of hedging reserve is removed directly from equity and is included in the initial carrying amount of the recognized non-financial item. In addition, if the Company and its subsidiaries expect that all or part of the accumulated loss in the cost of hedging reserve will not be recovered in the future, that amount will be immediately reclassified to profit or loss.

Note 32(c) sets out the details of the fair values of derivative instruments used for hedging purposes.

(a) Fair value hedges

The change in the fair value of qualified 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 that has not yet been measured at fair value is adjusted for the change in fair value 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 already reflects fair value. However, the hedging gain or loss is recognized in profit or loss rather than 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. When hedging gains or losses are recognized in profit or loss, they are recognized on the same line as the hedged item.

The Company and its subsidiaries discontinue hedge accounting only when the hedge ratio (or a part of it) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes situations in which the hedging instrument expires, is sold, terminated or exercised. The suspension is accounted 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 of changes in the fair value of fair value hedges are presented in the consolidated statements of other comprehensive income.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualified hedging instruments designated as cash flow hedges are recognized in other comprehensive income and are accumulated within other comprehensive income limited to the cumulative change in the fair value of the hedged item since the inception of the hedge. Any gain or loss related to the ineffective portion is immediately recognized in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects the profit or loss, in the same line item as the recognized hedged item. However, when the forecast hedged transaction results in the recognition of a non-financial asset or non-financial liability, the gains or losses previously recognized in other comprehensive income and accrued 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. In addition, if the Company and its subsidiaries expect that all or part of the accumulated loss 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 its subsidiaries discontinue hedge accounting only when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes cases in which the hedging instrument expires, is sold, terminated or exercised. The suspension is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in the 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 accumulated gain or loss in the cash flow hedging reserve is immediately reclassified to profit or loss.

The effects of changes in the fair value of cash flow hedges are presented in the consolidated statements of other comprehensive income.

2.5 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents include short-term financial investments, with maturities of three months or less from the date of acquisition, easily convertible into known amounts of cash and are not subject to significant risks of changes in value.

2.6 Inventories and provision for impairment

Concentrates and raw materials are measured at the lower of acquisition or production cost or net realizable value. The cost of concentrates includes direct material costs and, where applicable, direct labor costs and manufacturing overheads, including costs incurred to bring inventories to their current location and condition. The cost of concentrates and other supplies is determined using the weighted average cost method, while inventories in transit are measured using the specific cost method.

The carrying amount of inventories is recognized as an expense under "Cost of sales" in the consolidated statement of comprehensive income in the period in which they are derecognized or consumed, in accordance with the provisions of Note 2.16.

Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs necessary to bring the inventories to their saleable condition and to complete the sale. Reductions in the carrying amount of inventories to their net realizable value (concentrates) and obsolete or slow-moving items (other supplies) give rise to a provision for inventory impairment, which is recognized in profit or loss in the period in which such reductions occur and is presented under "Other expenses" in the consolidated statement of comprehensive income.

2.7 Investment properties (net)

Investment properties are presented at cost less accumulated depreciation and, where applicable, impairment losses. Subsequent costs attributable to investment properties are capitalized only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of these assets can be reliably measured; otherwise, they are recognized as an expense when incurred.

Maintenance and repair expenses are recognized in profit or loss in the period in which they are incurred. When the carrying amount of a property exceeds its estimated recoverable amount, it is immediately reduced to its recoverable amount.

Depreciation of these assets is calculated using the straight-line method at a rate that is considered sufficient to allocate the cost of the assets over the end of their useful lives and considering their significant components with substantially different useful lives (each component is accounted for separately for depreciation purposes and depreciated over its individual useful life). The estimated useful life of these properties fluctuates between 10 and 33 years.

These investment properties have been leased to third parties under operating lease arrangements.

2.8 Property, plant and equipment (net)

They are presented at acquisition cost less accumulated depreciation and accumulated impairment losses.

Initial expenditures, as well as those incurred subsequently, related to assets whose cost can be reliably valued, and are likely to derive future economic benefits from them, are recognized as property, plant, and equipment.

Maintenance and repair expenditures are recognized as an expense in the period in which they are incurred. Major components of equipment are recorded separately and depreciated over their respective useful life. Gains or losses arising from the sale or disposal of an item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset, which are recognized in profit or loss in the period in which the sale is considered completed.

Property, plant and equipment under construction or acquisition are presented at cost, less any impairment loss identified. The cost of these assets includes professional fees and, for qualifying assets, borrowing costs.

Assets pending receipt correspond to goods over which the Company and its subsidiaries have obtained control, even though physical receipt or installation in warehouses or mining units is still pending. Their cost includes the purchase price and all directly attributable expenditures (freight, customs clearance and other non-recoverable expenses). Such assets are subsequently reclassified to their corresponding category of property, plant and equipment upon completion of the construction or acquisition process and when they are available for their intended use. These assets are depreciated in the same manner as other property, plant and equipment.

Residual value, useful life, and depreciation and amortization methods are reviewed and adjusted prospectively, when appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use. The profit or loss arising from the sale or retirement of an item of property, plant and equipment is calculated as the difference between the proceeds from the sale and the carrying amount of assets, and is recognized in profit or loss.

Depreciation

(a) Units-of-production method

Depreciation of buildings and other mining constructions is calculated using the units-of-production method, based on economically recoverable reserves and a percentage of the inferred resources of the corresponding mining unit.

Units of production are measured in recoverable metric tones of lead, copper, and zinc. The depreciation rate under the units-of-production method is determined based on the period’s production on the reserves and economically recoverable resources.

(b) Straight-line method

Depreciation of other mining and hydroelectric assets is calculated using the straight-line method based on the estimated useful life of the asset or the remaining useful life of the mining unit for the mining assets, whichever is shorter. The useful lives applied are as follows:

	<u>Useful life</u>
Buildings and other constructions	Until 33 years
Environmental management infrastructure	Until 10 years
Machinery and equipment	Until 10 years
Vehicles	Until 5 years
Furniture and fixture and computer equipment	Until 10 years
Other equipment	Until 10 years

2.9 Mining concessions, evaluation and exploration costs, development and other intangible mining rights and concessions

(a) Mining concessions

Mining rights represent the ownership held by the Company and its subsidiaries over mining properties containing acquired mineral reserves. Mining rights related to mineral reserves are amortized using the units-of-production method, based on proven and probable reserves and a percentage of inferred resources.

Mining concessions are capitalized in the consolidated statement of financial position and represent the ownership held by the Company and its subsidiaries over mining properties of geological interest. Mining concessions are amortized from the production phase using the units-of-production method, based on proven and probable reserves and a percentage of inferred resources. If the Company and its subsidiaries abandon such concessions, the associated costs are written off in the consolidated statement of income and other comprehensive income.

At the end of each reporting period, the Company and its subsidiaries assess for each cash-generating unit (CGU) whether there is any indication that the value of its mining rights may be impaired. If such indication exists, the Company and its subsidiaries estimate the recoverable amount of the asset.

(b) Evaluation and exploration costs

Evaluation and exploration costs are capitalized only to the extent that they are expected to be economically recoverable through successful exploitation in the future or when activities in the area of interest are in process and a stage has not yet been reached that allows the existence of economically recoverable reserves to be reasonably assessed. Costs are capitalized as exploration and appraisal assets until the Company and its subsidiaries have completed a preliminary feasibility study, certain resources have been converted to reserves, and Management determines the probability that the property will become a mine. At that point, the property is considered to enter the development stage and subsequent evaluation and exploration costs are reclassified.

These costs mainly include materials and fuels used, survey costs, drilling costs and payments made to contractors. For this purpose, the economically recoverable benefits of exploration projects may be properly evaluated when any of the following conditions are met: i) the Board of Directors authorizes Management to carry out the feasibility study of the project, and ii) the exploration program aims to convert resources into reserves or confirming resources.

Evaluation and exploration costs are amortized from the beginning of production using the units-of-production method based on proven and probable reserves and a percentage of inferred resources to which they are related.

All capitalized evaluation and exploration costs are monitored for signs of impairment. When potential impairment is identified, an assessment is performed for each specific area of interest or at the CGU level. To the extent that capitalized costs are not expected to be recovered, they are recognized in profit or loss.

(c) Development costs

Costs associated with the mine development stage are capitalized. Development costs necessary to maintain production are recognized in profit or loss as incurred.

Development costs are amortized in the manner described above, for evaluation and exploration costs.

(d) Communal rights

Communal rights represent payments made by the Company and its subsidiaries to obtain land-use agreements and easements with local communities within the area of influence, which are necessary for the development and operation of mining units. They are recognized as intangible assets when the Company obtains control over the future economic benefits and their cost can be measured reliably. These rights are amortized using the units-of-production method, calculated based on proven and probable reserves, plus a percentage of inferred resources that Management reasonably expects will be convertible into reserves under the mining plan. The useful life and resource base assumptions are reviewed annually as part of the Company's reserve estimation process.

(e) Other intangible assets

Intangible assets with finite useful lives acquired separately are reported at cost less their accumulated amortization and any accumulated impairment losses. Amortization is calculated based on the straight-line method over the estimated useful life determined by the Company and its subsidiaries. Estimates of useful lives and amortization methods are reviewed at the end of each reporting period to assess possible significant changes in prior expectations or expected pattern of future economic benefits of such assets, prospectively incorporating the effects of any changes in these estimates against the net profit or loss for the period in which the changes occur.

2.10 Impairment review of long-lived assets

The Company and its subsidiaries periodically review the carrying amounts of their tangible and intangible assets to determine whether there are indications that such assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is calculated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the Cash-Generating Unit (CGU) to which the asset belongs. Where a consistent and reasonable basis of allocation is identified, common assets are also distributed to the individual CGUs or, otherwise, to the smallest group of CGUs for which a consistent and reasonable allocation basis is identified.

Recoverable amount is the higher of fair value less cost to sell and value in use. Value in use is determined based on estimated future cash flows discounted to their present value, using an after-tax discount rate, which reflects current market assessments with respect to the value of money and risks specific to the asset.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount, and an impairment loss is immediately recognized as an expense.

An impairment loss may be subsequently reversed and recognized as income in profit or loss, up to the amount by which the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (CGU) in prior years.

In determining the value in use of its assets, the Company and its subsidiaries review their projections of future cash inflows, considering the following variables: discount rate, price projections, resources and reserves, production levels, costs and expenses.

2.11 Leases

At the inception of a contract, the Company and its subsidiaries assess whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset, for a period of time, in exchange for consideration.

(a) The Company and its subsidiaries as lessee

The Company and its subsidiaries apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

(i) *Right-of-use assets*

The Company and its subsidiaries recognize right-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment loss, and are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the lease liabilities initially recognized, initial direct costs incurred, and lease payments made at or before the commencement date, and less any lease incentives received. Unless the Company and its subsidiaries are reasonably certain to obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

(ii) *Lease liabilities*

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

In calculating the present value of lease payments, the Company and its subsidiaries use the incremental financial obligations rate at the commencement date if the interest rate implicit in the lease cannot be readily determined.

After the commencement date, the carrying amount of lease liabilities is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured whether there is a modification, a change in the lease term, or a change in fixed lease payments.

(iii) *Short-term leases and leases of low-value assets*

The Company and its subsidiaries apply the recognition exemption for short-term leases of property (i.e., properties with a lease term of 12 months or less from the date of commencement and that do not contain a purchase option).

They also apply the recognition exemption for leases of low-value assets, such as office equipment. Lease payments associated with short-term leases and leases of low-value assets are recognized as a straight-line expense over the lease term.

(b) The Company and its subsidiaries as lessor

Leases in which the Company and its subsidiaries do not transfer substantially all the risks and rewards associated with the ownership of an asset are classified as operating leases. Rental income arising from such leases is recognized on a straight-line basis over the lease terms and is included under "Rentals" in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

2.12 Provisions

Provisions are recognized when the Company and its subsidiaries have a present obligation (legal or implied) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision corresponds to the best estimate, as of the date of the consolidated statement of financial position, of the expenditure required to settle the present obligation, taking into account the risks and uncertainties surrounding most of the events and circumstances relevant to the valuation of the obligation. When the amount of a provision is measured using estimated cash flows to settle the obligation, its carrying amount is the present value of those cash flows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as an asset when it is virtually certain that the reimbursement will be received and the amount can be reliably measured.

2.13 Provision for closure of mining units

Assets and liabilities for mine closure are recognized when: (i) the Company and its subsidiaries have a present obligation related to the dismantling and removal of assets, as well as to restore the sites where their mining units are located, and (ii) the amount of such obligations can be reliably estimated.

The initial amount recognized for assets and liabilities is the present value of the estimated future expenditures required to settle those obligations.

Subsequent to initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in provision due to the passage of time is recognized as a financial expense, while increases or decreases arising from changes in estimated future cash flows are capitalized and depreciated over the life of the related asset. Actual costs incurred in the settlement of the site restoration liability are recorded against the provision to the extent that the provision has been previously recognized for those costs. A gain or loss may arise upon settlement of the liability, while the related asset is depreciated based on proven and probable reserves, and a percentage of the resources inferred using the depreciation method of units of production. Related depreciation is recognized as an expense.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are capitalized and added to the cost of the project until the assets are substantially ready for their intended use, i.e., when they are capable of generating commercial production. When specific borrowings are obtained for a particular project, the capitalized amount represents the actual borrowing costs incurred to obtain the loan.

To the extent that the variable rate borrowings used to finance an eligible asset are hedged in 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 eligible asset affects profit or loss. To the extent that the fixed rate borrowing is used to finance eligible assets and are hedged in an effective interest rate risk hedge, capitalized borrowing costs reflect the interest rate hedge.

When temporary excess funds from specific borrowings are invested on a short-term basis, the investment income earned is also capitalized and deducted from the total borrowing cost. When funds used to finance a project are part of general borrowings, the capitalized amount is determined using the weighted average of the borrowing rates applicable to the general borrowings of the Company and its subsidiaries during the period. All other borrowing costs are recognized in the consolidated statement of comprehensive income in the period in which they are incurred.

2.15 Revenue recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customer in an amount that reflects the consideration to which the Company and its subsidiaries expect to be entitled in exchange for those goods or services.

(a) Sale of goods (concentrates, doré bars and others)

(i) *Timing of recognition*

Revenue associated with the sale of concentrates, doré bars and other products is recognized when control of the asset sold is transferred to the customer. Transfer control indicators include an unconditional obligation to pay, legal title, physical possession, transfer of risk and rewards, and customer acceptance. This generally occurs when the concentrates are delivered at the loading port, warehouse or vessel, according to the contractual terms agreed with the buyer. At that point, the buyer controls the concentrates. In cases where the Company and its subsidiaries are responsible for the cost of shipping and other services after the date on which control of the goods is transferred to the customer, those services are considered separate performance obligations. Accordingly, a portion of the revenue recognized under the contract is allocated to those obligations and recognized when the performance obligations are satisfied.

Revenue from the sale of concentrates, doré bars and other products is recorded net of commercial deductions. Commercial deductions include price adjustments for treatment and refining expenses, which may include certain penalties that, in accordance with each applicable contract, are deducted from the international price of the refined metal and are incurred after the sale under the applicable contract. These deductions may also include customer returns, rebates and other similar items. The Company and its subsidiaries consider that such deductions form part of the transaction price. Normal credit terms range from 5 to 90 days from delivery.

When determining the sales price of concentrates and doré bars, the Company and its subsidiaries also consider the variable component of the contract price and the existence of significant financing components.

(ii) Variable consideration

Sales of concentrates, doré bars and other products may include adjustments to their selling prices arising from minor variations in quantities that may occur while such goods are in transit to their final destination. These variations arise from changes in moisture, weight and ore grades and are recognized as part of "Net sales" in the consolidated statement of comprehensive income at the time the Company and its subsidiaries reach an agreement with the customer regarding the final amounts sold.

IFRS 15 requires that variable consideration be recognized only to the extent that it is highly probable that there will be no significant reversal in the amount of recognized accrued revenue. The Company and its subsidiaries concluded that adjustments related to final settlements for the quantity and quality of concentrate sold are not significant and do not restrict revenue recognition.

In addition, contracts for the sale of concentrates, doré bars and other products, generally, provide for a provisional payment based on provisional tests and prices of quoted metals. Final settlement is based on final test results and applicable metal prices in specified trading periods, typically ranging from one month after shipment to up to three months after shipment reaches the agreed location and is based on average market metal prices. For this purpose, the transaction price can be reliably measured for products, such as zinc, lead, copper, and silver, for which there is a free and active market, such as the London Metal Exchange.

These contracts, because they will be settled in the future and based on the international quotations of the payable content that are finally agreed, are treated in accounting terms as embedded derivatives, within the scope of IFRS 9 rather than IFRS 15. Therefore, at the end of each reporting period, they are adjusted for significant changes in international metal prices to reflect their fair value, and are presented separately from revenue from contracts with customers as part of "embedded derivatives" (see Notes 21 and 33(b)).

Final adjustments resulting from final settlements are recorded in the period in which they are issued, generally when the seller and buyer exchange weights and payable metal contents, and establish the quotation period, according to terms agreed in the relevant sales contracts.

Finally, the amount of sales of concentrates, doré bars and other products is adjusted for changes in the fair value of derivative financial instruments designated as cash flow hedges, in accordance with Note 2.4.5(b) and 33(a), to mitigate price volatility.

(iii) Significant financial component

The Company and its subsidiaries receive short-term advances from their customers. Applying the IFRS 15 practical expedient, the promised amount of consideration is not adjusted for the effects of a significant financing component if, at contract inception, it is expected that the period between the transfer of the goods and payment by the customer will be one year or less.

(b) Rendering of services

Revenues from the sale of electricity and firm capacity is recognized monthly on cyclical meter readings and is recognized in full in the period in which the service is rendered, representing a single performance obligation.

(c) Contractual balances

(i) Contractual assets

A contractual asset represents the right of the Company and its subsidiaries to receive consideration for goods or services already transferred to the customer, when such right is not enforceable solely by the passage of time. It is recognized when a performance obligation is satisfied before the consideration is due or the customer makes the payment. As of December 31, 2024, the Company and its subsidiaries did not hold contractual assets. During 2025, contractual assets are presented as part of "Other receivables" (Note 6).

(ii) Contractual liabilities

A contractual liability represents the obligation to transfer goods or services for which an anticipated consideration has been received or is due before the performance obligation is fulfilled. These amounts are recognized as income to the extent that these obligations are satisfied. As of December 31, 2025 and 2024, the Company and its subsidiaries have no contractual liabilities.

(d) Interest income

Interest income is recognized based on the effective interest method, on a time-proportion basis.

(e) Other income is recognized in profit or loss when it is earned.

2.16 Recognition of costs to fulfill a contract with a customer and expenses

The cost of sales of mineral concentrate is recognized in the period in which the shipment or delivery occurs, depending on the contractual terms, and is recognized in profit or loss in the same period in which the related operating income is recognized. Expenses are recognized when a decrease in future economic benefits has arisen, related to a decrease in assets or an increase in liabilities, and the expense can also be measured reliably, regardless of when they are paid.

2.17 Employee benefits

Employee benefits include, among others, short-term employee benefits, such as wages, salaries, and social security contributions, annual paid leave, paid sick leave, and profit-sharing and incentive payments, among others, when these are expected to be settled within twelve months after the end of the reporting period. These benefits are recognized in profit or loss for the period when the employee has rendered the services that entitle them to receive such benefits. The obligations are presented as part of other liabilities.

2.18 Operating profit

Operating profit is defined as total net sales less total cost of sales, administrative expenses, selling expenses, other income and expenses and impairment recovery (loss) on long-lived assets, without considering financial income and expenses and income tax expense.

2.19 Income tax

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

(a) Current income tax

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

Current income tax is payable on the taxable basis for the year. Taxable income differs from net income reported in profit or loss because it excludes items of income or expenses that are taxable or deductible in other years, as well as items that are never taxable or deductible. Current tax liabilities of the Company and its subsidiaries are calculated using tax rates enacted at the end of the reporting period.

A provision is recognized for positions where the determination of tax is uncertain, but it is considered probable that a future outflow of funds to a tax authority will occur. Provisions are measured at the best estimate of the amount expected to be paid. The assessment is based on the judgment of tax experts supported by the Company's and its subsidiaries' prior experiences in similar matters, and in some cases based on the consultation of an independent tax specialist.

(b) Deferred income tax

Deferred income taxes are recognized on temporary differences between the carrying amount of the assets and liabilities included in the consolidated financial statements and the corresponding tax bases used to determine the taxable income, the tax rate corresponding to these differences, and, where applicable, the gains from tax losses to be amortized and some tax credits are included. Deferred income tax asset or liability is generally recognized for all temporary tax differences. A deferred tax asset will be recognized for all deductible temporary differences to the extent that it is likely that the Company and its subsidiaries will have future taxable profits against which it can apply those deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than from the business combination) of other assets and liabilities in a transaction that does not affect tax or accounting results.

Deferred tax liability for taxable temporary differences associated with investments in subsidiaries and associates is recognized, except when the Company and its subsidiaries are able to control the reversal of the temporary difference and when it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising from temporary differences associated with such investments are recognized only to the extent that it is probable that there will be sufficient future taxable profits against which those temporary differences are used and are expected to reverse them in the near future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is 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 valued using the tax rates expected to apply in the period in which the liability is paid or the asset is realized, based on the rates (and tax laws) that have been approved or substantially approved at the end of the reporting period.

The valuation of deferred tax liabilities and assets reflects the tax consequences that would result from the manner in which the Company and its 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 an enforceable legal right that allows current tax assets to be offset against current tax liabilities and when they relate to income taxes collected by the same taxing authority and the Company and its subsidiaries intend to settle their current tax assets and liabilities on a net basis.

(c) 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 recognized outside profit or loss, either in other comprehensive income or directly in equity, respectively. When they arise from the initial recognition of a business combination, the tax effect is included within the accounting for the business combination.

(d) Uncertain tax treatment

The Company and its subsidiaries assess whether each uncertain tax treatment should be considered individually or together with other tax treatments, adopting the approach that best predicts the resolution of the uncertainty.

Within the Peruvian tax environment, uncertain tax positions are measured considering two possible scenarios: a 100% probability of recovery when it is estimated that the Company and its subsidiaries will prevail before the tax authority, or 0% recovery otherwise.

Based on the tax compliance and transfer pricing analysis performed, the Company and its subsidiaries have concluded that their tax treatments, including those of their subsidiaries, will be accepted by the tax authority.

2.20 Contingent liabilities and assets

Contingent liabilities are recorded in the consolidated financial statements when it is considered that they are likely to be confirmed over time and can be reasonably quantified; otherwise, only the contingency is disclosed in the notes to the consolidated financial statements.

Contingent assets are not recorded in the consolidated financial statements but are disclosed in notes when their degree of contingency is probable.

Items previously treated as contingent liabilities are recognized in the consolidated financial statements in the period in which a change in probabilities occurs, i.e., when it is determined that an outflow of resources to cover the liability is probable. Items treated as contingent assets are recognized in the consolidated financial statements in the period in which it is determined that an inflow of resources is probable, respectively.

2.21 Classification of current and non-current items

The Company and its Subsidiaries present assets and liabilities in the consolidated statement of financial position, classified as current and non-current assets and liabilities. An asset is classified as a current asset when the entity:

- Expects to realize the asset or has the intention to sell it or consume it in the ordinary course of business.
- Holds the asset mainly for trading.
- Expects to realize the asset within the twelve months following the end of the reporting period; or
- The asset is cash and cash equivalents, unless it is restricted and cannot be exchanged or used to settle a liability for a minimum period of twelve months after the end of the reporting period.

All other assets are classified as non-current assets.

A liability is classified as a current liability when the entity:

- Expects to settle the liability in the ordinary course of business.
- Holds the asset mainly for trading.
- Expects to settle the liability within the twelve months following the end of the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

All other liabilities are classified as non-current liabilities.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

2.22 Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income attributable to shareholders by the weighted average number of common shares outstanding during the period, including shares restated for constant currency adjustments.

Since there are no potentially dilutive common shares, i.e., financial instruments or other contracts that grant the right to obtain common shares, diluted earnings (loss) per common share is equal to the basic earnings (loss) per common share.

2.23 Business combinations and goodwill

Acquisitions are recorded using the acquisition method in accordance with IFRS 3 “Business Combination”. Assets and liabilities are recorded at their estimated market values on the purchase date, including identified intangible assets that are not recorded in the statements of financial position of each acquired entity. The acquisition costs incurred are recorded as an expense and are included in the item “Administrative expenses”.

When the Company and its subsidiaries acquire a business, it assesses the financial assets and liabilities assumed for its own classification and denomination according to the contractual terms, economic circumstances and prevailing conditions at the acquisition date.

Goodwill is initially measured at cost and corresponds to the excess of the consideration transferred plus the amount recognized as non-controlling interest, with respect to the fair value of the assets acquired and the liabilities assumed. If this consideration is less than the fair value of the net assets of the acquired entity, the difference is recognized in profit or loss.

Any contingency transferred by the acquirer is recognized at fair value at the acquisition date. The contingency classified as an asset or liability that is a financial instrument and is within the scope of IFRS 9 "Financial instruments", is measured at fair value with changes recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. For impairment testing purposes, the goodwill generated in a business combination is, at the acquisition date, assigned to each of the cash-generating units that are expected to benefit from the combination.

When goodwill has been allocated to a cash-generating unit and part of the operation is disposed of within that unit, the goodwill associated with the disposed operation is included in the carrying amount of the operation in determining the gain or loss on such disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed transaction and the portion of the cash-generating unit retained.

If the initial accounting of a business combination is incomplete at the end of the accounting period in which the combination occurs, the Company and its subsidiaries will report in their consolidated financial statements the provisional amounts of the items whose accounting is incomplete. During the measurement period, the Company and its subsidiaries will retroactively adjust the provisional amounts recognized at the acquisition date to reflect the new information obtained about facts and circumstances that exist at the acquisition date and that, had they been known, would have affected by the measurement of the amounts recognized on that date. The measurement period will end as soon as the Company and its subsidiaries receive the information they were seeking about facts and circumstances that occurred at the acquisition date or conclude that no further information can be obtained. However, the measurement period will not exceed one year from the acquisition date.

2.24 Spin-offs of equity blocks and loss of control

Spin-offs of equity blocks, understood as the transfer of an identifiable set of assets and liabilities that constitute a business or part of a business, are accounted for based on the economic substance of the transaction and the applicable regulatory framework.

Loss of control occurs when the Company ceases to have power over the investee, exposure or right to variable returns and the ability to use its power to affect those returns.

When a spin-off or other transaction results in the loss of control over a subsidiary, the Company derecognizes the subsidiary's assets and liabilities, including any non-controlling interest, and recognizes any consideration received and any retained interest at fair value at the date control is lost. The difference between (i) the fair value of the consideration received plus the fair value of any retained interest and (ii) the carrying amount of the subsidiary's net assets is recognized in the consolidated statement of income.

When the spin-off corresponds to a reorganization between entities under common control and does not result in the loss of control, the transferred assets and liabilities are recognized at their carrying amounts, and no goodwill or gain or loss is recognized in the consolidated statement of income. Subsequently, any retained interest is accounted for in accordance with the accounting policy applicable to its classification.

2.25 Segments

The Company and its Subsidiaries report financial and descriptive information about its reportable segments. A reportable segment is an operating segment or an aggregate of operating segments that meet specific criteria. Business segments are a component of an entity for which financial information is available separately and is periodically evaluated by the Chief Operating Decision Maker (CODM) (Note 34) to allocate resources and evaluate performance. Financial information is generally presented on the same basis that is used internally to assess segment operating performance and decide how to allocate resources to segments.

3 ACCOUNTING ESTIMATES AND CRITERIA

The information contained in these consolidated financial statements is responsibility of the Company's and its subsidiaries' Management. In preparing these statements, certain estimates have been used to quantify some of the assets, liabilities, revenue, expenses, and commitments recorded herein, based on experience and other relevant factors. Final results may vary from these estimates.

Estimates are reviewed periodically. Modifications to accounting estimates are recognized prospectively and have to be recorded in the corresponding "profit or loss for the year" in which the revisions are made.

The most important estimates for the preparation of the consolidated financial statements of the Company and its subsidiaries are the following:

- Fair value of financial instruments (Note 2.4)
- Provision for impairment of inventories (Note 2.6)
- Useful life assigned to mining rights, exploration and development costs, investment properties, property, plant and equipment, and intangible assets (Notes 2.7, 2.8, 2.9 and 2.10)
- Determination of mineral reserves and resources
- Review of impairment of long-lived assets (Note 2.10)
- Provisions and contingencies (Note 2.12)
- Provision for closure of mining units (Note 2.13)
- Provisional liquidity in the recognition of income (Note 2.15)
- Taxes and uncertain tax positions (Note 2.19 (d))
- Going concern (Note 2.1.1)

Key sources of uncertainty in estimates

The following discusses the basic assumptions about the future and other key sources of uncertainty in estimates at the end of the reporting period, which may involve a significant risk of material adjustments to the carrying amounts of assets and liabilities during subsequent financial periods.

(a) Determination of mineral reserves and resources

The Company and its subsidiaries calculate their mineral reserves and resources based on the guidelines of the Australian standard - the Joint Ore Reserves Committee (JORC) Code, which establishes the technical and economic standards and recommendations. The Company and its subsidiaries have competent personnel who are responsible for preparing and reviewing the reserves annually.

Proven and probable reserves and a percentage of inferred resources are used in calculating the depreciation and amortization of non-financial assets that are depreciated using the units of production method (Note 2.11 and 2.13), as well as to determine the closure period of mining units (Note 36) and the impairment analysis of non-financial assets (Note 27).

(b) Liabilities for the closure of mining units

The Company and its subsidiaries determine an estimate for the obligations to retire assets and close their mining units using the discounted cash flow model. To develop the model, Management makes estimates regarding the scope and costs of retirement and closure activities, changes in technology and the regulatory environment, as well as macroeconomic variables considered in the estimate, such as inflation rates and others used to determine the discount rate. The best estimate of the timing of these expenditures is also considered.

The Company and its subsidiaries periodically review the estimated future disbursements, disbursements deadlines, and the discount rates used, as described in Note 36, and adjust the asset and liability values, if necessary, on a prospective basis.

(c) Review of carrying amount and provision for impairment

The Company and its subsidiaries annually review whether a fixed asset requires an impairment provision in accordance with the accounting policy set forth in Note 2.10. This requires professional judgment by the Company's Management and its subsidiaries to analyze impairment indicators and determine the value in use. In the latter, judgment is required in preparing future cash flow projections, including projecting the Company's and its subsidiaries' future operating levels, projecting economic factors that affect their revenues and costs, and determining the discount rate to be applied to these cash flows.

(d) Useful life of property, plant and equipment

As described in Note 2.8, the Company and its subsidiaries review the estimated useful life of property, plant and equipment annually. Internal specialists from the operations and maintenance areas participate in these evaluations to determine whether the useful life remains appropriate for the expected use of the assets. Determining useful lives requires estimates regarding expected business and technological developments and alternative uses of the assets. Assumptions regarding the technological framework and its future development involve a significant degree of judgment, as the timing and nature of future technological changes are difficult to predict.

(e) Contingencies

The Company and its subsidiaries are subject to contingent transactions or events on which professional judgment is used in developing estimates of the probability of occurrence of future events, considering the legal situation at the date of the estimate, and the opinion of internal and external legal advisors (Note 35).

(f) Taxes

Determining tax liabilities and expenses requires interpretations of applicable tax legislation. The Company and its subsidiaries seek professional tax advice before making any decisions on tax matters. Although Management believes its estimates are prudent and appropriate, differences in interpretation may arise with the tax authorities that could affect future tax charges.

The recovery of deferred tax assets requires an assessment to determine whether they should be recognized in the consolidated statement of financial position. Deferred tax assets require management to evaluate the likelihood that the Company and its subsidiaries will generate taxable income in future periods to utilize them. Estimates of future taxable income are based on projections of cash flows from operations and the application of tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from these estimates, it could impact the Company's and its subsidiaries' ability to realize the net deferred tax assets recorded at the reporting date.

(g) Uncertain tax positions

The Company and its subsidiaries exercise significant judgment in identifying uncertainties regarding income tax treatments. In this regard, the Company and its subsidiaries have reviewed the following situations:

- Contentious proceedings
- Tax planning implemented
- Company reorganization
- Other situation identified by Management

In the assessment, Management has considered the following sources to identify possible uncertain tax situations:

- The criteria applied by the tax administration in its audits
- The opinions expressed by the tax administration through reports or official letters
- The jurisprudence of the courts at all levels
- Directives of Peruvian tax and customs authorities (“Superintendencia Nacional de Aduanas y Administración Tributaria” - SUNAT)

The assessment was conducted for all non-prescribed tax years, taking into account the provisions of the Peruvian Tax Code.

As a result of examining each of the aforementioned situations, Management has identified tax uncertainties that may affect the determination of income tax in accordance with IFRIC 23, Uncertainty over Income Tax Treatment, mainly those related to the amortization of development costs, which, due to their temporary nature, do not have a significant impact on the consolidated financial statements.

When there is a change in circumstances, Management should review its estimates, such as the actions taken by the tax administration, formally adopted positions, court jurisprudence, or the expiration of the statute of limitations.

4 CASH AND CASH EQUIVALENTS

This item comprises as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Cash in hand and banks (a) (b)	251,010	125,240
Mutual funds (c)	70,805	-
Restricted cash (d)	7,528	11,872
Cash in transit	666	3,722
Time deposits (e)	4,662	15,000
	<u>334,671</u>	<u>155,834</u>

- (a) Cash in hand and banks primarily comprise checking accounts denominated in Peruvian soles and U.S. dollars, held in local and foreign banks, freely available, and generating interest at market rates. Checking accounts include trust accounts established to meet commitments arising from financial obligations (Notes 1(f.3) and 14), which are also freely available.
- (b) As of December 31, 2025 and 2024, the Company and its subsidiaries present, as part of cash in hand and banks, balances of US\$12,723 and US\$40,628, respectively, corresponding to cash deposited in Banco de la Nación for tax payments.
- (c) It comprises the interest quota managed by financial institutions, which invest in highly liquid instruments. These amounts are measured at their fair value in accordance with IFRS 9 (Note 2.4.1(d)), which includes the returns for the period. Considering their liquidity and redemption conditions, they are presented as part of this item.
- (d) It comprises the amounts withheld by the tax authorities of US\$5,838 (US\$6,089 as of December 31, 2024). In addition, the difference corresponds to a restricted fund of US\$1,690 and US\$5,783 as of December 31, 2025 and 2024, respectively.

- (e) Time deposits held as of December 31, 2025 and 2024, have 90-day maturities and accrue interest at market rates. This includes deposits held under management agreements and/or temporary transfers of securities. The Company and its subsidiaries generate returns on their investments by transferring the income from these investments to third parties in exchange for consideration, while retaining the risks and rewards associated with these assets. They are measured at fair value in accordance with IFRS 9 (Note 2.4.1(d)).

5 TRADE PAYABLES (NET)

This item comprises as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Invoices (a)	42,080	56,371
Embedded derivatives (Note 33(b))	<u>4,842</u>	<u>(3,402)</u>
	46,922	52,969
Provision for impairment of receivables (b)	<u>(21,184)</u>	<u>(19,492)</u>
	<u>25,738</u>	<u>33,477</u>

- (a) Receivables are current maturity, do not accrue interest, do not have specific guarantees, and are expected to be collected in the first quarter of the following year.

The Company's and its subsidiaries' main customers have a recognized reputation in the international market, a good credit history, and show no financial difficulties at the end of the period.

As of December 31, 2025 and 2024, the aging of non-impaired trade receivables is as follows:

	<u>Unimpaired</u> <u>US\$000</u>	<u>Impaired</u> <u>US\$000</u>	<u>Total</u> <u>US\$000</u>
As of December 31, 2025			
Current -	5,232	-	5,232
Past due -			
Past due between 1 - 30 days	12,342	-	12,342
Past due between 31 - 60 days	2,913	78	2,991
Past due between 61 - 180 days	409	309	718
Past due between 181 - 240 days	-	153	153
Past due between 241 - 360 days	-	304	304
Past due more than 360 days	-	20,340	20,340
	<u>20,896</u>	<u>21,184</u>	<u>42,080</u>
As of December 31, 2024			
Current -	9,153	-	9,153
Past due -			
Past due between 1 - 30 days	21,588	-	21,588
Past due between 31 - 60 days	5,095	-	5,095
Past due between 61 - 180 days	715	-	715
Past due between 181 - 240 days	151	-	151
Past due between 241 - 360 days	127	-	127
Past due more than 360 days	50	19,492	19,542
	<u>36,879</u>	<u>19,492</u>	<u>56,371</u>

(b) The movement of the provision for expected credit losses is as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Opening balance	19,492	23,831
Additions (Note 26)	2,095	398
Recoveries (Note 25)	(403)	(185)
Derecognition for sale of companies (Note 1(d.6))	-	(4,552)
Final balance	<u>21,184</u>	<u>19,492</u>

Company's Management and its subsidiaries consider that the provision for expected credit loss is sufficient to cover the credit risk as of the date of the consolidated statement of financial position.

6 OTHER RECEIVABLES (NET)

This item comprises as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
<i>Financial assets</i>		
Receivables from contractors and others	13,460	13,298
Loans to third parties (a)	10,471	10,366
Escrow account - sale of companies ((Note 1(d.6))	3,331	5,973
Invoiced services	1,498	1,475
Financing to related parties (b)	1,011	205
Subsidies and other receivables	305	130
	<u>30,076</u>	<u>31,447</u>
Provision for impairment of other receivables (c)	<u>(19,434)</u>	<u>(19,105)</u>
Subtotal	<u>10,642</u>	<u>12,342</u>
<i>Other non-financial assets:</i>		
Claims to the Tax authorities (d)	46,266	32,134
Contractual assets (e)	16,274	11,652
Pre-paid expenses	4,392	3,968
Other minors	808	722
Subtotal	<u>67,740</u>	<u>48,476</u>
Total	<u>78,382</u>	<u>60,818</u>
Current portion	<u>32,145</u>	<u>28,984</u>
Non-current portion	<u>46,237</u>	<u>31,834</u>

(a) Loans to third parties accrue interest at market rates and are mainly considered current maturities. The Company and its subsidiaries have set aside US\$10,139 as a doubtful account according to the risk assessment of uncollectibility.

(b) It comprises the disbursements made by the Company on behalf of Inversiones Portuarias Chancay S.A.A. during its development phase. These amounts are reimbursable and accrue interest at market rates, which are recognized as other financial income in the statement of comprehensive income.

(c) The movement of the provision for expected credit losses on financial assets is as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Opening balance	19,105	19,426
Additions (Note 26)	115	-
Write-offs	-	(294)
Exchange difference	214	(27)
Final balance	<u>19,434</u>	<u>19,105</u>

Company's Management and its subsidiaries consider that the provision for impairment of other receivables is sufficient to cover the risk of default at the date of the consolidated statement of financial position.

(d) It mainly comprises the payments made by the Company and its subsidiaries for tax adjustments resulting from the audit of Income Tax for the fiscal years 2015 and 2017. These payments were made under protest, in order to be able to carry out the litigation process in court.

(e) As of December 31, 2025 and 2024, it mainly comprises the advances granted to contractors and others for the provision of energy and engineering services.

7 ASSETS FOR TAXES

This item comprises as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
VAT fiscal credit (a)	36,566	24,631
Public works projects for taxes, in progress (b)	5,309	4,313
	<u>41,875</u>	<u>28,944</u>

(a) As of December 31, 2025, the VAT fiscal credit of the Company and its subsidiaries amounts to US\$57,754 (US\$41,897 as of December 31, 2024), which is presented net of the non-operating Subsidiaries balance of US\$21,188 (US\$17,266 as of December 31, 2024) because its use depends on the resumption or increase of their activities.

(b) It comprises the disbursements made for public works projects, for which partial certificates of "Regional and Local Public Investment - Public Treasury" (CIPRL by its acronym in Spanish) were obtained. These certificates will allow the Company to reimburse the amount invested in the execution of investment projects. The Company completed the execution of the "Mejoramiento y Ampliación de los Servicios Deportivos del Polideportivo Municipal en la Av. 1 de Mayo del Distrito de Chancay - Provincia de Huaral - Departamento de Lima" project, CUI 2466179 and "Mejoramiento de la Gestión Integral de los Residuos Sólidos Municipales en el Distrito de Huayllay - Provincia de Pasco - Departamento de Pasco" project, CUI 2511013, for which US\$1,255 was recovered in 2025 through the "CIPRL" certificates, under the Public Works for Taxes Law No. 29230. By 2026, the recovery of the invested balance, which amounts to US\$865, will be managed.

8 INVENTORIES (NET)

This item comprises as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Concentrates (a)	16,109	8,909
Mineral (a)	882	5,416
Pyrite stockpiles	-	5,180
Other supplies	38,392	32,297
Goods in transit	911	482
	<u>56,294</u>	<u>52,284</u>
Provision for impairment (b)	<u>(8,843)</u>	<u>(9,034)</u>
Total	<u>47,451</u>	<u>43,250</u>
Current portion	<u>47,451</u>	<u>38,070</u>
Non-current portion	<u>-</u>	<u>5,180</u>

(a) According to the sale agreements, the concentrate held as of December 31, 2024, will be sold, and the ore will be mined in 2026.

(b) The provision for impairment includes:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Opening balance	9,034	9,779
Additions (Note 26)	27	599
Recoveries (Note 25)	(218)	(947)
Derecognition due to sale of companies (Note 1 (d.6))	-	(397)
Final balance	<u>8,843</u>	<u>9,034</u>

Management considers that the balance of provision for impairment covers the risk of losses as of the date of the consolidated statement of financial position.

9 FINANCIAL INVESTMENTS

(a) This item comprises as follows:

Company	Class	Number of shares	Interest in net equity		Market value	Carrying amount	
			As of December 31, 2025	2024		As of December 31, 2025	2024
			%	%		US\$000	US\$000
Financial investments at amortized value with changes in other comprehensive income:							
Cemento Polpaico S.A. (i)	Common	4,745,844	18.59	15.90	7,661	40,494	28,593
Port investments Chancay (ii)	"A" class	206,743,063	12.66	12.66	1.07	65,877	123,782
Port investments Chancay (ii)	"B" class	12,234,901	0.50	0.50	0.14	526	667
Other investments:							
Other companies	Common	-	-	-	-	5	5
						<u>106,902</u>	<u>153,047</u>

- (i) Cementos Polpaico S.A. is engaged in the production and sale of cement and lime. As of December 31, the share price was 7,661 Chilean pesos per share, equivalent to US\$8.533 (7,000 Chilean pesos per share, equivalent to US\$7.048 as of December 31, 2024). These shares are listed on the Chilean Stock Exchange.

The fair value of this investment has generated an unrealized gain of US\$6,901 (unrealized loss of US\$8,561 in 2024) and deferred tax expense of US\$2,036 (deferred income tax of US\$2,525 in 2024).

- (ii) Inversiones Portuarias Chancay S.A.A. was established to acquire, develop, and negotiate equity interests or rights in companies engaged in port and logistics activities of any kind, as well as related services.

As of December 31, 2025, the Company, through its Subsidiaries, holds 206,743,063 Class A shares, with a market price of S/1.07 per share (equivalent to US\$0.32 per share), and 12,234,901 Class B shares, with a market price of S/0.14 per share (equivalent to US\$0.04 per share).

The fair value of this investment has generated an unrealized loss of US\$58,047 (unrealized gain of US\$92,346 in 2024) and deferred income tax of US\$17,124 (deferred tax expense of US\$27,242 in 2024).

- (b) The financial investments presented in this note correspond to financial assets measured at fair value through other comprehensive income, consisting of equity instruments not held for trading and irrevocably designated as such at initial recognition, in accordance with the accounting policy described in Note 2.4.1(c).
- (c) The movement of this item is as follows:

	2025	2024
	US\$000	US\$000
Balance as of January 1,	153,047	37,158
Acquisition of investments (i)	5,000	32,104
Variation in fair value with changes in other comprehensive income	-	-
Exchange difference	(49,354)	83,785
Exchange difference	(1,791)	-
Total	<u>106,902</u>	<u>153,047</u>

- (i) In 2024, the investments of the Company's Subsidiaries in Inversiones Portuarias Chancay S.A.A., which would receive the asset block split-off from the Company as described in Note 1(e). In 2025, 661 common shares in Cementos Polpaico S.A. were acquired, equivalent to US\$5,000.

10 INVESTMENT PROPERTIES (NET)

(a) The movement of investment properties and their corresponding accumulated depreciation for the years ending December 31, 2025 and 2024 is as follows:

	<u>Balances as of January 1, 2025</u>	<u>Additions</u>	<u>Balances as of December 31, 2025</u>
	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	1,118	52	1,170
	<u>1,118</u>	<u>52</u>	<u>1,170</u>
Net value	<u>5,008</u>		<u>4,956</u>
	<u>Balances as of January 1, 2024</u>	<u>Additions</u>	<u>Balances as of December 31, 2024</u>
	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	1,066	52	1,118
	<u>1,066</u>	<u>52</u>	<u>1,118</u>
Net value	<u>5,060</u>		<u>5,008</u>

(b) The subsidiary Compañía Industrial Limitada de Huacho S.A. owns 10 properties located in Jesús María District, Lima, Peru, which are leased to third parties as administrative offices and/or warehouses. The Company also owns 21 storage units located at Av. Manuel Holguín No. 373, whose future use has not yet been determined.

(c) The depreciation of investment properties is allocated in the consolidated income statement as follows:

	<u>2025</u>	<u>2024</u>
	US\$000	US\$000
Administrative expenses (Note 23)	52	52
Total	<u>52</u>	<u>52</u>

(d) The fair value of investment properties is determined based on an external appraiser's valuation. The external appraiser uses the comparable market method, whereby a property's fair value is estimated based on comparable transactions. The unit of comparison used by the Company and its subsidiaries is the price per square meter. The fair value measurement presented here is categorized as Level 3.

<u>Designation</u>	<u>As of December 31, 2025</u>		<u>As of December 31, 2024</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	US\$000	US\$000	US\$000	US\$000
Lands	4,578	7,753	4,578	7,747
Building	1,548	332	430	332
	<u>6,126</u>	<u>8,085</u>	<u>5,008</u>	<u>8,079</u>

Minimum ranges and average price per square meter are as follows:

Investment property details	Minimum range	Maximum range	Average
	US\$ per M2	US\$ per M2	US\$ per M2
Lands	1,260	3,950	1,848
Buildings	1,300	1,300	1,300

11 PROPERTY, PLANT AND EQUIPMENT (NET)

The net movement of the cost and accumulated depreciation of property, plant and equipment, is as follows:

	<u>Balances as of January 1, 2025</u> US\$000	<u>Additions</u> US\$000	<u>Sales and/or withdrawals</u> US\$000	<u>Transfers</u> US\$000	<u>Balances as of December 31, 2025</u> US\$000
Cost of:					
Lands	18,528	791	-	-	19,319
Buildings and other facilities	1,173,759	141	-	42,823	1,216,723
Environmental management program infrastructure					
Machinery and equipment	680	-	-	-	680
Vehicles	178,080	5,287	(1,131)	218	182,454
Furniture, fixtures and computer equipment	2,916	345	-	-	3,261
Other equipment	8,927	1,047	-	-	9,974
Units to be received	444,796	24,089	-	2,434	471,319
Cost of:	565	630	-	(143)	1,052
Work in progress (a)	101,304	111,473	(2,881)	(51,043)	158,853
	<u>1,929,555</u>	<u>143,803</u>	<u>(4,012)</u>	<u>(5,711)</u>	<u>2,063,635</u>
Accumulated depreciation of:					
Buildings and other facilities	740,254	53,288	-	-	793,542
Environmental management program infrastructure	680	-	-	-	680
Machinery and equipment	149,201	11,574	(900)	-	159,875
Vehicles	2,586	152	-	-	2,738
Furniture, fixtures and computer equipment	7,478	353	-	-	7,831
	<u>351,243</u>	<u>18,591</u>	<u>-</u>	<u>-</u>	<u>369,834</u>
	<u>1,251,442</u>	<u>83,958</u>	<u>(900)</u>	<u>-</u>	<u>1,334,500</u>
Net value	<u>678,113</u>				<u>729,135</u>

	Balances as of January 1, 2024	Additions	Sales and/or withdrawals	Transfers	Company dissolution	December 31, 2024
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Cost of:						
Lands	18,995	-	-	-	(467)	18,528
Buildings and other constructions	1,199,406	569	-	42,247	(68,463)	1,173,759
Environmental management program infrastructure						
Machinery and equipment	680	-	-	-	-	680
Vehicles	187,986	3,236	(973)	-	(12,169)	178,080
Furniture, fixtures and computer equipment	3,320	-	(404)	-	-	2,916
Other equipment	8,937	40	-	7	(57)	8,927
Units to be received	430,633	10,285	(317)	5,036	(841)	444,796
Work in progress (a)	3,244	222	-	(2,901)	-	565
Cost of:	<u>86,630</u>	<u>56,400</u>	<u>(286)</u>	<u>(41,330)</u>	<u>(110)</u>	<u>101,304</u>
	<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 and other facilities	685,027	76,512	-	-	(21,285)	740,254
Environmental management program infrastructure						
Machinery and equipment	680	-	-	-	-	680
Vehicles	147,157	13,170	(919)	-	(10,207)	149,201
Furniture, fixtures and computer equipment	2,811	152	(377)	-	-	2,586
Other equipment	7,108	421	-	-	(51)	7,478
	<u>330,330</u>	<u>21,528</u>	<u>(108)</u>	<u>-</u>	<u>(507)</u>	<u>351,243</u>
	<u>1,173,113</u>	<u>111,783</u>	<u>(1,404)</u>	<u>-</u>	<u>(32,050)</u>	<u>1,251,442</u>
Net value	<u>766,718</u>					<u>678,113</u>

- (a) As of December 31, 2025, work in progress is mainly made up of projects that belong to Volcan Compañía Minera S.A.A. for US\$70,153 and the subsidiary Compañía Minera Chungar S.A.C. for US\$70,230 (as of December 31, 2024, US\$52,662 and US\$31,209, respectively), as detailed below:

Volcan Compañía Minera S.A.A.

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Tailings facility expansion Rumichaca level 4235	29,186	-
Tailings facility expansion Rumichaca level 4233	-	29,981
Tailings facility expansion Rumichaca level 4250	3,831	3,788
Tailings facility - Gavilán filtration - Carahuacra	2,441	2,441
Tailings facility Andaychagua Alto elevation 4415	2,006	2,006
Tailings pond expansion level 4417	1,594	-
50kv transmission line San Cristobal	1,576	415
Expansion Aliviadero wall level 4412	1,321	-
Engineering Expansion Andaychagua tailings pond	1,085	474
Industrial wastewater treatment plant.	965	965
Maintenance workshop level 1320	-	542
Engineering Expansion Andaychagua Alta elevation 4420 elevation tailings pond	828	818
Electrical installations progress	-	498
Construction of electrical substations	-	479
Construction of 3 NVA Ticlio substation.	-	459
Other minor projects	25,320	9,796
	<u>70,153</u>	<u>52,662</u>

Subsidiary Compañía Minera Chungar S.A.C.

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Romina project - General infrastructure	12,215	7,031
On-site infrastructure - Romina Tunnel	7,747	681
Romina tailings storage facility	7,421	457
Pumping system Level 390 - system reinforcement Esperanza	7,196	1,874
Construction of Cacray Camp	5,482	5,048
General infrastructure at the Romina site	4,687	-
Romina project - permits, Social & Environmental matters	2,176	1,967
Animón tailings storage facility with filtered tailings	2,044	1,417
Quimacocha Tailings Storage Facility - construction	1,788	-
Romina Concentrator Plant	1,216	-
Emergency pumping system - North Center Huas Creek	1,197	-
Engineering and construction of Rinconada tailings facility	-	2,425
Transmission line of Yanahuin Romina	1,097	1,097
Reinforcement of Animón electrical substations	1,083	1,083
Other minor projects	14,881	8,129
	<u>70,230</u>	<u>31,209</u>

As of December 31, 2025 and 2024, the other subsidiaries have ongoing projects valued at US\$18,470 and US\$17,472, respectively.

The projects held as of December 31, 2025, are estimated to be completed between 2026 and 2027.

(b) The annual depreciation charge has been distributed as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Cost of sales (Note 22)	81,914	108,424
Administrative expenses (Note 23)	1,160	1,133
Selling expenses (Note 24)	35	66
Other expenses (Note 26)	849	2,160
Total	<u>83,958</u>	<u>111,783</u>

- (c) As of December 31, 2025, buildings, machinery and equipment include assets acquired under finance leases with a carrying amount of US\$7,462 and US\$10,205 respectively (US\$7,800 and US\$18,805 as of December 31, 2024, respectively).
- (d) The Company and its subsidiaries maintain insurance on their principal assets in accordance with policies established by Management.
- (e) As of December 31, 2025 and 2024, the cost of property, plant and equipment is presented net of an accumulated impairment of US\$335,623 distributed in the categories of buildings and constructions for US\$263,245, machinery and equipment and other equipment for US\$43,897 and others for US\$28,481. The Company's Management and its subsidiaries consider that the provision for impairment of property, plant and equipment recognized is enough to reflect its recoverable amounts up to date.
- (f) As of December 31, 2025 and 2024, the Company and its subsidiaries maintain fully depreciated assets for US\$149,428 and US\$134,921, respectively.

12 RIGHT-OF-USE ASSETS (NET)

The net movement of the cost and accumulated depreciation of the right-of-use assets is as follows:

	<u>Balances as of</u> <u>January 1,</u> <u>2025</u> <u>US\$000</u>	<u>Additions</u> <u>US\$000</u>	<u>Withdrawals</u> <u>US\$000</u>	<u>Company</u> <u>dissolution</u> <u>US\$000</u>	<u>Balances as of</u> <u>December 31,</u> <u>2025</u> <u>US\$000</u>
Cost:					
Operating machinery	15,864	-	-	-	15,864
Vehicles	9,950	4,246	-	-	14,196
Properties	170	-	-	-	170
	<u>25,984</u>	<u>4,246</u>	<u>-</u>	<u>-</u>	<u>30,230</u>
Depreciation of:					
Operating machinery	4,871	3,518	-	-	8,389
Vehicles	5,280	3,665	-	-	8,945
Properties	170	-	-	-	170
	<u>10,321</u>	<u>7,183</u>	<u>-</u>	<u>-</u>	<u>17,504</u>
Net value	<u>15,663</u>				<u>12,726</u>

	Balances as of January 1, 2024	Additions	Withdrawals	Company dissolution	Balances as of December 31, 2024
	US\$000	US\$000	US\$000	US\$000	US\$000
Cost:					
Operating Machinery	13,447	2,417	-	-	15,864
Vehicles	11,029	2,912	(3,897)	(94)	9,950
Properties	170	-	-	-	170
	<u>24,646</u>	<u>5,329</u>	<u>(3,897)</u>	<u>(94)</u>	<u>25,984</u>
Depreciation of:					
Operating Machinery	1,857	3,014	-	-	4,871
Vehicles	4,711	4,412	(3,784)	(59)	5,280
Properties	152	18	-	-	170
	<u>6,720</u>	<u>7,444</u>	<u>(3,784)</u>	<u>(59)</u>	<u>10,321</u>
Net value	<u>17,926</u>				<u>15,663</u>

The annual depreciation charge of the right-of-use assets has been distributed as follows:

	2025	2024
	US\$000	US\$000
Cost of sales (Note 22)	6,500	6,700
Administrative expenses (Note 23)	47	279
Selling expenses (Note 24)	21	-
Other expenses (Note 26)	615	465
Total	<u>7,183</u>	<u>7,444</u>

13 MINING CONCESSIONS, EXPLORATION AND DEVELOPMENT COSTS AND OTHER ASSETS (NET)

The net movement of the cost and accumulated amortization of mining concessions, development, closure of mining units and other assets is as follows:

	<u>Balance as of January 1 2025</u> US\$000	<u>Additions</u> US\$000	<u>Derecognition</u> US\$000	<u>Transfers</u> US\$000	<u>Changes in provision</u> US\$000 (Note 36)	<u>Recovery of impairment</u> US\$000 (Note 27)	<u>Balance as of December 31, 2025</u> US\$000
Cost of:							
Mining concessions	250,068	-	(890)	487	-	-	249,665
Exploration costs	347,530	11,285	-	1,069	-	-	359,884
Development costs (a)	1,053,424	83,123	-	3,974	-	140,399	1,280,920
Closure of mining units	141,537	-	-	-	(15,863)	-	125,674
Community rights	21,401	-	-	-	-	-	21,401
Other intangible assets	17,898	226	-	181	-	-	18,305
	<u>1,831,858</u>	<u>94,634</u>	<u>(890)</u>	<u>5,711</u>	<u>(15,863)</u>	<u>140,399</u>	<u>2,055,849</u>
Amortization of:							
Mining concessions	210,356	3,840	(650)	-	-	-	213,546
Exploration costs	217,906	14,143	-	-	-	-	232,049
Development costs (a)	614,939	48,526	-	-	-	-	663,465
Closure of mining units	112,510	2,221	-	-	-	-	114,731
Community rights	9,712	1,219	-	-	-	-	10,931
Other intangible assets	10,207	1,189	-	-	-	-	11,396
	<u>1,175,630</u>	<u>71,138</u>	<u>(650)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,246,118</u>
Net value	<u>656,228</u>						<u>809,731</u>

	Balance as of January 1, 2024	Additions	Derecognition	Transfers	Changes in provisions	Recovery of impairment	Company dissolution	Balance as of December 31, 2024
	US\$000	US\$000	US\$000	US\$000	US\$000 (Note 36)	US\$000 (Note 27)	US\$000	US\$000
Cost of:								
Mining concessions	260,650	-	(10,343)	-	-	-	(239)	250,068
Exploration costs	338,691	8,839	-	-	-	-	-	347,530
Development costs (a)	896,005	69,145	-	(3,426)	-	91,700	-	1,053,424
Closure of mining units	210,609	-	-	3,437	(72,509)	-	-	141,537
Community rights	24,645	-	-	-	-	-	(3,244)	21,401
Other intangible assets	20,995	3	-	(3,070)	-	-	(30)	17,898
	<u>1,751,595</u>	<u>77,987</u>	<u>(10,343)</u>	<u>(3,059)</u>	<u>(72,509)</u>	<u>91,700</u>	<u>(3,513)</u>	<u>1,831,858</u>
Amortization of:								
Mining concessions	205,730	4,865	-	-	-	-	(239)	210,356
Exploration costs	201,663	16,243	-	-	-	-	-	217,906
Development costs (a)	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 intangible assets	8,745	1,479	-	-	-	-	(17)	10,207
	<u>1,100,945</u>	<u>75,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>1,175,630</u>
Net value	<u>650,650</u>							<u>656,228</u>

(a) Development costs:

This item comprises:

	Balance as of January 1, 2025	Additions	Transfers	Recovery of impairment	Balance as of December 31, 2025
	US\$000	US\$000	US\$000	US\$000	US\$000
Cost of:					
Yauli	575,662	55,682	-	112,528	743,872
Cerro de Pasco	157,420	3,277	3,974	27,871	192,542
Animon	314,084	24,164	-	-	338,248
Vinchos	6,258	-	-	-	6,258
	<u>1,053,424</u>	<u>83,123</u>	<u>3,974</u>	<u>140,399</u>	<u>1,280,920</u>
Accumulated amortization of:					
Yauli	323,605	27,177	-	-	350,782
Cerro de Pasco	108,888	6,693	-	-	115,581
Animon	176,188	14,656	-	-	190,844
Vinchos	6,258	-	-	-	6,258
	<u>614,939</u>	<u>48,526</u>	<u>-</u>	<u>-</u>	<u>663,465</u>
Net cost	<u>438,485</u>				<u>617,455</u>
	Balance as of January 1, 2024	Additions	Transfers	Recovery of impairment	Balance as of December 31, 2024
	US\$000	US\$000	US\$000	US\$000	US\$000
Cost of:					
Yauli	435,487	53,265	10	86,900	575,662
Cerro de Pasco	156,056	-	(3,436)	4,800	157,420
Animon	298,204	15,880	-	-	314,084
Vinchos	6,258	-	-	-	6,258
	<u>896,005</u>	<u>69,145</u>	<u>(3,426)</u>	<u>91,700</u>	<u>1,053,424</u>
Accumulated amortization of:					
Yauli	306,854	16,751	-	-	323,605
Cerro de Pasco	103,383	5,505	-	-	108,888
Animon	160,684	15,504	-	-	176,188
Vinchos	6,258	-	-	-	6,258
	<u>577,179</u>	<u>37,760</u>	<u>-</u>	<u>-</u>	<u>614,939</u>
Net cost	<u>318,826</u>				<u>438,485</u>

(b) The annual amortization charge has been distributed as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Cost of sales (Note 21)	67,845	73,218
Administrative expenses (Note 23)	1,769	2,063
Other expenses (Note 26)	1,524	404
Total	<u>71,138</u>	<u>75,685</u>

(c) As of December 31, 2025, the cost of mining concessions, development costs and other intangible assets is presented net of an accumulated impairment for US\$462,260 distributed in the categories of mining concessions for US\$45,984, explorations for US\$237,045, development costs for US\$127,687 and other intangible assets for US\$51,544 (as of December 31, 2024 it is presented net of accumulated impairment for US\$602,659 distributed in the categories of mining concessions US\$45,984, explorations for US\$237,045, development costs for US\$268,086 and other intangibles for US\$51,544).

In 2025, as part of the impairment assessment of certain CGUs, Company's Management determined a provision for impairment recovery of US\$140,399, distributed in development costs (Note 27).

In 2024, the Company determined a provision for impairment recovery of US\$91,700, distributed in development costs.

14 FINANCIAL OBLIGATIONS

(a) This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Bonds	847,107	364,827
Syndicated loan	-	335,830
Loans	25,505	32,114
Total	<u>872,612</u>	<u>732,771</u>
By maturity		
Current	88,561	26,003
Non-current	784,051	706,768

(b) The balance for each type of debt is as follows:

	Nominal amount US\$000	Currency US\$000	Interest rate US\$000	Maturity US\$000	Balance as of December 31,	
					2025 US\$000	2024 US\$000
Bonds (i):						
<i>Tradable bonds</i>	475,000	USD	4.375%	Feb-26	67,986	67,986
<i>Accrued interest pending maturity</i>					1,215	1,214
<i>Transaction cost balance</i>					(92)	(1,194)
					<u>69,109</u>	<u>68,006</u>
<i>Tradable bonds</i>	299,872	USD	8.750%	Jan-30	35,271	299,872
<i>Accrued interest pending maturity</i>					1,414	8,494
<i>Transaction cost balance</i>					(1,124)	(11,545)
					<u>35,561</u>	<u>296,821</u>
<i>Tradable bonds</i>	750,000	USD	8.500%	Oct-32	750,000	-
<i>Accrued interest pending maturity</i>					11,527	-
<i>Transaction cost balance</i>					(19,090)	-
					<u>742,437</u>	<u>-</u>
					<u>847,107</u>	<u>364,827</u>
Syndicated loan (ii)						
<i>Financial institutions</i>	369,371	USD	4% + SOFR 3M	Feb-26	-	344,348
<i>Accrued interest pending maturity</i>					-	6,579
<i>Transaction cost balance</i>					-	(15,097)
					<u>-</u>	<u>335,830</u>
<i>Glencore Lima Trading S.A.C.</i>	25,000	USD	4.5% + SOFR 3M	Dec-28	25,000	25,000
<i>Accrued interest pending maturity</i>					505	642
<i>Glencore International Inc.</i>	30,000	USD	5.5% + SOFR 3M	Jan-25	-	6,375
<i>Accrued interest pending maturity</i>					-	97
					<u>25,505</u>	<u>32,114</u>
					<u>872,612</u>	<u>732,771</u>

The reconciliation between the nominal principal and the carrying amount of the financial obligations is as follows:

	Balances as of December 31,	
	2025 US\$000	2024 US\$000
Nominal principal of the debt	878,257	743,581
Accrued interest payable	14,661	17,026
Transaction costs not amortized	(20,306)	(27,836)
	<u>872,612</u>	<u>732,771</u>

- (i) It includes pending balances from bond financing that maintain certain restrictions for both the Company and its subsidiaries.
- a) Regarding the “4.375% Senior Notes Due 2026” instruments, the main restrictions include:
- Incurring additional debt if, at the time of acquiring debt, the consolidated fixed charge coverage ratio is less than 2.0.
 - Limitations on the sale of certain assets
- b) With the issuance of the Existing Notes (Note 1(f.2)) “8.750% Senior secured notes Due 2030”:
- Guarantees were granted on most of the Company's assets, including its subsidiaries: Compañía Minera Chungar, Empresa Administradora Cerro, Empresa Minera Paragsha, Compañía Industrial Huacho, Roquel, and Tingo.
 - These guarantees were shared, on a pari-passu basis, with the obligations of the syndicated loan agreement, which was prepaid during the fourth quarter of 2025 (See Note 14(b)(ii)).
- c) With the issuance of the New Notes (see Note 1(f.2)) “8.50% Senior secured notes Due 2032”, substantially the same limitations described in the preceding paragraph remain in effect, such as the incurrence of additional debt, restricted payments, and asset sales. Furthermore, the guarantees on the assets are also shared on a pari passu basis. However, in accordance with the release clause contained in the issuance of the Existing Notes, their settlement and/or maturity would imply the immediate release of the guarantees and restrictions linked to that issuance, with only those associated with the New Notes remaining in force.

As of December 31, 2025, the Company and its subsidiaries are in compliance with all obligations to act and refrain from acting and with the restrictions established in the current financing agreements. Management periodically monitors compliance with these restrictions and believes there are no material risks of default in the next twelve months.

- (ii) On December 29, 2021, the Company and its subsidiaries entered into a syndicated loan agreement administered by Citigroup Global Markets Inc. and Banco Santander S.A. for US\$400,000, which was disbursed on January 25, 2022. The loan originally provided for quarterly amortizations and accrued interest at a variable rate equivalent to LIBOR (3M) plus an applicable margin.

In June 2024, the Company made a partial amortization of US\$34,286 and, on July 24, 2024, entered into a comprehensive amendment to the agreement (“Amended and Restated Credit Agreement”), which, among other things:

- Extended the final maturity date to July 2029.
- Modified the amortization schedule.
- Established a variable interest rate referenced to SOFR plus an applicable margin.
- Incorporated borrowings (covenants) related to the consolidated total debt to EBITDA ratio and the EBITDA to debt service ratio.
- Granted guarantees on the majority of the Company's assets and certain subsidiaries, shared on a pari passu basis with the “8.750% Senior Secured Notes Due 2030”.

In 2025, the Company continued to meet its contractual obligations in accordance with the existing terms, and in October 2025, with the proceeds from the exchange of the New Notes (see Note 1 (f.2)), the pending balance was fully prepaid, extinguishing all obligations under the syndicated loan agreement.

- (iii) As part of the commercial agreements with Glencore Lima Trading S.A.C. and Volcan Compañía Minera S.A.A., additional working capital lines of credit are maintained, which to date have been drawn up to US\$25,000. This amount was agreed upon through a Loan Agreement on December 22, 2023, and disbursed during the first quarter of 2024. This debt accrues quarterly interest at a variable rate of SOFR (3M) + 4.5% and is amortized starting in 2026.

On the other hand, on July 12, 2024, Glencore International AG and Volcan Compañía Minera S.A.A. entered into a US\$30,000 financing agreement with a six-month term and a variable interest rate of SOFR (3M) + 5.5%. The loan was disbursed on July 22, 2024, and fully repaid by early 2025.

The current loans carry contractual obligations mainly related to the fulfillment of the associated purchase agreement, including the delivery of the ore according to agreed-upon schedules. Failure to meet these obligations could result in the early repayment of the debt. At the end of the period, the Company was in compliance with these contractual obligations.

- (c) As of December 31, 2025 and 2024, the reconciliation of cash flow with financial obligations is as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Opening balance	<u>732,771</u>	<u>775,774</u>
Movements not related to cash flows		
Transaction costs recognized in profit or loss (i)	36,096	-
Transaction costs incurred	5,745	3,758
Interest incurred	<u>68,576</u>	<u>63,384</u>
	<u>110,417</u>	<u>67,142</u>
Movements related to cash flows		
Obtaining new debt	750,000	55,000
Transaction costs paid	(34,323)	(20,753)
Paid interest	(70,929)	(60,411)
Capital amortization	<u>(615,324)</u>	<u>(83,981)</u>
	<u>29,424</u>	<u>(110,145)</u>
Final balance	<u><u>872,612</u></u>	<u><u>732,771</u></u>

- (i) It comprises expenses related to the write-off of the Company's and its subsidiaries' financial obligations:
- Partial write-off of the debt "8.750% Senior secured notes Due 2030": Transaction costs pending amortization of US\$8,300 and an exchange premium paid for the New Notes (see Note 1 (f.2)) of US\$13,000. Total write-off of the syndicated loan: Transaction costs pending amortization of US\$14,000 and an early redemption premium of US\$500.

(d) The fair value of the financial obligations is as follows:

	<u>Carrying amount</u> <u>US\$000</u>	<u>Fair value</u> <u>US\$000</u>
As of December 31, 2025		
Bonds	867,413	890,722
Loans	25,505	28,681
Transaction costs	(20,306)	(20,306)
	<u>872,612</u>	<u>899,097</u>
As of December 31, 2024		
Bonds	377,566	352,000
Syndicated loan	350,927	394,626
Loans	32,114	36,113
Transaction costs	(27,836)	(27,836)
	<u>732,771</u>	<u>754,903</u>

The fair value of the financial obligations has been determined in accordance with the assumptions described in Note 32(c).

(e) Guarantees

The guarantees are shared pari passu between the “8.750% Senior secured notes Due 2030” and the “8.50% Senior secured notes Due 2032” and consist of:

- (i) Trust under Peruvian law securing certain balances from the proceeds of the sale of concentrates from Volcan, Chungar, and Cerro de Pasco originating from the trusts of said companies.
- (ii) Trust under Peruvian law for guarantee of current or future equity interests in:
 - a) 100% of the shares owned by Volcan or its subsidiaries in Chungar, Cerro, Paragsha, Roquel, Tingo, Huacho, Toruna and Vinchos;
 - b) Shares owned by Paragsha in Volcan (11.20% of Class A common shares), in Inversiones Portuarias Chancay S.A.A. (11.20% of Class A common shares) and Cementos Polpaico.
 - c) 100% of the interest in any newly created or acquired subsidiary and;
 - d) 100% of the shareholding corresponding to Volcan or its subsidiaries in a future joint venture.
- (iii) Mortgages on production units under Peruvian law for the mining units of San Cristóbal Carahuacra, Andaychagua, Ticlio, Mahr Tunnel, Chungar, El Pilar, Huascarán, Vichaycocha, San Sebastian, Cerro and Óxidos. Includes mining concessions, land, plants and assets. Excludes Alpamarca and Romina.
- (iv) Mortgages under Peruvian law on real estate owned by the Borrower and Huacho regarding the offices.

15 LEASE LIABILITIES

(a) This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Leases with financial institutions (i)	919	4,213
Leases with non-financial suppliers (ii)	8,971	12,777
	<u>9,890</u>	<u>16,990</u>
By maturity		
Current	8,854	14,698
Non-current	1,036	2,292

- (i) The Company and its subsidiaries entered into finance lease agreements with Scotiabank S.A.A. with an average term of three years, mainly for the financing of assets used in operations. These agreements accrue interest at the contractually agreed rates (between 6.85% and 7.35%), are amortized monthly, and mature between August 2026 and February 2027. These agreements are secured by the underlying asset itself.
- (ii) The Company and its subsidiaries maintain agreements with various suppliers for the rental of pickup trucks to support mining operations and activities. These agreements establish monthly payments over an average contractual term of three years. These contracts are recognized in the consolidated statement of financial position in accordance with the leasing policy (Note 2.11).

(b) As of December 31, 2025 and 2024, the reconciliation of cash flow with financial obligations is as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Opening balance	16,990	29,141
Movements not related to cash flows		
New leases with financial institutions	-	1,464
New leases with suppliers	4,246	5,330
Interest accrued with financial institutions	678	396
Interest accrued with suppliers	117	1,050
	<u>5,041</u>	<u>8,240</u>
Movements related to cash flows		
Interest paid to financial institutions	(678)	(396)
Implicit interest in rental payments	(117)	(1,050)
Paid-in capital of financial leases	(3,292)	(11,123)
Rental payments made (excluding interest)	(8,054)	(7,822)
	<u>(12,141)</u>	<u>(20,391)</u>
Final balance	<u>9,890</u>	<u>16,990</u>

16 TRADE PAYABLES

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Invoices payables (a) (b)	138,256	117,233
Invoices receivables (c)	91,442	59,563
Guarantee funds	14,678	12,915
Total	<u>244,376</u>	<u>189,711</u>

- (a) Trade payables mainly arise from the acquisition of materials and supplies for the activities of the Company and its subsidiaries. These trade payables are denominated mainly in U.S. dollars and Peruvian soles, they have current maturity, do not accrue interest and are not secured by guarantees. As of December 31, 2025 and 2024, these payables are current and within the payment periods established by the Company and its subsidiaries, which are between 30 and 90 days.
- (b) As of December 31, 2025, the Company and its subsidiaries have borrowings of US\$24,979 (US\$7,320 as of December 31, 2024), which are related to invoices that suppliers have assigned to financial institutions. These borrowings do not accrue interest and maintain their original due dates agreed upon with the suppliers.
- (c) The invoices to be received 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 PAYABLES

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
<i>Financial liabilities:</i>		
Right of validity and penalties	11,137	12,024
Water use/treatment/discharge	4,632	3,447
Dividends	1,057	953
Provisions for community relations	1,018	535
Others	711	772
	<u>18,555</u>	<u>17,731</u>
<i>Other non-financial liabilities:</i>		
Employee benefits (a)	52,249	45,907
Security contributions and Complementary Occupational Hazard Insurance for Workers (SCTR)	2,214	1,610
Regulatory contributions (Peruvian Environmental Evaluation and Enforcement Agency - OEFA)	1,090	728
Social contributions	892	740
Others	990	348
	<u>57,435</u>	<u>49,333</u>
Total	<u>75,990</u>	<u>67,064</u>

- (a) As of December 31, 2025 and 2024, it mainly comprises vacation leave, interest and bonds for workers.

18 TAXES PAYABLE

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Income tax (Note 30 (b) ii)	17,813	16,425
Mining tax	7,700	5,144
Taxes withheld from third parties	1,934	1,258
Total	<u>27,447</u>	<u>22,827</u>

19 PROVISIONS

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Closure of mining units (Note 36)	168,548	180,811
Litigation (a)	31,555	31,990
Community agreements (b)	24,803	19,838
Other provisions	416	5,019
Total	<u>225,322</u>	<u>237,658</u>

(a) The movement of provisions for litigation is as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Opening balance	31,990	32,346
Provision for the year (Note 26)	4,017	3,073
Reversion (Note 25)	<u>(4,452)</u>	<u>(3,429)</u>
Final balance	<u>31,555</u>	<u>31,990</u>

(b) As of December 31, 2025, the nominal value of the provision for obligations to communities is US\$36,625 (US\$26,561 as of December 31, 2024), which has been valued using the annual discount rate of 5.78% (5.90% in 2024), resulting in a net value of US\$24,803 (US\$19,838 as of December 31, 2024).

20 EQUITY

(a) Issued share capital

The capital is represented by 1,633,414,553 Class “A” shares, which carry voting rights, and 2,443,157,622 Class “B” shares, which do not carry voting rights but do carry preferential dividend distribution rights, a right that is not cumulative. All common shares are subscribed and paid-in and have a nominal value of S/0.55.

The preferential right to participate in the distribution of cash dividends consists of receiving an additional dividend payment of 5% per share, based solely on the amount of each cash dividend paid on each of the Class “A” common shares. This right is not cumulative if, in any fiscal year, the General Meeting does not declare or pay cash dividends.

The Class “A” and Class “B” common shares, listed on the Lima Stock Exchange, are actively traded on the stock market. Their price was S/0.76 and S/0.740 per share, respectively (S/0.41 and S/0.208 per share, respectively, as of December 31, 2025). As of December 31, 2025, the Class A shares were not traded, and the trading frequency of the Class B shares was 100% (trading frequency of 5% for Class A and 100% for Class B as of December 31, 2024).

As of December 31, 2025 and 2024, the Company’s shareholding structure is as follows:

Percentage of individual interest in share capital	Number of shareholders		Total percentage of interest	
	2025	2024	2025	2024
			%	%
Less than 0.20	12,592	12,391	19.64	20.39
From 0.20 to 1.00	32	24	14.08	11.19
From 1.01 to 5.00	12	14	32.07	41.01
From 5.01 to 10.00	2	1	17.27	5.36
From 10.01 to 20.00	1	1	16.94	22.05
	<u>12,639</u>	<u>12,431</u>	<u>100.00</u>	<u>100.00</u>

On July 3, 2023, the General Shareholders’ Meeting of Volcan Compañía Minera S.A.A. was held, in which Class “A” and Class “B” shareholders participated, and agreed to reduce the Company’s share capital by US\$227,620 (S/856,080), by decreasing the nominal value of all Class “A” and Class “B” shares issued by the Company, 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 result of the capital reduction agreement, the Board of Directors agreed to amend Article Five of the bylaws to read as follows:

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

The split-off took effect on March 4, 2024. As a result of the split-off, the capital decreased by S/443,328 (equivalent to US\$132,386).

On May 8, 2024, over-the-counter transfers of 898,832,275 Class “A” common shares of Volcan Compañía Minera S.A.A. 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 is a subsidiary of Integral Capital Business SA too, a company with fiscal address in Panama.

(b) Higher value on acquisition of treasury shares

It comprises the gain or loss obtained from the purchase of treasury shares, which are credited or debited to this account.

As a result of the decrease in the par value of treasury shares (section c), the increased value on acquisition of treasury shares decreases.

(c) Treasury shares

It comprises Company's shares acquired by the Subsidiaries. Of the total shares, 182,994,435 Class "A" common shares and 12,234,901 Class "B" shares, valued at US\$34,690 and US\$2,320 respectively, are held by the Subsidiary Empresa Minera Paragsha S.A.C; 23,442,345 Class A common shares, valued at US\$4,444, are held by the Subsidiary Compañía Minera Chungar S.A.C.; and 306,283 Class "A" common shares, valued at US\$57, are held by the Subsidiary Compañía Industrial Limitada de Huacho S.A.

In 2024, treasury shares decreased as a result of the equity block split-off; the nominal value of the shares was reduced from S/0.66 to S/0.55.

(d) Legal reserve

In accordance with Peruvian Corporate Law ("Ley General de Sociedades"), the legal reserve is established by transferring at least 10% of the net income each year, after deducting accumulated losses, up to an amount equivalent to one-fifth of the capital. In the absence of undistributed profits or freely available reserves, the legal reserve must be used to offset losses, but it must be replenished. The legal reserve may be capitalized but shall also be replenished.

(e) Other accumulated comprehensive income

It comprises the unrealized gains (loss) of derivative financial instruments designated as hedging instruments; unrealized gain or loss arises because the price of commodities was agreed upon at a value higher or lower than that of their settlement, or the gain or loss due to the measurement of the fair value of financial investments in equity instruments (Note 9).

21 NET SALES

- (a) During 2025 and 2024, revenues mainly include sale of zinc, lead, silver, copper concentrates and silver bars, as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Net sales by concentrate:		
Zinc	603,029	502,200
Lead	233,810	213,836
Silver	134,993	77,913
Copper	92,832	71,295
	<u>1,064,664</u>	<u>865,244</u>
Net sales from silver bars		
Silver bars	132,373	98,327
Net sales from silver slag:		
Silver slag	(385)	1,478
	<u>131,988</u>	<u>99,805</u>
Gain (loss) on:		
Execution of financial instruments (Note 33(a) iii)	(24,209)	(55)
Embedded derivative (Note 33 (b))	8,244	(4,473)
	<u>(15,965)</u>	<u>(4,528)</u>
Total	<u>1,180,687</u>	<u>960,521</u>

- (b) We present net sales of concentrates, silver bars, and silver slag to customers by geographic area (excluding the valuation of the embedded derivatives and unrealized profit from hedging instruments):

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Peru	656,274	613,460
Europe	84,158	224,301
Asia	456,220	110,099
America	-	17,189
	<u>1,196,652</u>	<u>965,049</u>

- (c) Concentration of sales

As of December 31, 2025, the three largest customers accounted for 51% of total sales (52% of total sales in 2024). As of December 31, 2025, 31% of receivables were related to these customers (39% as of December 31, 2024). The Company and its subsidiaries sell concentrates to nationally and internationally recognized companies with whom they have commercial agreements.

(d) Sale commitments

As of December 31, 2025, the Company and its subsidiaries have commitments to third parties for sales of zinc, lead, and copper concentrates of 730,772 metric tons, 110,945 metric tons, and 6,678 metric tons, respectively, through 2029, valued at approximately US\$850,986, US\$551,160, and US\$93,170, respectively. As of December 31, 2024, the Company and its subsidiaries had commitments to third parties for sales of zinc, lead, and copper concentrates of 909,816 metric tons, 118,189 metric tons, and 9,162 metric tons through 2029, valued at approximately US\$997,832, US\$296,108, and US\$42,274, respectively.

As of December 31, 2025, commitments for the sale of doré bars amounting to 160,000 oz valued at US\$10,235. As of December 31, 2024, commitments for the sale of doré bars amounting to 1,500,000 oz valued at US\$45,275.

22 COST OF SALES

This item comprises:

	<u>2025</u> US\$000	<u>2024</u> US\$000
Concentrates' opening balance (Note 8)	8,909	8,052
Ore's opening balance (Note 8)	5,416	11,956
Third-party services, energy and other	293,291	259,009
Consumption of supplies	128,969	120,978
Manpower	108,510	89,217
Depreciation (Note 11 (b))	79,732	102,935
Amortization (Note 13 (b))	63,007	68,515
Purchase of concentrates and ore	28,112	1,288
Depreciation of right-of-use assets (Note 12)	6,500	6,700
Others	321	2,945
Concentrates' final balance (Note 8)	(16,109)	(8,909)
Ore's final balance (Note 8)	(882)	(5,416)
Subtotal	<u>705,776</u>	<u>657,270</u>
Cost of plant shutdown	24,605	32,126
Depreciation for plant shutdown (Note 11 (b))	2,182	5,489
Amortization for plant shutdown (Note 13 (b))	4,838	4,703
Total	<u><u>737,401</u></u>	<u><u>699,588</u></u>

23 ADMINISTRATIVE EXPENSES

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Personnel charges	38,954	35,091
Consulting services	30,646	6,414
Insurances	6,041	5,108
Postage and telecommunications and others	4,907	3,052
Validity fees and penalties	3,394	3,620
Amortization (Note 13 (b))	1,769	2,063
Rentals	1,408	1,537
Depreciation (Note 11 (b))	1,160	1,133
Communications and information technology	796	563
Contractor services	544	464
Personnel services	522	192
Depreciation of investment properties (Note 10 (c))	52	52
Depreciation of right-of-use assets (Note 12)	47	279
Others	2,738	2,909
Total	<u>92,978</u>	<u>62,477</u>

24 SELLING EXPENSES

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Freight	19,194	17,991
Sale of concentrates services	7,145	3,701
Samples, analysis and supervision	1,932	1,475
Rentals	1,665	1,658
Personnel expenses	1,459	1,084
Contractor services	1,162	1,034
Other services	961	646
Services from third parties	952	755
Shipping expenses	752	671
Depreciation (Note 11 (b))	35	66
Depreciation of right-of-use assets (Note 12)	21	-
Total	<u>35,278</u>	<u>29,081</u>

25 OTHER INCOME

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Revenue from the sale of other supplies	11,891	7,594
Reversal of provisions for litigation (Note 19)	4,452	3,429
Compensatory interest	4,064	6,618
Revenue from services provided to third parties	3,678	1,808
Rentals	2,316	2,199
Recovery of estimates by communities	1,880	1,625
Revenue from energy sales to third parties	918	8,666
Recovery of impaired accounts receivable (Note 5)	403	185
Recovery of estimate for closure of mining units (a)	371	11,228
Recovery of estimated impairment of supplies (Note 8)	218	947
Insurance compensation	104	136
Disposal of fixed assets	6	389
Revenue from sale of energy companies (Note 1(d.6))	-	90,675
Other income	4,549	9,616
Total	<u>34,850</u>	<u>145,115</u>

(a) In 2025, the Company updated its estimate for the closure of mining units (Note 34) and recognized the effect of changes in other income from non-operating subsidiaries.

26 OTHER EXPENSES

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Expenditure due to closure of mining units and communities	12,693	5,140
Tax administrative penalties	12,296	5,160
Management and consulting services	12,187	802
Cost of sales of other supplies	10,666	7,141
Loss of recognition of pyrite stockpiles	4,754	-
Provisions for litigation (Note 18)	4,017	3,073
Write-off of property, plant and equipment	3,112	576
Contractor services	2,905	2,422
Contribution for OEFA and OSINERGMIN regulations	2,576	1,975
Impairment of receivables (Note 5)	2,095	398
Amortization (Note 13(b))	1,524	404
Depreciation (Note 11(b))	849	2,160
Cost of third-party service	622	4,663
Depreciation of right-of-use assets (Note 12)	615	465
Cost of energy sales	298	2,979
Rentals	198	595
Impairment of other receivables (Note 6)	115	294
Provision for impairment of supplies (Note 8)	27	599
Disposal by sale of energy companies (Note 1(d.6))	-	69,785
Other expenses	15,562	7,049
Total	<u>87,111</u>	<u>115,680</u>

27 RECOVERY OF PROVISION FOR IMPAIRMENT OF LONG-LIVED ASSETS

The Company and its subsidiaries, in application of International Accounting Standard 36 “Impairment of Assets”, updated their assessment of the recoverable amount of long-lived assets.

(a) Identification of Cash-Generating Units (CGUs)

The Company and its mining subsidiaries have defined their operating mining units as their respective CGUs, and for the energy subsidiary, they have defined their operating hydroelectric plant as their CGUs. Accordingly, the impact of a further impairment loss or a recovery of accumulated impairment losses would be allocated first to the "Development Costs" of these operating mining units and, subsequently, to their hydroelectric plant.

(b) Estimation of the recoverable amount and reversal of the impairment provision

As of December 31, 2025 and 2024, Management identified indicators that the impairment loss recognized in prior periods may have decreased in its mining units belonging to Volcan Cía. Minera S.A.A. and Empresa Administradora Cerro S.A.C. Consequently, it was determined that the recoverable amount of these mining units exceeded their carrying amount, and a reversal of the accumulated impairment loss was recognized as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Cash-generating units:		
Volcan	112,528	86,900
Cerro	<u>27,871</u>	<u>4,800</u>
Total	<u>140,399</u>	<u>91,700</u>

As described in Note 27(a), the recognition of this recovery would be recognized in the unit of account of “Mining concessions, development and other intangible assets (net)” (Note 13) within “Development Cost” (Note 13(a)).

The Company and its subsidiaries assessed and concluded that there is no impairment loss for the remaining CGUs as a result of the analysis of the recoverable amount based on their value in use.

(c) Key assumptions for determining the recoverable amount

The determination of value in use is more sensitive to the following key assumptions:

- Prices of metals (Zn, Pb, Cu, Ag)
- Production volumes
- Discount rates

Therefore, to calculate the value in use, cash flows were projected over the life of the assets representing each CGU, taking into account the international price of metals (affected by trade terms), production volumes (based on proven and probable resources and reserves (R&R)), costs and investments in accordance with the estimated level of production, and discount rates.

As of December 31, 2025 and 2024, the applicable discount rates for after-tax cash flows of the CGUs linked to operating mining units and hydroelectric plants were 7.27% and 9.86%, respectively. In each case, the time horizon of the flows is related to the useful life of the CGU's representative assets. For the mining units, the estimated timeframe is from 2026 to 2047; while for the hydroelectric plants, it is from 2026 to 2053.

The recovery of the impairment provision at Volcan Cía. Minera S.A.A. and Empresa Administradora Cerro S.A.C. resulted from the increase in the price of metals, higher production volumes and a decrease in the discount rate.

Level 3 valuation techniques were used to determine the discounted value for both periods.

(d) Impact of possible changes in the key assumptions of asset impairment recovery

The impairment estimate is highly sensitive to the key assumptions described above. A change in the outlook for these assumptions could lead to additional significant impairments or impairment reversals. As of December 31, 2025, the effects of changes to these assumptions in isolation, with all other variables held constant, are explained below.

(i) *Sensitivity of estimated prices*

If the price of minerals used to calculate the value in use for the CGU (Cash-Generating Unit) had been 5% lower or higher than Management's estimates, the Company and its subsidiaries would have had to recognize a lower or higher reversal of impairment of (US\$374) or US\$372, respectively. A 5% reduction or increase in the price of minerals is reasonably possible due to the volatility of commodity prices on the international market.

(ii) *Sensitivity in production volume*

If the production volume used in calculating the value in use for the CGU had been 5% lower or higher than Management's estimates, the Company and its subsidiaries would have had to recognize a lower or higher impairment reversal of (US\$660) or US\$664, respectively. A 5% reduction in production volume is reasonably possible due to various operational circumstances that could arise in the event of environmental and social contingencies.

(iii) *Sensitivity to fluctuations in the discount rate*

If the after-tax discount rate applied to this CGU's cash flow projections had been 1% higher or lower than Management's estimates, the Company and its subsidiaries would have to recognize a lower or higher impairment reversal of (US\$1,488) or US\$1,771.

Management considers that the changes described above represent reasonably possible variations in the key assumptions as of the date of the consolidated financial statements. Additional adverse changes or combinations of variations in assumptions could require the recognition of a lower recovery of the accumulated impairment of the CGU's assets in future periods.

28 FINANCIAL INCOME

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Interest on loans made	3,764	3,597
Other financial income	761	721
Total	<u>4,525</u>	<u>4,318</u>

29 FINANCIAL EXPENSES

This item comprises:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Interest of financial obligations	68,576	63,384
Transaction costs recognized in profit or loss (Note 14 (c))	36,096	-
Effect of updating the present value of closing mining units (Note 36)	9,968	4,854
Amortized cost of financial obligations	5,745	3,758
Commissions for performance bonds	2,446	1,553
Factoring interest	1,712	3,797
Effect of updating the present value of communities	959	372
Interest on lease liabilities	795	1,446
Commissions and other expenses	741	42
Total	<u>127,038</u>	<u>79,206</u>

30 INCOME TAX

(a) The income tax, presented in the consolidated statement of income, is composed as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Income tax		
Current	45,940	30,647
Deferred (b)	6,141	32,125
	<u>52,081</u>	<u>62,772</u>
Mining tax (c)	2,208	5,266
Mining royalties (c)	22,264	10,510
Contribution to the mining pension fund (d)	815	511
Total	<u>77,368</u>	<u>79,059</u>

(b) The Company and its subsidiaries recognize the effects of temporary differences between the accounting basis and the taxable basis. The breakdown, according to the items that gave rise to it, is as follows:

	Additions (deductions)					Additions (deductions)				
	Balance as of January 1, 2024 US\$000	Statement of income US\$000	Other comprehensive income US\$000	Sale (Huanchor) US\$000	Sale (Rio Baños) US\$000	Volcan-IPCH spin-off US\$000	Balance as of December 31, 2024 US\$000	Statement of income US\$000	Other comprehensive income US\$000	Balance as of December 31, 2025 US\$000
Deferred assets										
Depreciation expense of property, plant and equipment (net)	43,185	2,598	-	-	-	-	45,783	182	-	45,965
Mining, exploration, development and clearing costs	46	-	-	(46)	-	-	-	-	-	-
Provision for closure of mining units	60,670	(21,707)	-	-	-	-	38,963	(3,657)	-	35,306
Lease liability	4,355	(835)	-	(15)	-	-	3,505	(1,083)	-	2,422
Provisions for contingencies	9,153	(81)	-	(2)	(3)	-	9,067	(1,749)	-	7,318
Provision for impairment of inventories	2,271	25	-	(103)	-	-	2,193	(57)	-	2,136
Recoverable tax loss	23,760	5,110	-	(2,249)	-	-	26,621	7,327	-	33,948
Embedded derivatives and sales adjustment	-	814	-	-	-	-	814	(814)	-	-
Fair value of shares of Cementos Polpaico S.A. (Note 9)	7,450	-	2,525	-	-	-	9,975	-	(2,036)	7,939
Fair value of IFD - coverages (PAT)	-	-	-	-	-	-	-	-	37,318	37,318
Fair value of IFD - coverages PL	-	-	-	-	-	-	-	2,822	-	2,822
Provisions of community agreements	6,265	(310)	-	(3)	(748)	-	5,204	1,716	-	6,920
Outstanding vacation pay	1,757	(170)	-	(8)	-	-	1,579	504	-	2,083
Provision for doubtful accounts	1,478	(1,311)	-	-	-	-	167	104	-	271
Subcapitalization - interest	4,998	(4,998)	-	-	-	-	-	-	-	-
Other expenses Mahr Tunnel tailings dam	-	1,199	-	-	-	-	1,199	(1,199)	-	-
Alparmarca mineral value adjustment	-	869	-	-	-	-	869	(869)	-	-
Effect of translation to U.S. dollars	-	-	-	-	-	-	-	4,047	-	4,047
Penalties - Validity Law	-	-	-	-	-	-	-	1,266	-	1,266
Others	2,970	1,787	-	(7)	(3)	-	4,747	259	-	5,006
Total	168,358	(17,010)	2,525	(2,433)	(754)	-	150,686	8,799	35,282	194,767
Deferred liabilities										
Utilization of amortization benefits from mining rights and concessions, cost of exploration, development and clearing	(185,882)	(8,559)	-	-	738	-	(193,703)	(50,302)	-	(244,005)
Utilization of depreciation benefits of property, plant and equipment (net)	(10,632)	330	-	41	8,490	-	(1,771)	(2,304)	-	(4,075)
Effect of shifting tax benefits to U.S. dollars	(42,348)	(409)	-	1,077	221	-	(41,459)	35,246	-	(6,213)
Fair value of the instruments	(52)	-	(228)	-	-	-	(280)	-	280	-
Stockpile valuation	(1,608)	80	-	-	-	-	(1,528)	1,528	-	-
Fair value adjustment of investments in associates	(4,840)	(200)	-	-	-	5,040	-	-	-	-
Embedded derivatives	(403)	403	-	-	-	-	-	(1,056)	-	(1,056)
Debt structuring costs – Bonds financial obligations	(677)	(3,081)	-	-	-	-	(3,758)	(2,218)	-	(5,976)
Debt structuring costs - Syndicated financial obligations	(599)	(3,855)	-	-	-	-	(4,454)	4,454	-	-
Fair value of shares of Inversiones Portuarias Chancay S.A.A. (Note 9)	-	-	(27,242)	-	-	-	(27,242)	-	16,595	(10,647)
Others	(176)	176	-	-	-	-	-	(288)	-	(288)
Total	(247,217)	(15,115)	(27,470)	1,118	9,449	5,040	(274,195)	(14,940)	16,875	(272,260)
Net assets (liabilities)	(78,859)	(32,125)	(24,945)	(1,315)	8,695	5,040	(123,509)	(6,141)	52,157	(77,493)

Management considers that there is reasonable certainty regarding the recoverability of the deferred income tax asset related to the tax loss of the subsidiary Compañía Minera Chungar S.A.C. The Company and the subsidiaries Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. opted for system (b) and the other subsidiaries opted for system (a) of loss offsetting (see section e) v) and the business plan.

As of December 31, 2025, the subsidiary Compañía Minera Chungar S.A.C. has tax losses of US\$115,079, equivalent to S/387,586 (US\$90,035 as of December 31, 2024, equivalent to S/339,434). The Company has recorded the related deferred tax assets of US\$33,948 (US\$26,560 as of December 31, 2024).

(i) Reconciliation of the effective income tax rate with the tax rate

In 2025 and 2024, the effective corporate income tax rate differs from the tax rate. The nature of this difference is due to certain items related to tax gains, the effects of which are summarized below:

	<u>2025</u>	<u>Percentage</u>	<u>2024</u>	<u>Percentage</u>
	US\$000	%	US\$000	%
Profit (loss) before income tax	<u>282,789</u>	<u>100.00</u>	<u>216,192</u>	<u>100.00</u>
Income taxes according to tax rate	83,423	29.50	63,777	29.50
Deferred tax not recognized due to tax losses	(11,878)	(4.20)	(7,745)	(3.58)
Adjustment of income tax for prior periods	(2,210)	(0.78)	15	0.01
Conversion effect of non-financial assets	(16,957)	(6.00)	5,420	2.51
Deferred assets not recognized due to lack of recoverability	(8,832)	(3.12)	2,552	1.18
Tax effects on non-deductible expenses and other minor expenses	8,535	3.02	(1,247)	(0.58)
Mining taxes	25,287	8.94	16,287	7.53
Income tax expense and tax rate applicable to accounting profit	<u>77,368</u>	<u>27.36</u>	<u>79,059</u>	<u>36.57</u>

(ii) Income tax payable

The Company and its subsidiaries maintain a credit balance with SUNAT of US\$18,354 as of December 31, 2025 (US\$16,425 as of December 2024) (Note 18).

(c) Mining royalties and special mining tax

On September 28, 2011, pursuant to Law No. 29788, the Mining Royalty Law (Law No. 28258) was amended, establishing that all companies that do not have a specific regime in place must calculate mining royalties based on operating income. The applicable tax rates range from 1% to 12%, depending on operating margin. In no case may royalties be lower than 1% of quarterly sales. The amount paid qualifies as an accepted deduction for the calculation of income tax. Mining companies in the sector are required to file the quarterly tax return and make payments in local currency in the last 12 business days of the second month following the end of the quarter.

Likewise, Law No. 29789 establishes the Special Mining Tax, which is levied on operating profit and does not apply to companies that have entered into a Tax Stability Agreement with the Peruvian government.

(d) Contribution to the mining retirement fund

This contribution corresponds to 0.5% of the annual pre-tax income of mining, metallurgical and steel companies, and is intended to provide a complementary payment, in addition to retirement, disability and survival pensions for mining, metallurgical and steel workers, in accordance with Law No. 29741 and which has been effective since fiscal year 2012.

The resources of the Complementary Mining, Metallurgical and Steel Retirement Fund (“Fondo Complementario de Jubilación Minera, Metalúrgica y Siderúrgica” - FCJMMS) are administered by the Consolidated Pension Reserve Fund (“Fondo Consolidado de Reservas Previsionales” - FCR) established by Legislative Decree No. 817, Law of the Pension Regime in charge of the Peruvian government.

SUNAT administers the contributions to the FCJMMS, which are transferred to the FCR to integrate the FCJMMS. The collection of contributions from applicants is carried out at the Service Centers of the Office for Pension Standardization (“Oficina de Normalización Previsional” - ONP).

(e) Tax situation

(i) Current tax framework

The Company and its subsidiaries are subject to the Peruvian tax regime. The corporate income tax rate applicable to the company for 2025 is 29.5%.

The last paragraph of Article 52-A of the Peruvian Income Tax Law (hereinafter ITL) states that companies that distribute dividends and any other form of profit distribution to domiciled individuals referred to in subsection i) of Article 24 of the ITL, are taxed at a rate of five percent (5%).

Article 54 establishes that individuals not domiciled in the country will be subject to a withholding of five percent (5%) for their income from Peruvian sources, such as dividends and other forms of profit distribution, except those indicated in subsection f) of Article 10 of the Peruvian Income Tax Law.

Article 56, paragraph e), establishes that the tax on legal entities not domiciled in the country will be determined by applying a rate of five percent (5%) when it comes to the dividend distribution and other forms of profit distribution received from legal entities. However, any sum or payment in kind that constitutes taxable income in the corporate income representing an indirect disposition of income not subject to subsequent tax control, including sums charged to undeclared expenses and income (presumed dividends), are subject to the income tax rate of 5% payable by the company in 2025.

Management and its subsidiaries consider that, as a result of the application of these rules, no significant contingencies will arise for the Company and its subsidiaries as of December 31, 2025.

(ii) Years open to tax review

The Peruvian tax authorities have the right to review and, if necessary, amend the income tax determined by the Company and its subsidiaries in the last four years from January 1 of the year following the date of filing the corresponding tax return (years subject to examination).

Income tax returns from 2021 to 2025 and value added tax returns from December 2021 to December 2025 are subject to review by the Peruvian tax authorities. Currently, the Peruvian tax authorities has initiated an audit process of the income tax corresponding to the 2024 fiscal year of the Company.

Since discrepancies may arise over the interpretation of the tax laws by Peruvian tax authorities, it is currently not possible to determine whether these reviews will result in additional liabilities for the Company and its Subsidiaries. Any additional tax, penalties and interest will be recognized in the results of the period when such differences of opinion with the Peruvian tax authorities are resolved. The Company and its Subsidiaries consider that no significant liabilities will arise as a result of these eventual tax examinations.

(iii) Transfer pricing

In order to determine income tax, the following new standards have been established:

- 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 previously established 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 Technical Transfer Pricing Study is no longer submitted and new tax returns are included:

<u>Tax return</u>	<u>Minimum Annual Income (in thousand)</u>	<u>Assumption</u>	<u>Content</u>	<u>Effective from</u>
Local file	S/11,485 (US3,152)	Operations with Related parties	Transactions that give rise to taxable income or deductible expense.	2018
Master file	S/103,000 (US27,408)	Taxpayers that are part of a Group	Organizational structure business description, transfer pricing policies financial and tax position.	2018
Country-by-country report	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 its subsidiaries have complied with the submission to the Peruvian tax authorities of the local, master and country-by-country transfer pricing report corresponding to the 2024 period, and are preparing the respective reports for 2025.

Based on the analysis of the Company's operations, Management and its legal advisors consider that no significant liabilities will arise for the consolidated financial statements as of December 31, 2025 and 2024, regarding transfer pricing.

(iv) Significant amendments to the income tax in Peru

After December 31, 2025, there have been no significant changes to the income tax regime in Peru that would have effects on these consolidated financial statements. The standards and interpretations effective as of December 31, 2025 have been considered by Management in the preparation of the consolidated financial statements.

The main changes applicable from 2025 onwards are presented below:

Interest and capital gains from repo transactions and the disposal of Exchange Traded Fund Units (ETFs).

Under Law No. 32218, enacted on December 29, 2024, it was established that interest and capital gains from repo transactions and from the sale of Exchange Traded Fund Units (ETFs) are exempt from income tax, provided that the underlying assets are instruments issued by the Republic of Peru. These include Treasury bills issued by the Republic of Peru and Bonds and other debt securities issued by the Republic of Peru under the Market Makers Program or any mechanism that replaces it, or in the international market from 2003 onwards.

Accelerated depreciation of fixed assets used in the activity of electricity generation using water resources and other renewable resources

Pursuant to Law No. 32217, enacted on December 29, 2024, the tax benefit of accelerated depreciation aimed at promoting investment in electricity generation activities using water resources and other renewable resources was extended until December 31, 2030.

This benefit consists of accelerated depreciation applicable to machinery, equipment and civil works necessary for the installation and operation of power plants that generate electricity using water resources and other renewable resources, which will have a maximum annual depreciation rate of 20% as an overall annual rate.

Advance Pricing Agreements (APAs) and other valuation methods:

- Legislative Decree 1663, enacted on September 24, 2024, amends paragraph 7 of Article 32 A of the Peruvian Income Tax Law, which allows the application of other valuation methods when it is not possible to apply the other six, provided that such methods comply with the new conditions and rules set forth in the Peruvian Income Tax Law.
- Legislative Decree 1662, enacted on September 24, 2024, allows for the retroactive application of advance pricing agreements (rollback), provided that it is verified that the relevant facts and circumstances of those fiscal years are the same as those covered by the advance pricing agreements and that SUNAT's action to determine the income tax liability under transfer pricing rules with respect to those transactions has not expired.

(v) Tax loss

In accordance with Legislative Decree No. 945 and as indicated by Law No. 27513, the carryforward of tax losses occurs according to one of the following systems:

System a): the total net third-category tax loss from Peruvian source income generated in a taxable year may be offset year by year, until fully utilized against net third-category income earned in the four consecutive fiscal years immediately following the year in which the loss was generated. Any balance that remains offset after this period may not be carried forward to subsequent years.

System b): the total net third-category tax loss from Peruvian source income generated in a taxable year may be offset year by year until fully utilized, up to 50% of the net third-category income obtained in the immediately following fiscal years.

Company's Management and the subsidiaries Compañía Minera Chungar S.A.C. and Empresa Administradora Cerro S.A.C. have elected system b), while the other subsidiaries have elected system a) for the carryforward of tax losses.

31 BASIC AND DILUTED EARNING PER SHARE

Earnings per share are calculated by dividing the consolidated net income attributable to common shareholders by the weighted average number of common shares outstanding at the date of the consolidated statement of financial position:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Net profit	205,421	137,133
Average common shares - Thousands of units	3,857,594	3,857,594
Net income for the year per basic and diluted share	0.053	0.036

As of December 31, 2025 and 2024, no diluted earning (loss) per common share has been calculated because there are no dilutive common or investment shares, such as financial instruments and other contracts that entitle the holder to obtain common or investment shares, and it is the same as the basic earnings per share.

32 FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

The financial assets and liabilities of the Company and its subsidiaries consist of:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Financial assets:		
Cash and cash equivalents	334,671	155,834
<i>Amortized cost</i>		
Other receivables (net)	10,642	12,342
<i>Fair value through profit or loss</i>		
Trade receivables (net)	25,738	33,477
<i>Fair value through other comprehensive income</i>		
Financial investments	106,902	153,047
Derivatives designated as hedging instruments	-	948
Total	<u>477,953</u>	<u>355,648</u>
Financial liabilities:		
<i>Amortized cost</i>		
Financial obligations	872,612	732,771
Lease liabilities	9,890	16,990
Trade payables	244,376	189,711
Other payables	18,555	17,731
Total	<u>1,145,433</u>	<u>957,203</u>
<i>Fair value through other comprehensive income</i>		
Settled derivatives pending payment	9,563	-
Derivatives pending settlement	126,503	-
Derivatives designated as hedging instruments	136,066	-
Total	<u>1,281,499</u>	<u>957,203</u>

(b) Financial risks

During the normal course of operations, the Company and its subsidiaries are exposed to a variety of financial risks. The Company's and its subsidiaries' risk management program focuses primarily on financial markets and seeks to minimize potential adverse effects on the Company's and its subsidiaries' financial performance. The Finance Department is responsible for risk management, which includes identifying, assessing, and mitigating financial risks.

In 2025, the Company and its subsidiaries entered into contracts that include derivative financial instruments (swap and collar contracts) in order to reduce the risk to cash flows attributable to the fluctuation of the price of minerals they trade, ensuring future flows from their sales, as well as the treatment costs that are affecting escalators who increase them in rising price scenarios

(i) Market risk

(a) Exchange rate risk

The Company and its Subsidiaries primarily conduct their sales in U.S. dollars, which allows them to meet their obligations in that currency. Exchange rate risk arises mainly from balances held in Peruvian soles.

As of December 31, 2025, the balances of financial assets and liabilities denominated in foreign currency correspond to balances in Peruvian soles, are expressed in U.S. dollars at the buying and selling exchange rate published by the Peruvian banking regulator ("Superintendencia de Banca, Seguros y AFP" - SBS) in effect on that date, which were US\$0.298 and US\$0.297 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:

	<u>2025</u>	<u>2024</u>
	<u>S/000</u>	<u>S/000</u>
Assets		
Cash and cash equivalents	72,774	194,403
Other receivables (net)	127,690	127,690
Total assets	<u>200,464</u>	<u>322,093</u>
Liabilities		
Trade payables	(142,232)	(120,572)
Other payables	(65,680)	(65,317)
Total liabilities	<u>(207,912)</u>	<u>(185,889)</u>
Net assets (liabilities)	<u>(7,448)</u>	<u>136,204</u>

In 2025, the Company and its subsidiaries recorded a net foreign exchange gain of US\$2,134 (net gain of US\$570 in 2024).

Management considers a 5% sensitivity rate variation in the exchange rate risk assessment reasonable for its analysis. The sensitivity analysis presented below assumes a devaluation and revaluation of the Peruvian sol (S/) equivalent to the aforementioned rate, applied exclusively to the asset and liability balances previously reflected, while considering all other variables constant in the consolidated statement of income before income tax:

	<u>Changes in exchange rates</u>	<u>Effect on pre-tax profit or loss (Debit) Credit</u>	
		<u>2025</u>	<u>2024</u>
		<u>US\$000</u>	<u>US\$000</u>
Revaluation	5%	(111)	(1,806)
Devaluation	(5%)	111	1,806

(b) Price risk

The Company and its subsidiaries are exposed to commercial risks arising from changes in mineral market prices. In order to hedge the risk resulting from a decline in metal prices, Management enters into derivative financial instruments (Note 33 (b)).

For the control and monitoring of hedging activities, Management approved the "Metal Price Hedging Policy", which is implemented and monitored in conjunction with the Financial Risk Management Policy. Management also has established a Hedging Committee whose objective is to mitigate the risks associated with fluctuations and volatility in the prices of the metals it produces.

As of December 31, 2025 and 2024, if the average selling prices of the main payable metals contained in ore concentrates are increased (or decreased) by 10%, with all other variables remaining constant, the profit or loss before income tax of the Company and its subsidiaries would change, as follows:

<u>Description</u>	<u>Effect on profit (loss) before income tax (Debit) credit</u>			
	<u>Zinc</u>	<u>Lead</u>	<u>Copper</u>	<u>Silver</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
2025				
Increase in international price	60,303	23,381	9,283	13,499
Decrease in international price	(60,303)	(23,381)	(9,283)	(13,499)
2024				
Increase in international price	50,220	21,384	7,130	7,191
Decrease in international price	(50,220)	(21,384)	(7,130)	(7,191)

(ii) Interest rate risk

The Company and its subsidiaries hold significant assets placed with first-tier financial institutions that accrue interest at prevailing market rates; the Company's and its subsidiaries' operating income and operating cash flows are independent of changes in market interest rates.

Interest rate risk is managed by the Management of the Company and its subsidiaries through a policy that considers obtaining financing at fixed and variable interest rates. The Company's and its subsidiaries' exposure to market interest rate risk mainly relates to long-term borrowings with variable interest rates.

Management considers that the risk of fluctuations in the fair value of interest rates is not significant because the interest rates on its financing agreements do not differ significantly from market interest rates for similar financial instruments.

Interest rate sensitivity

If we assess the sensitivity to a reasonably possible change in interest rates of 5% on the debt portion, with all other variables held constant, the Company's profit before income tax would be affected as shown below:

	<u>Changes in variable interest rate</u>	<u>Effect on profit or loss before income tax (Debit) Credit</u>	
		<u>2025</u>	<u>2024</u>
		<u>US\$000</u>	<u>US\$000</u>
Revaluation	5%	156	299
Devaluation	(5%)	(158)	(299)

The assumed movement in basis points related to the interest rate sensitivity analysis is based on the current market environment.

(iii) Credit risk

Credit risk of the Company and its subsidiaries arises from the inability of debtors to meet their obligations. Accordingly, Management establishes conservative credit policies and constantly evaluates the market conditions in which its debtors operate, using risk rating reports for commercial and credit transactions.

Financial assets (excluding cash and cash equivalents and financial investments) of the Company and its subsidiaries are maturity.

Trade receivables are denominated in U.S. dollars and expire on the date the payment document is issued, with payment typically made within the days following their maturity.

Company's Management considers the credit history of its customers and their ability to pay and performs an individual assessment of receivables considered at risk of collection in order to determine the expected credit loss for uncollectible accounts, concluding that no additional provisions for doubtful accounts are required.

The credit quality of cash and cash equivalents (excluding cash on hand, petty cash funds and funds subject to restriction) is presented below:

	<u>Rating</u>	<u>2025</u>	<u>2024</u>
		<u>US\$000</u>	<u>US\$000</u>
Scotiabank	A+	202,961	37,195
Banco BBVA Perú	A+	76	4
Banco de Crédito del Perú	A+	1	8
Latin American Equity S.A.	A	70,905	15,000
Banco Safra National	A	19,748	-
Banco Santander	A	14,358	-
Bancos de la Nación	A	13,389	44,350
Citibank	A	1,011	3,487
Interbank	A	72	46,689
Banco Interamericano de Finanzas	A	50	45
		<u>322,571</u>	<u>146,778</u>

(iv) Liquidity risk

Management takes a prudent approach to liquidity risk and seeks to maintain sufficient cash and cash equivalents, as well as the ability to secure committed financing through various sources of credit.

As of December 31, 2025 and 2024, the Company and its subsidiaries report negative working capital of US\$90,758 and US\$24,571, respectively. The increase in negative working capital is mainly due to the upcoming maturity of corporate bonds that were not refinanced under the syndicated loan and the Existing Long-Term Notes (Note 1 (f.2)). As of December 31, 2024, the balance of short-term debt was US\$26,003 and as of December 31, 2025 it was US\$88,561, which includes principal and accrued interest payable at maturity of the corporate bonds "4.375% Senior Notes Due 2026".

The Company generates significant net cash flows from operating activities (US\$404,676 in 2025 and US\$299,510 in 2024). Management considers that these cash flows will allow the Company and its subsidiaries to adequately manage their short-term financial obligations.

The following table presents an analysis of the financial obligations of the Company and its subsidiaries by maturity (including interest payable at those maturities), as of the date of the consolidated statement of financial position:

	Less than 1 year	Between 1 and 2 years	Between 2 and 10 years	Total
	US\$000	US\$000	US\$000	US\$000
As of December 31, 2025:				
Financial obligations	147,356	77,236	1,122,142	1,346,734
Lease liabilities	3,230	1,207	-	4,437
Trade payables	244,376	-	-	244,376
Other payables	18,555	-	-	18,555
Derivative financial instruments	136,066	-	-	136,066
Total	<u>549,583</u>	<u>78,443</u>	<u>1,122,142</u>	<u>1,750,168</u>
As of December 31, 2024:				
Financial obligations	95,933	229,712	684,847	1,010,492
Lease liabilities	11,853	4,121	317	16,291
Trade payables	189,711	-	-	189,711
Other payables	17,731	-	-	17,731
Total	<u>315,228</u>	<u>233,833</u>	<u>685,164</u>	<u>1,234,225</u>

(v) Capital risk management

The objective is to safeguard the ability of the Company and its subsidiaries to continue as a going concern in order to provide returns to shareholders and benefits to other shareholders, while maintaining an optimal capital structure that reduces the cost of capital.

Management manages its capital structure and makes adjustments to address changes in market economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to its shareholders or issue new shares. There were no changes in the objectives, policies or procedures during 2025 and 2024.

The gearing ratio was as follows:

	<u>2025</u>	<u>2024</u>
	<u>US\$000</u>	<u>US\$000</u>
Financial obligations	872,612	732,771
Lease liabilities with financial institutions	919	4,213
	<u>873,531</u>	<u>736,984</u>
Cash and cash equivalents	(334,671)	(155,834)
Total net debt	<u>538,860</u>	<u>581,150</u>
Total equity	<u>530,471</u>	<u>449,698</u>
Net debt ratio	1.02	1.29

(c) Fair value estimation

Fair value is defined as the amount for which an asset could be exchanged or a settled liability between knowledgeable and willing parties in an arm's length transaction, assuming the entity is a going concern.

A comparison between the carrying amounts and fair values of the financial instruments of the Company and its subsidiaries presented in the consolidated statement of financial position:

<u>Category of financial instruments</u>	<u>As of December 31, 2025</u>		<u>As of December 31, 2024</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Financial assets not measured at fair value				
Cash and cash equivalents	334,671	334,671	155,834	155,834
<i>Amortized cost</i>				
Other receivables (net)	10,642	10,642	12,342	12,342
Financial assets measured at fair value (ii)				
<i>Fair value through profit or loss</i>				
Trade receivables (net)	25,738	25,738	33,477	33,477
<i>Fair value through other comprehensive income</i>				
Financial investments	106,902	106,902	153,047	153,047
Derivatives designated as hedging instruments	-	-	948	948
	<u>106,902</u>	<u>106,902</u>	<u>153,995</u>	<u>153,995</u>
Total financial assets	<u>477,953</u>	<u>477,953</u>	<u>355,648</u>	<u>355,648</u>
Financial liabilities not measured at fair value				
<i>Amortized cost</i>				
Financial obligations	872,612	919,403	732,771	782,739
Lease liabilities	9,890	9,890	16,990	16,990
Trade payables	244,376	244,376	189,711	189,711
Other payables	18,555	18,555	17,731	17,731
	<u>1,145,433</u>	<u>1,192,224</u>	<u>957,203</u>	<u>1,007,171</u>
Financial liabilities measured at fair value (ii)				
<i>Fair value through other comprehensive income</i>				
Settled derivatives outstanding	9,563	9,563	-	-
Derivatives to be settled	126,503	126,503	-	-
Derivatives designated as hedging instruments	136,066	136,066	-	-
Total financial liabilities	<u>1,281,499</u>	<u>1,328,290</u>	<u>957,203</u>	<u>1,007,171</u>

For purposes of the consolidated financial statements, fair value measures are categorized into three levels (1, 2 or 3), depending on the extent to which the information for fair value measurements is observable, and the significance of those inputs to the fair value measurement as a whole, as described below:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy for each category of financial instruments will be presented in the following section.

(i) Financial instruments not measured at fair value

The financial instruments carried at amortized cost or whose carrying amount approximates fair value, as well as their level within the estimated fair value hierarchy are as follows:

<u>Categories of financial instruments</u>	<u>Total</u>	<u>Measurement at fair value using</u>		
		<u>Prices quoted on active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
As of December 31, 2025				
Financial assets				
Cash and cash equivalents	334,671	334,671	-	-
<i>Amortized cost</i>				
Other receivables (net)	10,642	10,642	-	-
Total	345,313	345,313	-	-
Financial liabilities				
<i>Amortized cost</i>				
Financial obligations	919,403	890,722	28,681	-
Lease liabilities	9,890	9,890	-	-
Trade payables	244,376	244,376	-	-
Other payables	18,555	18,555	-	-
Total	1,192,224	1,163,543	28,681	-
As of December 31, 2024				
Financial assets				
Cash and cash equivalents	155,834	155,834	-	-
<i>Amortized cost</i>				
Other receivables (net)	12,342	12,342	-	-
Total	168,176	168,176	-	-
Financial liabilities				
<i>Amortized cost</i>				
Financial obligations	782,739	352,000	430,739	-
Lease liabilities	16,990	16,990	-	-
Trade payables	189,711	189,711	-	-
Other payables	17,731	17,731	-	-
Total	1,007,171	576,432	430,739	-

Level 1

Financial instruments whose fair value is similar to their carrying amount:

- The carrying amount of cash and cash equivalents does not represent a significant credit or interest rate risk; therefore, their carrying amount approximates their fair value.
- Other receivables, since they are net of their provision for doubtful accounts, settled in cash and with short-term maturities. Company's Management and its subsidiaries considered that their fair values are not significantly different from their carrying amounts.
- Trade payables and other payables, due to their short-term maturities, Company's and its subsidiaries estimates that their carrying amounts approximate their fair values.

Financial instruments at fixed interest rates:

- Lease liabilities measured at discounted value at a contractual interest rate or at an implicit interest rate reflect an approximation of their fair values, in Management's opinion, since the future installments to be amortized over the long term are not significant.
- The fair values of financial obligations that bear fixed interest rates and are measured at amortized cost (corporate bonds (Note 14 (b)) are determined using quoted prices of the issuance in the international market at the reporting date, obtained from recognized information providers (Bloomberg).

Level 2

Financial instruments at variable interest rates:

- The fair values of financial obligations bearing variable interest rates measured at amortized cost are determined by comparing the market interest rates at the time of their recognition with the current market rates applicable to similar financial instruments.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period, nor were there transfers to or from Level 3 during the period.

(ii) Financial instruments measured at fair value

The financial instruments measured at fair value, as well as the level within the hierarchy of their estimated fair values are presented below:

<u>Categories of financial instruments</u>	<u>Total</u>	<u>Measurement at fair value using</u>		
		<u>Prices quoted on active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
As of December 31, 2025				
Financial assets				
<i>Fair value through profit or loss</i>				
Trade receivables (net)	25,738	-	25,738	-
<i>Fair value through other comprehensive income</i>				
Financial investments	106,902	106,902	-	-
Total	<u>132,640</u>	<u>106,902</u>	<u>25,738</u>	<u>-</u>

<u>Categories of financial instruments</u>	<u>Total</u>	<u>Measurement at fair value using</u>		
		<u>Prices quoted on active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Financial liabilities				
<i>Fair value through other comprehensive income</i>				
Settled derivatives outstanding	9,563	-	9,563	-
Derivatives to be settled	126,503	-	126,503	-
Derivatives designated as hedging instruments	136,066	-	136,066	-
Total	136,066	-	136,066	-
As of December 31, 2024				
Financial assets				
<i>Fair value through profit or loss</i>				
Trade receivables (net)	33,477	-	33,477	-
<i>Fair value through other comprehensive income</i>				
Financial investments	153,047	153,047	-	-
Derivatives designated as hedging instruments	948	-	948	-
Total	187,472	153,047	34,425	-

Level 1

Financial instruments measured at fair value

- Financial investments (Note 9) correspond to the investment in Compañía Cementos Polpaico S.A., which is listed on the Santiago Stock Exchange, and Inversiones Portuarias Chancay S.A.A., listed on the Lima Stock Exchange; therefore, they have been classified as Level 1.

Level 2

Financial instruments measured at fair value

- Trade receivables 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 as of the date of the consolidated financial statements. The fair value measurement is categorized as Level 2 because it is derived from prevailing international quoted prices included in Level 1.
- Derivative financial instruments designated at fair value include changes in settlement prices of hedged commodities, which are adjusted to market value based on future estimates of metal prices as of the date of the consolidated financial statements. The fair value measurement is categorized as Level 2 because it is derived from prevailing international quoted prices included in Level 1.

There were no transfers between Level 1 and Level 2 of fair value measurement during the period, nor transfers to or from Level 3 during the period.

33 DERIVATIVE FINANCIAL INSTRUMENTS

(a) Mineral price hedging transactions

During 2025, the Company and its subsidiaries entered into contracts that include derivative financial instruments (swap and collar contracts) with the aim of reducing the risk on cash flows attributable to fluctuations in the prices of minerals they commercialize, securing future cash flows arising from their sales, as well as treatment charges that are subject to escalators that increase under rising price scenarios.

- (i) As of December 31, 2025 and 2024, the presentation of derivative financial instruments in the consolidated statement of financial position is as follows:

<u>Cash flow hedges</u>	<u>Fair value as of December 31, 2025</u>		<u>Fair value as of December 31, 2024</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
<i>Settled derivatives outstanding</i>				
- Swaps	-	9,563	-	-
<i>Derivatives to be settled</i>				
- Swaps	-	124,757	948	-
- Collars	-	1,746	-	-
	<u>-</u>	<u>136,066</u>	<u>948</u>	<u>-</u>

- (ii) The most relevant terms of the derivative financial instruments that are pending settlement (contracts, swaps and collars) are as follows:

<u>Concentrated</u>	<u>Quantity</u>	<u>Settlement period</u>	<u>Fair value</u>
	<u>MT/OZ*</u>		<u>Assets (liabilities)</u>
			<u>US\$000</u>
<i>As of December 31, 2025</i>			
Silver	4,955,163	January 2026 - March 2027	(125,461)
Zinc	14,733	January 2026 - September 2026	(1,042)
Total			<u>(126,503)</u>
<i>As of December 31, 2024</i>			
Zinc	7,800	January 2025 - September 2025	948
Total			<u>948</u>

(*) MT: Metric Tons / OZ: Ounces

Derivative financial instrument contracts were negotiated with various international financial institutions, including Macquarie Bank Limited, J.Aron & Co. and Natixis for 2025 (JP Morgan, Morgan Stanley and Citibank NY for 2024).

(iii) The effective portion of changes in the fair value of derivative financial instruments that qualify as hedges is recognized as assets or liabilities, with the corresponding entry recorded in other comprehensive income. As of December 31, 2025 and 2024, the Company recognized in the consolidated statement of changes in equity a negative variation in fair value through other comprehensive income, whose effects are as follows:

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Opening balance of the fair value of the derivative financial instrument		
Effective portion of changes in fair value	948	174
Recycling to profit or loss from the settlement of hedging contracts (iv)	(151,660)	719
	<u>24,209</u>	<u>55</u>
	<u>(127,451)</u>	<u>774</u>
Final balance of the derivative fair value		
Opening balance of the fair value of the derivative financial instrument	<u>(126,503)</u>	<u>948</u>

(iv) The effective portion of hedging derivatives, initially shown in other comprehensive income, has been reclassified affecting the hedged item, mainly as a reduction in the amount of concentrate sales (Note 21). The hedging strategy has not presented sources of ineffectiveness that would require part of the fair value changes to be recognized directly in profit or loss for the period.

(b) Embedded derivative due to price fluctuations in concentrate sales contracts

As of December 31, 2025 and 2024, provisional settlements in metric tons (MT) of zinc, lead and copper; and ounces (oz) of silver outstanding at those dates, their final settlement periods and the fair value of the embedded derivatives are as follows:

As of December 31, 2025:

	<u>Quantity</u> <u>MT/OZ</u>	<u>Contribution period</u>	<u>Fair value</u> <u>US\$000</u>
Receivable			
Zinc	375,945	Mar 2025 - Mar 2026	(1,554)
Lead	235,199	Apr 2025 - Feb 2026	464
Copper	11,122	Sep 2025 - Feb 2026	5,063
Silver	84,418	Feb 2025 - Dec 2025	869
Total (Note 5)			<u>4,842</u>

As of December 31, 2024:

	<u>Quantity</u> <u>MT/OZ</u>	<u>Contribution period</u>	<u>Fair value</u> <u>US\$000</u>
Receivable			
Zinc	223,475	Sep 2024 - Mar 2025	(1,828)
Lead	182,681	Jul 2024 - Mar 2025	(236)
Copper	18,442	Nov 2024 - Feb 2025	(1,065)
Silver	57,621	Apr 2024 - Jan 2025	(160)
Silver Slag	334	Jan 2025	(113)
Total (Note 5)			<u>(3,402)</u>

As of December 31, 2025 and 2024, the fair values of the embedded derivatives generated a gain of US\$8,244 and a loss of US\$4,473, respectively, and are shown under “Net sales” in the consolidated statement of income (Note 20). The forward quotations for the dates on which the open positions outstanding as of December 31, 2025 and 2024 are expected to be settled are obtained from publications of the London Metal Exchange.

(c) The fair value of derivative financial instruments is determined as described in Note 32 (c).

34 BUSINESS SEGMENT INFORMATION

(a) Basis of segmentation

For strategic management purposes, the Company and its subsidiaries are organized into business units based on the goods and services they offer, as well as the type of contribution to the net margin of the business, mainly associated with:

- Production and sale of zinc, lead, copper or silver concentrates.
- Production and sale of silver doré bars.
- Dividend income received from investments in equity instruments.
- Rental income received from real estate.
- Sale of electricity and capacity.

Separate financial information is available for the segments to be reported and is presented consistently with the internal reports periodically reviewed by Management and the Executive Committee (comprised of representatives of the Board of Directors), which together constitute the Chief Operating Decision Maker (CODM).

The CODM monitors the operating results of the business segments in order to make decisions regarding resource allocation and performance evaluation. Segment performance is evaluated based on operating profit or loss and net profit or loss and is measured consistently with the profit or loss reported in the consolidated financial statements.

The segments reported by the Company and its subsidiaries are six: Volcan, Chungar, Investments, Energy and other non-reportable segments.

During 2025 and 2024, there were no changes in the identification of reportable segments or in the measurement bases used to assess their performance. Consequently, it was not necessary to restate the comparative information presented.

The accounting policies used by the Company and its subsidiaries in the segment information are the same as those contained in the notes to the consolidated financial statements.

(b) Information on reportable segments

The operations of the Company and its subsidiaries in each reportable segment are as follows:

- Volcan: Production and sale of concentrates produced at the Yauli unit, which includes the San Cristóbal, Carahuacra, Andaychagua and Ticlio mines, the Carahuacra Norte pit and the Victoria, Andaychagua and Mahr Túnel concentrator plants.
- Chungar: Production and sale of concentrates produced at the Chungar and Alpamarca units. The Chungar unit comprises the Animon and Islay mines and the Animon concentrator plant. The Alpamarca unit includes the Alpamarca pit, the Río Pallanga mine and the Alpamarca plant. The results of the Romina project that is expected to begin operations during 2026, will also be included here.

- Cerro: Production and sale of concentrates produced at the Cerro unit, which includes polymetallic stockpiles and the San Expedito and Paragsha concentrator plants. Likewise, as a result of the merger with Oxides, it maintains oxide stockpiles, on-site oxides, the pyrite stockpiles and the oxide leaching plant.
- Investments: includes the operations of its subsidiary Empresa Minera Paragsha S.A.C.
- Energy: includes the operations of the Tingo hydroelectric power plant.
- Other: includes the operations of the subsidiary that will carry out port and logistics activities, non-operating activities and others.

See Note 21 (a) to the consolidated financial statements where the Company and its subsidiaries present the general revenue information by type of product. Revenue generated from sales to local and foreign customers is presented in the following paragraphs.

See Note 21 (b) to the consolidated financial statements for further information regarding major customers (customers representing more than 10% of the revenues of the Company and its subsidiaries).

The selected information for each business segment as of December 31, 2025 and 2024 is as follows:

As of December 31, 2025:

	<u>Volcan</u> <u>US\$000</u>	<u>Chungar</u> <u>US\$000</u>	<u>Cerro</u> <u>US\$000</u>	<u>Investments</u> <u>US\$000</u>	<u>Energy</u> <u>US\$000</u>	<u>Others</u> <u>US\$000</u>	<u>Operating</u> <u>segments</u> <u>US\$000</u>	<u>Eliminations</u> <u>US\$000</u>	<u>Total</u> <u>US\$000</u>
Income									
Local sales									
- External customers	464,840	123,536	67,898	-	-	-	656,274	-	656,274
- Intersegment	19,157	77,693	60,740	-	-	-	157,590	(157,590)	-
	<u>483,997</u>	<u>201,229</u>	<u>128,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>813,864</u>	<u>(157,590)</u>	<u>656,274</u>
Export sales	294,324	70,678	175,375	-	-	-	540,377	-	540,377
Embedded derivative and metal price hedging									
- External customers	(13,858)	(2,214)	108	-	-	-	(15,964)	-	(15,964)
- Intersegment	472	1,638	1,921	-	-	-	4,031	(4,031)	-
	<u>(13,386)</u>	<u>(576)</u>	<u>2,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,933)</u>	<u>(4,031)</u>	<u>(15,964)</u>
Total income	<u>764,935</u>	<u>271,331</u>	<u>306,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,342,308</u>	<u>(161,621)</u>	<u>1,180,687</u>
Cost of sales	(418,482)	(183,769)	(140,935)	-	-	-	(743,186)	162,044	(581,142)
Administrative and selling expenses	(98,925)	(25,800)	(23,656)	(862)	(124)	(1,332)	(150,699)	25,527	(125,172)
Other expenses	(34,633)	(12,909)	18,098	(1,705)	(1,401)	(980)	(33,530)	(15,743)	(49,273)
Depreciation and amortization	(82,784)	(52,115)	(26,645)	-	(635)	(152)	(162,331)	-	(162,331)
Impairment recovery of long-lived assets	140,399	-	-	-	-	-	140,399	-	140,399
Operating profit (loss)	<u>270,510</u>	<u>(3,262)</u>	<u>132,904</u>	<u>(2,567)</u>	<u>(2,160)</u>	<u>(2,464)</u>	<u>392,961</u>	<u>10,207</u>	<u>403,168</u>
Profit (loss) before tax	195,817	(45,181)	145,089	(17,996)	(1,449)	(3,698)	272,582	10,207	282,789
Income tax	(80,628)	12,412	(10,132)	9	440	531	(77,368)	-	(77,368)
Net profit (loss)	<u>115,189</u>	<u>(32,769)</u>	<u>134,957</u>	<u>(17,987)</u>	<u>(1,009)</u>	<u>(3,167)</u>	<u>195,214</u>	<u>10,207</u>	<u>205,421</u>
Segment assets	<u>2,617,693</u>	<u>785,062</u>	<u>566,940</u>	<u>237,401</u>	<u>28,629</u>	<u>28,641</u>	<u>4,264,366</u>	<u>(2,064,122)</u>	<u>2,200,244</u>
Segment liabilities	<u>1,688,918</u>	<u>564,562</u>	<u>182,615</u>	<u>157,965</u>	<u>11,038</u>	<u>23,928</u>	<u>2,629,026</u>	<u>(959,253)</u>	<u>1,669,773</u>

As of December 31, 2024:

	<u>Volcan</u>	<u>Chungar</u>	<u>Cerro</u>	<u>Investments</u>	<u>Energy</u>	<u>Others</u>	<u>Operating segments</u>	<u>Eliminations</u>	<u>Total</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Income									
Local sales									
- External customers	392,742	162,249	58,517	-	-	-	613,508	-	613,508
- Intersegment	41,525	13,601	18,082	-	-	-	73,208	(73,208)	-
	434,267	175,850	76,599	-	-	-	686,716	(73,208)	613,508
Export sales	144,034	72,143	135,365	-	-	-	351,542	-	351,542
Embedded derivative and metal price hedging									
- External customers	(3,620)	(617)	(292)	-	-	-	(4,529)	-	(4,529)
- Intersegment	(594)	(34)	(58)	-	-	-	(686)	686	-
	(4,214)	(651)	(350)	-	-	-	(5,215)	686	(4,529)
Total income	<u>574,087</u>	<u>247,342</u>	<u>211,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,033,043</u>	<u>(72,522)</u>	<u>960,521</u>
Cost of sales	(280,781)	(180,508)	(122,857)	-	-	3	(584,143)	72,897	(511,246)
Administrative and selling expenses	(67,110)	(23,053)	(15,310)	(238)	(485)	(829)	(107,025)	19,060	(87,965)
Other expenses	26,895	508	(2,269)	(1,517)	1,609	15,881	41,107	(9,108)	31,999
Depreciation and amortization	(90,446)	(67,192)	(35,069)	-	(1,540)	(252)	(194,499)	-	(194,499)
Impairment recovery of long-lived assets	-	-	4,800	-	-	-	91,700	-	91,700
Operating profit (loss)	<u>249,545</u>	<u>(22,903)</u>	<u>40,909</u>	<u>(1,755)</u>	<u>(416)</u>	<u>14,803</u>	<u>280,183</u>	<u>10,327</u>	<u>290,510</u>
Profit (loss) before tax	195,714	(45,829)	50,702	(9,534)	442	14,370	205,865	10,327	216,192
Income tax	(75,623)	8,217	(10,596)	(3)	(208)	(282)	(78,495)	(564)	(79,059)
Net profit (loss)	<u>120,091</u>	<u>(37,612)</u>	<u>40,106</u>	<u>(9,537)</u>	<u>234</u>	<u>14,088</u>	<u>127,370</u>	<u>9,763</u>	<u>137,133</u>
Segment assets	<u>2,096,127</u>	<u>647,642</u>	<u>427,492</u>	<u>220,272</u>	<u>22,354</u>	<u>27,381</u>	<u>3,441,268</u>	<u>(1,600,442)</u>	<u>1,840,826</u>
Segment liabilities	<u>1,219,312</u>	<u>505,939</u>	<u>178,124</u>	<u>115,753</u>	<u>3,754</u>	<u>19,464</u>	<u>2,042,346</u>	<u>(651,218)</u>	<u>1,391,128</u>

Income statement reconciliation by segment

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Segment operating profit (loss)	392,961	280,183
- <i>Intersegment sales</i>	(161,621)	(72,522)
- <i>Intersegment cost of sale</i>	162,044	72,897
- <i>Intersegment service revenue</i>	(15,743)	(9,108)
- <i>Cost of providing intersegment services</i>	25,527	19,060
Segment operating profit (loss)	<u>403,168</u>	<u>290,510</u>
- <i>Financial expenses (ii)</i>	(127,038)	(79,206)
- <i>Financial income (ii)</i>	4,525	4,318
- <i>Exchange difference</i>	2,134	570
Operating profit (loss) before income tax	<u>282,789</u>	<u>216,192</u>

(i) Intersegment sales are carried out at prices similar to those that would have been agreed with unrelated third parties. Revenues from external customers are measured consistently with the basis used in preparing the consolidated statement of income.

(ii) Financial expenses and income are not allocated to individual segments, as the underlying instruments are managed at Group level.

Reconciliation of assets by segment

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Segment assets	4,264,366	3,441,268
- <i>Elimination of related-party receivables</i>	<u>(2,064,122)</u>	<u>(1,600,442)</u>
Total assets	<u>2,200,244</u>	<u>1,840,826</u>

Reconciliation of liabilities by segments

	<u>2025</u> <u>US\$000</u>	<u>2024</u> <u>US\$000</u>
Segment liabilities	2,629,026	2,042,346
- <i>Elimination of related-party receivables</i>	<u>(959,253)</u>	<u>(651,218)</u>
Total liabilities	<u>1,669,773</u>	<u>1,391,128</u>

35 COMMITMENTS AND CONTINGENCIES**(a) Contingencies**

Company's Management and its subsidiaries, based on the opinion of external and internal legal advisors, have reviewed all tax, labor, civil and administrative proceedings, among others, and determined and recorded a provision for probable contingencies of US\$31,556 and US\$31,990 as of December 31, 2025 and 2024, respectively. This provision is presented under Provisions in the consolidated statement of financial position (Note 19). Company's Management and its subsidiaries and their legal advisors consider that this provision adequately covers probable contingencies.

With respect to possible contingencies, the external and internal legal advisors of the Company and its subsidiaries determined an amount of US\$55,513 (US\$83,910 as of December 31, 2024) corresponding to various legal proceedings involving the Company.

Details of the proceedings by the Company and its subsidiaries are presented below:

(a.1) Volcan Compañía Minera S.A.A.

Company's Management, based on the opinion of its external and internal legal advisors, has reviewed all tax, labor, civil and administrative proceedings, among others, and determined and recorded a provision for probable contingencies of US\$17,921 as of December 31, 2025 (US\$17,157 as of December 31, 2024). Company's Management and its legal advisors consider that this provision adequately covers the probable contingencies.

With respect to possible contingencies, the Company's external and internal legal advisors determined an amount as of December 31, 2025 of US\$39,476 (US\$37,503 as of December 31, 2024) corresponding to various legal proceedings involving the Company.

Civil and labor proceedings

As of December 31, 2025, the Company faces civil and labor lawsuits classified as probable amounting to US\$11,919 (US\$9,947 as of December 31, 2024). Contingencies classified as possible amount to US\$21,917 (US\$14,367 as of December 31, 2024), mainly related to claims for damages and compensation, occupational illness, reimbursement of employee benefits, profit-sharing payments, replacement of employees, among others.

Tax proceedings

As of December 31, 2025, the Company has several administrative proceedings pending resolution with SUNAT and the Tax Court, related to various tax assessments, penalties and interest. These proceedings mainly relate to differences in the determination of taxable bases for the settlement of third-category income tax and municipal taxes for the years 2007, 2009, 2013, 2015, 2017, 2018, 2020 and 2022.

As of December 31, 2025 and 2024, there are tax proceedings that have been classified as possible, which include expenses challenged by SUNAT for not complying with the criteria applied by the tax authority for the amortization of development costs, losses on derivative financial instruments, among other related items. These possible contingencies amount to US\$1,719 (US\$8,344 as of December 31, 2024).

Administrative sanctioning procedures and administrative litigation actions

The Company has several proceedings and procedures pending resolution related to environmental matters and occupational health and safety before the following regulatory bodies: National Water Authority - Local Water Authorities, Ministry of Labor and Employment Promotion (Peruvian labor inspection authorities ("Superintendencia Nacional de Fiscalización Laboral" - SUNAFIL)), Peruvian Ministry of Energy and Mines, Peruvian energy and mine regulator ("Organismo Supervisor de la Inversión en Energía y Minas" - OSINERGMIN), National Superintendence for the Control of Security Services, Weapons, Ammunition and Explosives for Civil Use ("Superintendencia Nacional de Control de Servicios de Seguridad, Armas, Municiones y Explosivos de Uso Civil" - SUCAMEC) and the Peruvian Environmental Evaluation and Enforcement Agency ("Organismo de Evaluación y Fiscalización Ambiental" - OEFA). These relate to alleged violations of environmental regulations and Occupational Health and Safety Regulations with probable contingencies for an amount of US\$6,002 as of December 31, 2025 (US\$7,210 as of December 31, 2024) and possible contingencies for an amount of US\$15,840 as of December 31, 2025 (US\$14,792 as of December 31, 2024).

Company's Management and its legal advisors, based on the facts and legal grounds, consider that the final resolution of these proceedings will not result in additional significant liabilities for the Company.

(a.2) Compañía Minera Chungar S.A.C.

Management, based on the opinion of external and internal legal advisors, has reviewed all tax, labor, civil and administrative proceedings, among others, and determined and recorded a provision as of December 31, 2025 for probable contingencies of US\$5,935 (US\$8,076 as of December 31, 2024). Management and its legal advisors consider that this provision adequately covers the probable contingencies.

With respect to possible contingencies, external legal advisors determined an amount of US\$13,322 as of December 31, 2025 (US\$39,972 as of December 31, 2024) corresponding to various proceedings involving the subsidiary.

Civil and labor proceedings

As of December 31, 2025, the Subsidiary faces civil and labor claims classified as probable in the amount of US\$2,984 (US\$2,284 as of December 31, 2024). Contingencies classified as possible as of December 31, 2025 amount to US\$3,109 (US\$15,988 as of December 31, 2024), mainly related to claims for damages due to occupational illness, reimbursement of employee benefits and other matters currently under appeal.

Tax proceedings

As of December 31, 2025, the Subsidiary has several administrative proceedings pending resolution with SUNAT and the Tax Court related to various tax assessment, penalties and interest.

These tax assessments, penalties and interest mainly relate to differences in the determination of the taxable basis for the settlement of third-category income tax for the years 2004, 2017, 2018, 2020 and 2021, which according to SUNAT correspond to the omission of tax payments. As of the reporting date, these proceedings are being challenged through administrative channels, on appeal before the Tax Court, as well as through judicial proceedings before the Judiciary.

Finally, there are contingencies arising from conceptual discrepancies with the tax authorities, which have been classified as possible contingencies for US\$3,331 as of December 31, 2025 (US\$17,697 as of December 31, 2024).

Administrative sanctioning procedures and administrative litigation actions

The Subsidiary has several pending proceedings and procedures related to environmental, matters and occupational health and safety before regulatory bodies, including the National Water Authority - Local Water Authorities, Ministry of Labor and Employment Promotion (SUNAFIL), Peruvian Ministry of Energy and Mines, OSINERGMIN, SUCAMEC and OEFA, for alleged violations of various environmental regulations and occupational health and safety standards. These contingencies are classified as probable for an amount of US\$2,951 as of December 31, 2025 (US\$5,792 as of December 31, 2024). Contingencies classified as possible as of December 31, 2025 amount to US\$6,882 (US\$6,287 as of December 31, 2024).

(a.3) Empresa Administradora Cerro S.A.C.

Management, based on the opinion of external and internal legal advisors, has reviewed all tax, labor, civil and administrative proceedings, among others, and determined and recorded a provision for probable contingencies as of December 31, 2025 for US\$7,041 (US\$6,156 as of December 31, 2024). Management and its legal advisors consider that this provision adequately covers probable contingencies.

With respect to possible contingencies, external legal advisors determined an amount of US\$2,235 as of December 31, 2025 (US\$6,011 as of December 31, 2024) corresponding to various proceedings involving the Subsidiary.

Civil and labor proceedings

As of December 31, 2025, the Subsidiary faces labor claims classified as probable amounting to US\$3,613 (US\$2,407 as of December 31, 2024). Civil and labor contingencies classified as possible as of December 31, 2025 amount to US\$915 (US\$627 as of December 31, 2024) related mainly to claims for damages due to occupational illness, reimbursement of employee benefits, reimbursement of profit-sharing payments, payment of production bonuses and other matters under appeal and/or judgment.

Tax proceedings

As of December 31, 2025 and 2024, the Subsidiary has several administrative proceedings pending resolution with SUNAT, the Tax Court and local governments related to various tax assessments, penalty resolutions and interest.

These assessments, penalties and interest mainly relate, according to SUNAT, to the omission of tax payments, as well as to differences in the determination of the taxable base for the settlement of third-category income tax. As of the reporting date, these proceedings are being challenged through administrative channels. However, considering the nature of the observations raised, the repeated pronouncements of the Tax Administration and the likelihood that the resolving authorities may fully or partially confirm SUNAT's claims, the related contingencies have been classified as probable.

Likewise, the Subsidiary maintains tax administrative proceedings classified as probable contingencies included under Provisions in the consolidated statement of financial position for an amount of US\$759 as of December 31, 2024 (US\$678 as of December 31, 2024).

Contingencies classified as possible amount to US\$85 as of December 31, 2024 and no cases were reported as December 31, 2025.

Administrative sanctioning procedures and administrative litigation actions

The Subsidiary has several pending proceedings related to environmental matters, occupational health and safety and labor safety before regulatory bodies including the National Water Authority - Local Water Authorities, Ministry of Labor and Employment Promotion (SUNAFIL), Peruvian Ministry of Energy and Mines, OSINERGMIN and OEFA, for alleged violations of various environmental regulations and the Occupational Health and Safety Regulations. These contingencies have been classified as probable, amounting to US\$2,669 as of December 31, 2025 (US\$3,071 as of December 31, 2024) and contingencies classified as possible amount to US\$1,320 as of December 31, 2025 (US\$5,299 as of December 31, 2024).

(a.4) Empresa Explotadora de Vinchos Ltda S.A.C.

Management, based on the opinion of external and internal legal advisors, has reviewed all tax, labor, civil and administrative proceedings, among others, and determined and recorded a provision for probable contingencies as of December 31, 2025 for US\$659 (US\$601 as of December 31, 2024). Contingencies classified as possible as of December 31, 2025 for US\$479 (US\$424 as of December 31, 2025 December 2024). Management and its legal advisors consider that this provision adequately covers probable contingencies.

Labor proceedings

As of December 31, 2025, the Subsidiary faces labor claims classified as probable amounting to US\$22 (US\$20 as of December 31, 2024).

Tax proceedings

As of December 31, 2025, the Subsidiary has tax proceedings that include expenses challenged by SUNAT, classified as possible contingencies, for US\$479 (US\$424 as of December 31, 2024).

Administrative sanctioning procedures and administrative litigation actions

The Subsidiary has several pending environmental proceedings before regulatory bodies including the National Water Authority - Local Water Authorities, OSINERGMIN and OEFA, for alleged violations of various environmental regulations and the Occupational Health and Safety Regulations classified as probable contingencies amounting to US\$637 as of December 31, 2025 (US\$581 as of December 31, 2024).

36 ENVIRONMENTAL OBLIGATIONS

Provision for mine closure

On October 14, 2003, the Congress of the Republic enacted Law No. 28090, which regulates the obligations and procedures that mining operators must comply with for the preparation, submission and implementation of the Mine Closure Plan, as well as the establishment of the corresponding environmental guarantees to ensure compliance with the required investments, in accordance with the principles of environmental protection, preservation and restoration. On August 16, 2005, the Regulations of Law No. 28090 were enacted.

During 2025 and 2024, the Company and its subsidiaries submitted to the Peruvian Ministry of Energy and Mines updates to the the Valorized Closure Plan of their main mining units. The Company is currently awaiting approval of the plans related to the Romina, Alpamarca, Cerro, Carahuacra (third update), Ticlio and San Cristóbal (second amendment) projects. As of December 31, 2025, the approved mine closure plans correspond to the following mining units: Carahuacra (fourth amendment), Andaychagua, San Cristóbal (second update), Animón and Vinchos.

As of December 31, 2025, the Company and its subsidiaries recognized liabilities amounting to US\$168,548 related to future mine closure obligations for all their mining units (US\$180,811 as of December 31, 2024):

	<u>2025</u> US\$000	<u>2024</u> US\$000
Mining unit		
Cerro de Pasco	37,584	37,928
Chungar	20,237	21,517
Carahuacra	42,689	43,100
Andaychagua	22,109	23,614
Alpamarca	18,759	26,928
Vinchos	9,846	9,269
Ticlio	7,704	8,137
Vichaycocha	4,696	4,930
Toruna	1,436	1,535
San Sebastian	3,488	3,853
Total (Note 19)	<u>168,548</u>	<u>180,811</u>

The movement of the provision for the closure of mining units and exploration projects is as follows:

	US\$000
Balance as of January 1, 2024	<u>262,670</u>
Changes in estimates (Note 13)	(72,509)
Other income (Note 25)	(11,228)
Increase due to the discount of the present value of the provision (Note 29)	4,854
Disbursements	<u>(2,976)</u>
Balance as of December 31, 2024	<u>180,811</u>
Changes in estimates (Note 13)	(15,863)
Other income (Note 25)	(371)
Increase due to the discount of the present value of the provision (Note 29)	9,968
Disbursements	<u>(5,997)</u>
Balance as of December 31, 2025	<u>168,548</u>

The provision for mine closure represents the present value of the closure costs expected to be incurred between 2026 and 2057.

Changes in estimates consider changing the rate, modifying budgets, and eliminating contingent costs.

The estimate of mining closure costs is based on a study prepared by an independent specialist in compliance with current environmental regulations and rigorous technical standards. The provision for mine closure mainly includes activities required to restore the mining units and the areas affected by exploitation activities. The main activities include earthworks, revegetation activities and the dismantling of plant facilities.

This estimate is highly sensitive to changes in several variables, such as discount rate and timing. However, closure budgets are reviewed regularly to reflect any significant changes arising from updated technical studies.

Likewise, the timing of the related cash outflows depends on Management's judgement and will be scheduled according to the useful life of the mine, which in turn depends on the reserves and resources of its mining units.

As of December 31, 2025, the nominal value of the mine closure provision amounts to US\$319,161, which has been discounted using an annual discount rate of 5.78%, resulting in a net present value of US\$168,548. As of December 31, 2024, the nominal value amounted to US\$342,867, discounted using an annual discount rate of 5.90%, resulting in a net present value of US\$180,811. The Company and its subsidiaries consider that this liability is sufficient to comply with the environmental protection regulations approved by the Peruvian Ministry of Energy and Mines.

37 KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation paid to key management personnel of the Company and its subsidiaries for the years ended December 31, 2025 and 2024 amounted to US\$16,405 and US\$15,204, respectively, and includes salaries, profit-sharing, employee benefits and statutory charges, bonuses and extraordinary bonuses.

38 SUBSEQUENT EVENTS

On January 28, 2026, the Company acquired 100% of the shares of Transmisión Andina de Generación S.A.C. (TAGSAC) from Stratkraft Perú S.A. and Inversiones Shaqsha S.A.C. for approximately US\$19,000. TAGSAC operates the La Oroya and Pachachaca Hydroelectric Power Plants, which will increase the Company's and its subsidiaries' renewable energy generation capacity to 40 MW.

Except for the matter described above, Management is not aware of any other events occurring between these consolidated financial statements and the date of authorization of the issuance of these consolidated financial statements that would require adjustment or additional disclosure.