

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated interim financial information (unaudited) as of
June 30, 2024 and 2023

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Statement of Financial Position

As of June 30, 2024 (unaudited) and as of December 31, 2023 (audited)

	Note	June 30, 2024	December 31, 2023
		US\$(000)	US\$(000)
Assets			
Current Assets			
Cash and cash equivalents	5	68,019	61,642
Accounts receivable Trade, net		15,421	9,594
Accounts receivable from related entities		-	10,722
Other accounts receivable		81,838	77,038
Other financial assets	7	-	655.00
Inventories, net	6	46,965	48,305
Asset Available for Sale	4	20,455	-
Total current assets		232,698	207,956
Non-current Assets			
Other accounts receivable		31,289	35,970
Other non-financial assets		192,462	185,276
Property, plant and equipment, net	8	690,229	771,778
Assets by right of use	9	17,578	17,926
Mining exploration and evaluation cost, net	10	646,190	650,650
Inventories, net	6	5,385	5,619
Total non-current assets		1,583,133	1,667,219
Total assets		1,815,831	1,875,175
Liabilities and Net Stockholders' Equity			
Current Liabilities			
Overdrafts		3	1,046
Financial obligations	11	170,042	136,326
Trade accounts payable		205,375	242,213
Accounts payable to related entities		-	8,982
Other accounts payable		62,143	51,513
Other financial liabilities	7	75	-
Deferred income		21	21
Liabilities available for sale		2,297	-
Total current liabilities		439,956	440,101
Non-current Liabilities			
Financial obligations	11	620,555	667,543
Provision for closing of mining units and communities		284,225	286,035
Deferred income tax liability	12	102,064	78,857
Provision for contingencies		37,579	37,439
Deferred income		587	602
Total non-current liabilities		1,045,010	1,070,476
Total liabilities		1,484,966	1,510,577
Equity			
Issued capital	13	774,294	906,680
Treasury stock		(41,511)	(60,934)
Other capital reserves		(162,285)	(173,234)
Capital reserve		10,492	10,416
Unrealized gains (loss)		76,525	(10,208)
Retained earnings		(326,650)	(308,122)
Total net stockholders' equity		330,865	364,598
Total liabilities and net stockholders' equity, net		1,815,831	1,875,175

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Income Statement (unaudited)

For the period from January 1, to June 30, 2024 and 2023

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2024	2023	2024	2023
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Sales, Note 14	218,288	213,327	394,971	434,419
Cost of Sales, Note 15	(164,538)	(188,605)	(323,892)	(362,805)
Gross Income	53,750	24,722	71,079	71,614
Operating income (expenses)				
Administrative expenses	(10,602)	(18,020)	(22,509)	(31,728)
Selling expenses	(6,897)	(7,116)	(13,962)	(14,524)
Other income	40,231	11,706	51,405	26,847
Other expenses	(38,798)	(16,708)	(50,323)	(36,345)
	(16,066)	(30,138)	(35,389)	(55,750)
Operating income	37,684	(5,416)	35,690	15,864
Financial income (expenses)				
Financial income, Note 16	1,963	1,798	2,186	3,607
Financial expenses, Note 16	(19,456)	(17,240)	(37,661)	(34,122)
Exchange difference, net	(717)	827	(692)	927
Total other income (expenses), net	(18,210)	(14,615)	(36,167)	(29,588)
Income before income tax	19,474	(20,031)	(477)	(13,724)
Income tax, Note 12 (b)	(9,092)	8,190	(8,342)	2,680
Net income	10,382	(11,841)	(8,819)	(11,044)
Net earnings per share	0.003	(0.003)	(0.002)	(0.003)
Weighted average of outstanding shares (in thousands)	3,857,594	3,857,594	3,857,594	3,857,594
Basic and diluted (loss) earnings per share	0.003	(0.003)	(0.002)	(0.003)

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Statement of Comprehensive Income (unaudited)

For the period from January 1 to June 30, 2024 and 2023

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2024 US\$(000)	2023 US\$(000)	2024 US\$(000)	2023 US\$(000)
Net income	10,382	(11,841)	(8,819)	(11,044)
Others comprehensive income (loss):				
Net change in gains (losses) unrealized on derivate instruments and Financial investments	127,022	547	123,026	3,158
Income tax	(37,472)	(162)	(36,293)	(932)
Other comprehensive income (loss) net of income tax	89,550	385	86,733	2,226
Total comprehensive income	99,932	(11,456)	77,914	(8,818)

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

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

For the period from January 1 to June 30, 2024 and 2023

	Capital Issued	Treasury stock	Other capital reserves	Capital reserve	Unrealized gains (loss)	Retained earnings	Total
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Balances as of January 1, 2023	1,134,300	(60,934)	10,695	(173,234)	(9,436)	(526,038)	375,353
Results integrals	-	-	-	-	-	-	-
Net Income of year	-	-	-	-	-	(11,044)	(11,044)
Other results integrals of year	-	-	-	-	2,226	-	2,226
Total results integrals of year	-	-	-	-	2,226	(11,044)	(8,818)
Capital reduction to cover negative accumulated results	(227,620)	-	(986)	-	-	228,606	-
Balances as of June 30, 2023	906,680	(60,934)	9,709	(173,234)	(7,210)	(308,476)	366,535
Balances as of January 1, 2024	906,680	(60,934)	10,416	(173,234)	(10,208)	(308,122)	364,598
Results integrals	-	-	-	-	-	(8,819)	(8,819)
Net loss of year	-	-	-	-	-	(8,819)	(8,819)
Other results integrals of year	-	-	-	-	86,733	-	86,733
Total results integrals of year	-	-	-	-	86,733	(8,819)	77,914
Other changes in equity	-	19,423	76	10,949	-	(9,709)	20,739
Capital reduction (equity block)	(132,386)	-	-	-	-	-	(132,386)
Balances as of June 30, 2024	774,294	(41,511)	10,492	(162,285)	76,525	(326,650)	330,865

The accompanying notes are an integral part of this statement.

Volcan Compañía Minera S.A.A. and Subsidiaries

Consolidated Cash Flows Statement (unaudited)

For the period from January 1 to June 30, 2024 and 2023

	Note	June 30, 2024	June 30, 2023
		US\$(000)	US\$(000)
Operating activities			
Collection of sales proceeds		441,685	507,662
Refund of the credit balance in favor of the exporter and taxes		25,484	6,332
Payments to suppliers and third parties		(309,079)	(334,941)
Payments to workers		(50,125)	(59,386)
Income tax payments		(2,578)	(5,527)
Royalties		(4,864)	(2,936)
Expenses for coverage		501	-
Others		3,910	-
Cash flows from operating activities, net		104,934	111,204
Investing activities			
Payments corresponding to:			
Disbursements for the acquisition of mining rights, property, plant and equipment		(29,666)	(35,612)
Disbursements for exploration and development activities		(45,598)	(61,042)
Cash flows (used in) investment activities, net		(75,264)	(96,654)
Financing activities			
Collection corresponding to:			
Sale of shares in energy company		26,279	-
Obtaining loans with third parties		25,000	-
Obtaining financial obligations		-	507
Payments corresponding to:			
Amortization of overdrafts and other financial liabilities		(44,688)	(13,938)
Premium payments and bond repurchase expenses		(1,043)	909
Interest payment		(29,341)	(25,420)
Cash flows (used in) from financing activities, net		(23,793)	(37,942)
Increase (Decrease) in cash and cash equivalents for the period		5,877	(23,392)
Cash and cash equivalents at the beginning of the period		61,642	73,600
Cash and cash equivalents at the end of the year		500	-
Cash and cash equivalents at the end of the period	5	68,019	50,208
Transactions that do not generate cash flows:			
Acquisition of assets under financial lease		3,218	6,944
Vehicle Leases		1,502	-

The accompanying notes are an integral part of this statement

Volcan Compañía Minera S.A.A. and Subsidiaries

Notes to the consolidated interim financial statements (unaudited)

As of June 30, 2024 and December 31, 2023

1. Identification and economic activity

(a) Identification -

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

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

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

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

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

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

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

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

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

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

(b) Basis of preparation:

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

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

(c) Approval of consolidated financial statements -

The consolidated financial statements as of June 30, 2024 were approved by the Company's Management on July 31, 2024. The consolidated financial statements as of December 31, 2023 were approved by the Shareholders' Meeting on March 26, 2024.

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

Consolidated Subsidiaries and economic activity	Direct and indirect interest in ownership		Domicile
	June 30, 2024	December 31, 2023	
	%	%	
Mining exploration and operation:			
Compañía Minera Chungar S.A.C.	100.00	100.00	Perú
Empresa Administradora de Cerro S.A.C. (3)	100.00	100.00	Perú
Empresa Explotadora de Vinchos Ltda. S.A.C.	100.00	100.00	Perú
Minera Aurífera Toruna S.A.C. (1)	80.00	80.00	Perú
Electric power generation:			
Hidroeléctrica Huanchor S.A.	100.00	100.00	Perú
Empresa de Generación Eléctrica Río Baños S.A.C.	-	100.00	Perú
Compañía Hidroeléctrica Tingo S.A. (2)	100.00	100.00	Perú
Investments in general:			
Roquel Global S.A.C.	100.00	100.00	Perú
Compañía Industrial Limitada de Huacho S.A.	96.41	96.41	Perú
Empresa Minera Paragsha S.A.C.	100.00	100.00	Perú
Inversiones Portuarias Chancay S.A.A.	-	100.00	Perú

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

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

(3) Empresa Administradora Cerro S.A.C. absorbed Oxidos de Pasco S.A.C.

Compañía Minera Chungar S.A.C.

This company has two mining units, Animon and Alpamarca, located in the department of Pasco and is engaged in the exploration, development and operation of mineral deposits, basically with zinc, copper and lead contents.

Empresa Administradora de Cerro S.A.C.

This company is engaged in the exploration, development and operation of mineral deposits, basically with zinc and lead contents. By merging with Óxidos de Pasco S.A.C. It is also dedicated to the extraction, concentration, treatment and marketing of silver bars with gold content (doré). Currently, the Subsidiary processes stockpiles at its Cerro mining unit because its mine operations are paralyzed.

Likewise, as a result of the merger with Óxidos de Pasco S.A.C., it is also dedicated to the treatment of oxidized minerals in the leaching plant.

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

This company does not perform operations since 2015 because Management decided to redirect its mining activities in other Subsidiaries of the Company. As from 2019, Management decided to conduct explorations to reconsider the potential of its deposit and then develop and operate it provided it is viable and profitable; otherwise, it will enter into a simple reorganization process in the short term and will be absorbed by an operating subsidiary of the Company in order to search for synergies for the development of its projects.

Empresa Minera Paragsha S.A.C.

This company was incorporated for exploration, operation, assignment and mining usufruct; however, its main activity is now the purchase and sale of investments in equity instruments. This company has shares of the Company and Cementos Polpaico S.A.

Management considers that they will continue receiving financial support from the Company due to its strategic importance.

Minera Aurífera Toruna S.A.C.

These companies were incorporated for the exploration, development and operation of mineral deposits and their main activity is the exploration of their mining concessions through the financing of the Company and Subsidiaries.

The Company's Management is reevaluating potential projects or the option of a simple reorganization in order to search for synergies for the development of their projects.

Hidroeléctrica Huanchor S.A.C.

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

On June 14, 2024, the Company has signed a definitive agreement for the sale of this subsidiary for an amount of US\$46,800 with EDF PERÚ S.A.C., AC Capitales Infraestructura II L.P, AC Capitales Fondo Infraestructura II. and AC Capitales Fondo Infraestructura II GP. The book value of the consolidated net assets of this subsidiary was US\$18,700 as of June 30, 2024. See note 4.

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

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

On May 16, 2024, the Company was sold for an amount of US\$31,675 to the Sindicato Energético Company.

Compañía Hidroeléctrica Tingo S.A.

This company is engaged in the operation and maintenance of gen-sets and electrical energy transmission systems. It has the hydroelectric power plant of Tingo of 1.25 MW and 82 km of transmission lines of 22.9 and 50 kv. The Subsidiary has an indefinite electricity concession.

Roquel Global S.A.C.

This company is engaged in real estate development in order to perform port and logistics activities in relation to the Chancay Port.

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

Compañía Industrial Limitada de Huacho S.A.

This company is mainly engaged in real estate activities. The financial statements of this subsidiary are presented consolidated with those of the Company since 2017.

Inversiones Portuarias Chancay S.A.A.

It was incorporated in the “Oficina de Registro de Lima” of the “Superintendencia Nacional de los Registros Públicos” on October 3, 2023. According to the General Shareholders’

Meeting of Volcan held on August 24, 2023, this company was established to acquire, develop and negotiate shares or economic rights. in companies dedicated to port and logistics activities of any type, as well as any related services.

The General Meeting of Shareholders approved the spin-off of the Company's 40% stake in Cosco Shipping Ports Chancay Perú S.A. This transaction is expected to be settled and completed during 2024.

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

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

As a consequence of the division of the equity block, on May 23, 2024 the nominal value will be changed to S/0.10. The Board of Directors agreed to modify its statutes, to be worded as follows:

The subscribed and paid capital of Inversiones Portuarias Chancay S.A.A. in soles is for S/407,656 represented by 1,633,414,553 Class "A" common shares and 2,443,157,622 Class "B" common shares of nominal value S/0.10 each.

(e) Fusion -

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

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

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

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

(f) Bond issuance -

At the Shareholders' Meeting held on November 4, 2011, it was approved to issue obligations for up to US\$1,100,000 or its equivalent amount in soles, to be placed in the international and/or local market, with a first tranche of up to US\$600,000 in order to fund mining and energy projects in the next five years.

At the Board of Directors' meeting of the Company held on January 16, 2012, the issuance of bonds was approved under Rule 144A and Regulation S of the U.S. Securities Act of the United States of America, for up to US\$600,000.

On February 2, 2012, bonds known as "Senior Notes Due 2022" were issued and placed in its entirety in the international market for US\$600,000, at an annual rate of 5.375%, maturing

in 10 years. Interests will be paid in semiannual installments from August 2, 2012 to February 2, 2022. Compliance covenants were not established for this obligation.

As of December 31, 2021, the balance of the bond issue amounted to US\$410,264. On February 02, 2022, the principal and interest of the bond called "5.375% Senior Notes Due 2022" was fully paid.

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

On February 17, 2021, the Company (i) partially repaid senior notes maturing in 2022 for US\$125,000, (ii) fully repaid the syndicated loan for US\$303,000, including accrued interests, and (iii) repaid other medium-term loans for US\$34,000. Remaining balance of funds received from the new issuance of bonds was destined for expenses related to the operation for US\$13,000.

On June 21, 2022, the partial repurchase of the "Senior Notes Due 2026" was made for US\$110,000.

(g) Syndicated Loan

In August 2020, the company obtained an eighteen month syndicated loan without collateral for USD300,000. This transaction had the participation of eight Banks and was led by Santander bank and Scotiabank. The money obtained was used to re-profile short term debt and improve liquidity. Likewise, in October the company has secured an additional revolving committed line without guarantees for up to USD50,000, available at any time during the next two years.

On February 17, 2021, the Company paid the total syndicated loan for US\$303,000, including accrued interest.

On December 29, 2021, the syndicated loan contract was signed for US\$400,000, with the following entities being lenders: Banco Santander, S.A.; Citibank, N.A., acting through its international banking facility; Citibank, N.A.; Bank of Nova Scotia; International Bank of Peru S.A.A.; Inter-American Bank of Finances; Credit and Investment Bank, S.A.; Latin American Bank of Foreign Trade, S.A.; Bancaribe Curacao Bank N.V.; Banco de Credito del Peru and Banco de Occidente Panama, S.A. The interest rate is variable, equivalent to LIBOR (3m) plus a margin calculated based on the company's credit rating. Currently the applicable margin is 325 bps.

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

Subsequent events

On July 24, 2024, Volcan Compañía Minera S.A.A. has signed a comprehensive modification “Amended and Restated Credit Agreement” to the medium-term Syndicated Loan Agreement for US\$400,000 signed on December 29, 2021; in which certain of its subsidiaries participated as guarantors, the financial institutions designated as “lenders” and Citibank, N.A., as administrative agent.

The modifications include, among others, (i) the extension of the final maturity date until July 24, 2029, (ii) the amortization of the current outstanding amount of US\$369,371 in installments with quarterly maturity, with an amount capital of US\$10,000 due in 2025, US\$20,000 due in 2026, US\$25,000 due in 2027, US\$35,000 due in 2028 and US\$25,000 with the remaining balance due on the date final expiration.

The refinanced loan will have an interest rate of SOFR+500 bps during 1-3 years and a possible increase in 4-5 years to SOFR+550 bps.

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

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

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

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

2. Significant accounting policies

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

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

The accompanying consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), effective as of June 30, 2024 and December 31, 2023, as applicable, including International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), or by the former Standing Interpretations Committee (SIC), adopted by the IASB. Historical cost basis was applied for these purposes, except those items measured at fair value, as further explained in the section of significant accounting policies (letter (d)).

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

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

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

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

Level 3: Input is not observable for the asset or liability. Non-observable input data will be used to measure fair value provided such relevant observable input data are not available, considering situations where there is low market activity, if any, for the asset or liability at the measurement date.

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

(b) Consolidation principles -

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

All significant intercompany transactions have been eliminated in consolidation. When necessary, adjustments are made to the financial statements of certain Subsidiaries to ensure conformity with the group's accounting policies.

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

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

As of June 30, 2024 and December 31, 2023, the consolidated financial statements include the consolidated accounts of Volcan Compañía Minera S.A.A. and Subsidiaries disclosed in Note 1(c).

(c) Functional and presentation currency -

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

Translation to U.S. dollars

The Company prepares its consolidated financial statements in U.S. dollars based on its accounting records carried in soles. Those consolidated financial statements are translated into U.S. dollars (functional currency) following the methodology explained below:

As of June 30, 2024 and December 31, 2023, the monetary assets and liabilities of the Company, whose original currency is the sol, have been translated into U.S. dollars using the average closing exchange rate effective at those dates of US\$0.261 and US\$0.270 per S/1.00, respectively. The monetary assets and liabilities in U.S. dollars are maintained at their original value in such currency.

Non-monetary assets and liabilities and equity accounts in soles have been translated into U.S. dollars using the exchange rate in force at the original date of the transaction. The consumption of supplies, accumulated depreciation of property, plant and equipment, and the amortization of mining concessions, exploration and development costs and other mining assets were calculated based on the amounts translated into U.S. dollars of related assets. Non-monetary assets and liabilities in U.S. dollars are held at their original value in such currency.

Profit or loss items denominated in U.S. dollars are presented in their original currency, and other transactions are translated from soles to U.S. dollars using the effective exchange rate at the original date of the transaction, except items that result from non-monetary assets, which are determined as indicated in the paragraph above.

(d) **Financial instruments -**

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

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

Financial assets

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

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

Classification of financial assets

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

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

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

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

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

Amortized cost and effective interest method

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

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

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

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at fair value through other comprehensive income. For financial assets other than purchased or originated credit-impaired financial

assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

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

For purchased or originated credit-impaired financial assets, the Company and 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 revert 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 profit or loss.

Impairment of financial assets

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

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

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

The duration of expected credit losses during the life of the credit represents the expected credit losses that will result from all possible default events over the expected useful life of a financial instrument. In contrast, 12-month expected credit losses during the life of the credit represents the portion of the useful life of expected credit losses during the life of

the credit that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

Financial liabilities at fair value through profit or loss are measured at fair value, with any profit or losses arising on the new measurement recognized in profit or loss. The net profit

or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the “other profit and losses” line item.

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

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

Financial liabilities measured subsequently at amortized cost

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

The Company and Subsidiaries enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, rates and prices of commodities.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Profit or loss from changes in the fair value of these assets is recognized in profit or loss of the

period they occur, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

Embedded derivatives

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

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

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

If the hybrid contract is a listed financial liability, instead of separating the embedded derivative, the Company generally designates the entire hybrid contract at fair value through profit or loss.

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

Hedge accounting

The Company and Subsidiaries designate certain derivatives as hedging instruments with respect to commodity price risk, and interest rate risk in fair value hedges and cash flow hedges.

At the beginning of the hedging relationship, the Company and Subsidiaries document the relationship between the hedging instrument and the hedged item, together with their risk management objectives and their strategy to carry out various hedging transactions. In addition, at the inception of the hedge and on an ongoing basis, the Company and

Subsidiaries document whether the hedging instrument is effective in offsetting changes in the fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge 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 of the changes resulting from the economic relationship; and
- The coverage ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Company and Subsidiaries actually hedge and the amount of the hedging instrument that the Company and Subsidiaries actually use to hedge that amount of the hedged item.

If a hedging relationship no longer meets the hedge effectiveness requirement, but the risk management objective for that designated hedging relationship remains the same, the Company and Subsidiaries adjust the hedging relationship of the hedging relationship (ie, rebalance the hedge) so that it meets the qualification criteria again.

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

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

Fair value hedges

The change in the fair value of the qualified hedging instruments is recognized in results, 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 book value is not adjusted since it is at fair value, but the hedged gain or loss is recognized in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedged 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 Subsidiaries discontinue hedge accounting only when the hedging relationship (or a part of it) ceases to meet the qualification criteria (after rebalancing, if applicable). This includes cases where the hedging instrument expires or is sold, canceled or exercised. The suspension is accounted for prospectively. The fair value adjustment to book value of the hedged item arising from the hedged risk is amortized to results as of that date.

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

Cash flow hedges

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

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

The Company and Subsidiaries discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualification criteria (after rebalancing, if applicable). This includes cases where the hedging instrument expires or is sold, canceled 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 hedge 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.

(e) Cash and cash equivalents -

Cash comprises cash on hand and freely available deposits. Cash equivalents comprise short-term financial investments with maturities of three months or less counted from their acquisition date, which are readily convertible into known amounts of cash and are not subject to an insignificant risk of changes in value. See note 4 Cash and cash equivalents.

(f) Inventories and obsolescence estimate -

Inventories are valued at the lower of acquisition or production cost or net realizable value. The cost of concentrates includes the cost of direct materials, direct labor costs and manufacturing overheads, including the cost of transferring inventories to their current location and conditions. The cost of concentrates and supplies is determined by applying the weighted average cost method, and the cost of inventories in transit is determined by applying the specific cost method. Net realizable value is the sales price estimated in the normal course of business, less the estimated costs to place inventories in sale conditions and perform their sale. Due to the reductions of the carrying amount of inventories to their net realizable value, an estimate for inventory obsolescence is established and charged to profit or loss of the period when those reductions occur. See note 5 Inventories, net.

(g) Property, plant and equipment -

Property, plant and equipment are presented at acquisition cost, less accumulated depreciation and the accumulated amount of impairment losses, except land with port preparation, which is presented under the revaluation model. The historical acquisition cost includes disbursements directly attributable to the acquisition of assets.

Initial disbursements, as well as those subsequently incurred, related to goods whose cost can be estimated reliably, and it is probable that future economic benefits will be obtained from them, are recognized as property, vehicles and equipment. Disbursements for maintenance and repairs are recognized as expenses during the period when incurred. Main components of major equipment are recorded independently and are depreciated according to their useful life. Profit or loss arising from the sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, which is recognized in profit or loss for the period when the sale is considered performed.

Property, plant and equipment under construction or acquisition are presented at cost, less any determined impairment loss. The cost of these assets in process includes professional fees and, for qualifying assets, borrowing costs. Those assets are subsequently classified to their category of property, plant and equipment when the construction or acquisition

process has been completed and they are ready for intended use. These assets are depreciated from that moment, similarly to the rest of categories of property, plant and equipment.

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

Depreciation

Units-of-production method

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

The units of production are measured in recoverable metric tons of lead, copper and zinc. The depreciation ratio per units of production considers the expenses paid up to that date.

Straight-line method

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

	<u>Years</u>
Buildings and other construction	Up to 33 years
Environmental management program infrastructure	Up to 10 years
Machinery and equipment	Up to 10 years
Vehicles	Up to 5 years
Furniture and fixtures, and computer equipment	Up to 10 years
Sundry equipment	Up to 10 years

See note 8 Property, plant and equipment, net.

- (h) Mining concessions, exploration and development costs and other intangibles -

Mining rights and concessions

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

Mining concessions are capitalized in the consolidated statement of financial position and represent the ownership of the Company and Subsidiaries of mining properties with a geological interest. Mining concessions are amortized as from the production stage based on

the units-of-production method, using proven and probable reserves and a portion of inferred resources. In case the Company and Subsidiaries abandon those concessions, associated costs are written off in the consolidated statement of profit or loss and other comprehensive income.

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

Evaluation and exploration costs

Exploration costs are only capitalized provided that they are estimated to be economically recoverable through a successful operation in the future or when the activities are in process in the area of interest and it has not reached a stage that allows evaluating reasonably the existence of economically recoverable reserves. These costs mainly include used materials and fuel, land survey costs, drilling costs and payments made to contractors. For this purpose, economically recoverable benefits of exploration projects can be evaluated properly when any of the following conditions are met: i) the Board of Directors authorizes Management to conduct a feasibility study for the project, and ii) the purpose of the exploration is to convert resources into reserves or to confirm resources.

Exploration costs are amortized just as development costs.

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

Development costs

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

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

Intangibles

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

prospectively incorporating the effects of any change in these estimates against net profit or loss in the period they are made.

Intangible assets with indefinite useful lives are not amortized and are reviewed every year in order to identify whether there is any impairment indication according to item (j) below.

See note 10 Mining exploration and evaluation costs.

(i) Review of impairment of long-term assets -

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognized as expense, unless the corresponding asset is held at revalued amounts, in which case the impairment loss is recognized primarily as a reduction of the revaluation surplus.

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

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

(j) Investments in associates -

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

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment,

or a portion of such investment, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current assets held for sale and discontinued operations.

Under the equity method, an investment in an associate is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

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

(k) Leases -

The Company and Subsidiaries as lessees:

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

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

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

After the commencement date, the amount of lease liabilities increases to reflect the accrual of interests and is reduced for lease payments made. In addition, the carrying

amount of lease liabilities is remeasured whether there is a modification, change in the lease term or change in generally fixed payments.

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

See note 9 Asset for right of use.

(l) Provisions -

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

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

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

(m) Provision for closure of mining units -

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

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

After initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as a financial expense, while increases and decreases due to changes in estimated future cash flows are capitalized and depreciated over the life of the related asset. Actual costs incurred in settling the site restoration liability are recorded against the provision to the extent that the provision has

been determined for such costs. A gain or loss may be recorded after settlement of the liability while the asset is depreciated against proven and probable reserves using the units-of-production depreciation method. The related depreciation is recognized as an expense.

(n) Financing costs -

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

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

(o) Revenue recognition -

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

Revenue is recognized as follows:

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

Sale agreements of concentrates, Dore bars and others generally provide for a significant provisional payment based on provisional tests and prices of quoted metals that on average are in the range of 85 percent to 95 percent of the provisional invoiced value. The final liquidation is based on the results of final

assays and prices of metals applicable in specific quotation periods, which tend to range between a month after the shipment and up to three months after the shipment arrives to the agree-upon place, and is based on the average prices of metals in the market. For this purpose, the transaction price can be measured reliably for those products, such as zinc, lead, copper and gold, for which there is a free and active market, such as the London Stock Exchange. When it is the case that the value of the final settlement is less than the provisional settlement, the obligation to return part of the consideration paid as an advance is established. On the other hand, the payment of customers for contracts of sale abroad is guaranteed by means of a letter of guarantee and the sale to the client is guaranteed through the issuance of the laboratory certificate and tests.

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

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

- (ii) Revenue from interests is recognized based on the effective yield in proportion to the time elapsed.
- (iii) Other revenue is recognized when earned.

See note 14 Net sales.

- (p) Recognition of costs and expenses -

The cost of sales of ore concentrates is recognized in the period when shipment or delivery is performed based on contractual terms and conditions, against profit or loss of the period when corresponding operating income is recognized. Expenses are recognized when there has been a decrease in future economic benefits related to a decrease in assets or increase in liabilities and, additionally, when expenses can be measured reliably, regardless of the payment date. See note 15 Cost of sales.

(q) Employee benefits -

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

(r) Operating profit -

Operating profit is understood as total net sales less total cost of sales, administrative expenses, selling expenses, other income and expenses (net) and revenue from the impairment reversal of non-financial assets and impairment loss of non-financial assets (net), excluding financial income and expenses.

(s) Income tax -

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

Current income tax

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

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

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

Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the consolidated financial statements and corresponding tax bases used to determine the taxable income, the pertinent rate of these differences,

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

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

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

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

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

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

Current and deferred income tax

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

See note 12 Deferred income tax.

(t) Contingent assets and liabilities -

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

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

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

(u) Basic and diluted earnings per share -

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

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

3. Seasonality of operations

The Company operates on a continuous basis, with no important fluctuations due to seasonal factors.

4. Assets and Liabilities available for sale

On June 14, 2024, they reported that Volcan Compañía Minera S.A.A. has signed a definitive contract for the sale of 100% of the shares of its subsidiary Hidroeléctrica Huanchor S.A.C. to a company to be established by EDF PERÚ S.A.C. and the following funds:

- (i) AC Captales Infraestructure II L.P., managed by AC Captales Infraestructure II GP LLC.
- (ii) AC Captales Fondo Infraestructura II., managed by AC Captales Sociedad Administrator de Fondos de Inversión S.A.
- (iii) AC Captales Fondo Infraestructura II GP, managed by AC Captales Sociedad Administradora de Fondos de Inversión S.A.

The transaction will be carried out at a value of US\$ 46,800, and its closing is subject to the prior control procedure regulated by the National Institute for the Defense of Competition and the Protection of Intellectual Property of Peru -INDECOPI, as well as conditions and usual adjustments for this type of transaction, which is expected to occur within the next 90 days.

The balances of assets and liabilities of operations classified as available for sale as of June 30, 2024 are:

	<u>June 30, 2024</u>
	US\$000
Cash	500
Accounts receivable Trade, net	1,054
Otras cuentas por cobrar, net	1,271
Inventories, net	74
Property, plant and equipment, net	14,785
Rights and concessions, net	14
Deferred income tax asset	<u>2,757</u>
 Total assets classified as held for sale	 <u>20,455</u>
Trade accounts payable	558
Other accounts payable	441
Financial obligations	58
Deferred income tax liability	1,216
Provision for contingencies	5
Provision for communities	<u>17</u>
 Total liabilities associated with assets classified as held for sale	 <u>2,297</u>

5. Cash and cash equivalents

Here in below is the composition of this heading:

	<u>As of June 30, 2024</u>	<u>As of December 31, 2023</u>
	US\$(000)	US\$(000)
Funds available:		
Cash in transit	1,859	-
Bank checking accounts	63,743	60,072
Other Funds	<u>2,417</u>	<u>1,570</u>
	<u>68,019</u>	<u>61,642</u>

6. Inventories

The composition of this heading is presented below:

	As of June 30, 2024	As of December 31, 2023
	<u>US\$(000)</u>	<u>US\$(000)</u>
Concentrates	9,216	8,052
Raw material (extracted ore)	11,917	11,956
Pyrite stockpiles	5,385	5,619
Miscellaneous supplies	34,320	37,805
Inventories in transit	323	271
	<u>61,161</u>	<u>63,703</u>
Impairment estimate	(8,811)	(9,779)
	<u>52,350</u>	<u>53,924</u>
Total	<u>52,350</u>	<u>53,924</u>
Non-current portion	<u>5,385</u>	<u>5,619</u>
Current portion	<u>46,965</u>	<u>48,305</u>

During 2024, the provision for the net realizable value of concentrate and the estimate of obsolete and slow-moving assets were updated, obtaining a net effect of US\$ (571). The difference of US\$ (397) corresponds to the sale of Empresa de Generación Eléctrica Rio Baños S.A.C. and the classification as available for sale of Hidroeléctrica Huanchor S.A. (Note 4)."

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

7. Other financial assets (liabilities)

Here in below is the composition of receivables:

	As of June 30, 2024	As of December 31, 2023
	US\$(000)	US\$(000)
Fair value of hedging derivatives	-	215
Settled derivative financial instruments	-	440
	-	655
Less: non-current portion	-	-
Current portion	-	655

Here in below is the composition of payables:

	As of June 30, 2024	As of December 31, 2023
	US\$(000)	US\$(000)
Settled derivative financial instruments	75	-
	75	-
Less: non-current portion	-	-
Current portion	75	-

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

Mineral price hedging operations

As of June 30, 2024, the Company and Subsidiaries have settled the contracts entered into for price hedging transactions to secure future cash flows from their sales. The critical terms of the hedging transactions have been negotiated with the intermediaries in order to match the terms negotiated in the related contracts.

The change in the equity account "Unrealized gains (loss)" is presented below:

	Derivative hedging financial instruments and investment in shares	Income tax	Unrealized Gains (losses)
	US\$(000)	US\$(000)	US\$(000)
Balances as of December 31, 2022	(13,385)	3,949	(9,436)
Total change in hedging derivative financial instruments	873	(258)	615
Total change in Financial investments	2,285	(674)	1,611
Balances as of June 30, 2023	(10,227)	3,017	(7,210)
Balances as of December 31, 2023	(14,480)	4,272	(10,208)
Total change in hedging derivative financial instruments	(173)	51	(122)
Total change in Financial investments	(2,511)	741	(1,770)
Total variation in fair value of IPCH shares	125,709	(37,084)	88,625
Balances as of June 30, 2024	108,545	(32,020)	76,525

8. Property, Plant and Equipment, net

The activity and composition of this heading are presented below:

	Balances as of January 1, 2024	Additions	Sales and/or withdrawals	Transfers	Impairment estimate	Impairment Recovery	Balances as of June 30, 2024
	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)
2024							
Cost							
Land	23,573	-	-	-	(467)	-	23,106
Buidings and other constructions	1,200,955	171	-	28,650	(23,419)	-	1,161,313
Environmental management program infrastrl	680	-	-	-	-	-	680
Machinery and equipment	187,986	1,503	-	-	(7,570)	-	177,321
Transportation units	3,320	-	-	-	-	-	3,320
Furniture and fixtures and IT equipment	8,937	4	-	7	(57)	-	8,891
Miscellaneous equipment	430,633	1,587	(247)	4,430	(694)	-	435,562
Units in transit	3,244	187	-	(2,648)	-	-	783
Works in progress	86,629	17,454	(282)	(27,376)	-	-	76,315
	1,945,957	20,906	(529)	3,063	(32,207)	-	1,887,291
Accumulated depreciation							
Buidings and other constructions	(686,093)	(36,571)	-	-	11,407	-	(701,574)
Environmental management program infrastrl	(680)	-	-	-	-	-	(680)
Machinery and equipment	(147,157)	(6,714)	-	-	5,564	-	(143,709)
Transportation units	(2,811)	(81)	-	-	-	-	(2,892)
Furniture and fixtures and IT equipment	(7,108)	(222)	-	-	50	-	(7,280)
Miscellaneous equipment	(330,330)	(11,195)	99	-	442	-	(340,927)
	(1,174,179)	(54,783)	99	-	17,463	-	(1,197,062)
Net cost	771,778						690,229
2023							
Cost							
Cost	1,816,027	68,772	(10,194)	62,776	(25,058)	33,634	1,945,957
Accumulated depreciation	(1,003,115)	(109,222)	6,484	(68,326)	-	-	(1,174,179)
Net cost	812,912						771,778

9. Assets by right of use

The activity and composition of this heading are presented below:

	Balances as of January 1, 2024	Additions	Sales and/or withdrawals	Transfers	Available for sale	Balances as of June 30, 2024
<u>2023</u>	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)
Cost						
Operating machinery	13,448	537	-	-	-	13,985
Vehicles	11,029	2,680	(192)	-	(94)	13,423
Estate	170	-	-	-	-	170
	24,647	3,217	(192)	-	(94)	27,578
Accumulated depreciation						
Operating machinery	(1,857)	(1,423)	-	-	-	(3,280)
Vehicles	(4,712)	(1,970)	79	-	53	(6,550)
Estate	(152)	(18)	-	-	-	(170)
	(6,721)	(3,411)	79	-	-	(10,000)
Net cost	17,926					17,578
<u>2022</u>						
Cost	20,828	12,248	(8,836)	407	-	24,647
Accumulated depreciation	(9,443)	(5,438)	8,616	(456)	-	(6,721)
Net cost	11,385					17,926

10. Mining exploration and evaluation costs, net

The activity and composition of this heading are presented below:

	Balances as of January 1, 2024	Additions	Transfers	Change in estimate	Impairment estimate	Impairment Recovery	Balances as of June 30, 2024
	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)
2024							
<u>Cost</u>							
Mining rights and concessions	260,650	-	-	-	-	(239)	260,650
Exploration	338,691	4,147	-	-	-	-	342,838
Development and stripping costs	896,005	32,929	-	(3,426)	-	-	925,508
Closing of mining units	210,609	-	-	3,437	-	-	214,046
Communal rights	24,645	-	-	-	(3,244)	-	21,401
Other intangible assets	20,995	-	-	(3,074)	-	(30)	17,921
	1,751,595	37,076	-	(3,063)	(3,244)		1,782,364
<u>Accumulated amortization</u>							
Mining rights and concessions	(205,730)	(2,365)	-	-	-	239	(208,095)
Exploration	(201,663)	(7,627)	-	-	-	-	(209,290)
Development and stripping costs	(577,179)	(17,928)	-	-	-	-	(595,107)
Closing of mining units	(98,717)	(6,577)	-	-	-	-	(105,294)
Communal rights	(8,911)	(751)	-	-	744	-	(8,918)
Other intangible assets	(8,745)	(711)	-	-	-	16	(9,456)
	(1,100,945)	(35,959)	-	-	744		(1,136,160)
Net cost	650,650						646,204
2023							
Cost	1,672,381	89,385	41,591	(6,986)	(99,742)	54,966	1,751,595
Accumulated amortization	(972,443)	(92,455)	(36,047)	-	-	-	(1,100,945)
Net cost	699,938						650,650

11. Financial obligations:

The activity and composition of this heading are presented below:

	Balances as of January 1, 2024	Others	Available for sale	Loans	Payment	Balances as of June 30, 2024	Current	Non-current
	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)	US\$ (000)
Financial Institutions - leasing								
Banco Internacional del Perú S.A. - Interbank	2,573	-	-	-	(1,405)	1,168	1,168	-
Scotiabank Perú S.A.A.	11,298	-	-	1,502	(4,514)	8,286	6,773	1,513
Loans from other entities 25 MM								
Glencore Lima Trading	-	-	-	25,000	-	25,000	-	25,000
Syndicated loans 400 MM	400,000	-	-	-	(34,286)	365,714	137,143	228,571
Fees	(2,030)	507	-	-	-	(1,523)	(652)	(871)
Bonds 475 MM	365,000	-	-	-	-	365,000	-	365,000
Emissions costos - Bonds	(2,296)	551	-	-	-	(1,745)	-	(1,745)
	774,545	1,058	-	26,502	(40,205)	761,900	144,432	617,468
Interest payable	14,054	-	-	29,215	(29,341)	13,928	13,928	-
Interest payable - leasing	-	-	-	238	(238)	-	-	-
Operating lease (IFRS 16)	15,270	615	(58)	3,218	(4,276)	14,769	11,682	3,087
	29,324	615	(58)	32,671	(33,855)	28,697	25,610	3,087
TOTAL	803,869	1,673	(58)	59,173	(74,060)	790,597	170,042	620,555
Financial obligations curre	136,326					170,042		
Financial obligations non-c	667,543					620,555		

12. Deferred income tax

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

	As of June 2024	30, As of December 31, 2023
	US\$(000)	US\$(000)
Deferred assets		
Provision for the closing of mining units	61,089	60,670
Expenses of amortization of property, plant and equipment and amortization of mining rights and concessions, exploration, development and stripping costs	43,587	43,231
Recoverable tax loss	32,090	23,760
Contingencies provisions	9,143	9,153
Fair value Polpaico Cement	8,191	7,450
Provision for communities	5,270	6,265
Interest undercapitalization	4,833	4,998
Provision for operating lease	4,069	4,355
Estimation for devaluation of inventories	2,040	2,271
Vacation payments outstanding	1,386	1,757
Provision of mining royalties	782	542
Embedded derivative and sales adjustment	378	-
Provision for doubtful accounts	167	1,478
Miscellaneous provisions	22	-
Other minors	2,430	2,428
	175,477	168,358
Deferred liabilities		
Utilization of amortization of mining rights and concessions, exploration, development and stripping costs and amortization of property, plant and equipment	187,903	196,515
Effect by translation of the tax benefits to dollars	49,625	42,348
Fair value of shares	37,085	4,840
Financial expenses due to financial obligations	964	1,276
Embedded derivative and sales adjustment	16	403
Derivative financial instruments	-	12
Other minors	1,949	1,821
	277,541	247,215
Assets (Liabilities) Net deferred	(102,064)	(78,857)

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

	For the period from April 1		For the cumulative period from	
	to June 30		January 1	
	2024	2023	2024	2023
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Income Tax				
Current	(2,452)	(4,392)	(3,582)	(10,669)
Deferred	(3,236)	14,968	892	19,099
	(5,688)	10,576	(2,690)	8,430
Tax on mining royalties	(3,367)	(2,312)	(5,601)	(5,583)
Contribution to the retirement fund	(37)	(74)	(51)	(167)
Total income (loss) tax expense	(9,092)	8,190	(8,342)	2,680

13. Issued capital

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

Both class “A” and class “B” common shares listed in the Lima Stock Exchange were frequently traded by the stock market. As of June 30, 2024, their quotation was S/ 0.55 and S/ 0.205 per share, respectively (S/ 0.53 and S/ 0.312 per share, respectively, as of December 31, 2023).

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

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

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

In November 2017, Glencore International AG, subsidiary of Glencore PLC, conducted a Public Acquisition Tender of common class A shares and purchased 603,077,387 shares. Glencore PLC and its related entities, at the announcement date of the Public Acquisition Tender, were the owners of 295,754,888 shares, with which they accumulated 898,832,275 common class A voting shares, which represent 63% of common outstanding class A voting shares, and an economic interest of 23.3%, excluding treasury shares.

At the board meeting held on July 24, 2018, the directors approved the distribution of cash dividends in advance on account of freely available profits as of June 30 of up to S/ 54,583 (equivalent to US\$16,641) in favor of the shareholders, which correspond to the profits of fiscal year 2018. Said dividends were paid on August 22, 2018.

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

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

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

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

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

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

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

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

14. Net sales

The table herein below provides a detail of net sales:

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2024 US\$(000)	2023 US\$(000)	2024 US\$(000)	2023 US\$(000)
Net concentrate sales				
Zinc	112,830	111,099	209,054	239,097
Lead	46,005	65,203	89,521	114,647
Copper	13,976	14,735	24,520	24,408
Silver	19,460	15,285	33,066	31,171
Silver Bars	20,822	21,576	36,975	39,240
Final settlement adjustments	5,440	(10,308)	4,582	(1,402)
	<u>218,533</u>	<u>217,590</u>	<u>397,718</u>	<u>447,161</u>
Embedded derivatives for the current period (a)	(47)	(4,698)	(2,692)	(13,177)
Gain (loss) realized on financial instruments	(198)	435	(55)	435
	<u>218,288</u>	<u>213,327</u>	<u>394,971</u>	<u>434,419</u>

(a) Embedded Derivate

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

As of June 30, 2024, and 2023, the Company holds embedded derivatives based on forward prices with respect to the anticipated liquidation date, since, under commercial contracts, final prices are to be established over the next months. The adjustment of the provisional sales value is recorded as an adjustment of net current sales.

Sales of concentrates include adjustments to the provisional sales value resulting from changes in the embedded derivatives fair value. Such adjustments resulted a losses for US\$2,692 in the six-months periods ended June 30, 2024 (US\$13,177 loss as of June 30,2023), and are shown as part of net sales.

15. Cost of sales

The composition of this below:

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2024 US\$(000)	2023 US\$(000)	2024 US\$(000)	2023 US\$(000)
Concentrates beginning inventory	6,984	10,146	8,052	11,036
Raw materials (extracted ore) beginning inventory	16,512	12,497	11,956	13,547
Production cost:				
Labor	18,667	23,504	38,226	45,018
Rental, power and other expenses	56,171	71,520	117,173	136,938
Supplies used	28,422	34,347	57,117	65,712
Depreciation and amortization	41,676	51,383	83,724	98,573
Purchase of concentrate and minerals	319	-	319	-
Less - concentrates ending inventory	(9,216)	(7,889)	(9,216)	(7,889)
Less - raw materials (extracted ore) ending inventory	(11,917)	(13,017)	(11,917)	(13,017)
	<u>147,619</u>	<u>182,491</u>	<u>295,434</u>	<u>349,918</u>
Plant stoppage costs	12,964	5,700	21,697	12,108
Plant stoppage Depreciation and Amortization	3,955	413	6,761	779
Cost of sales - Plant stoppage maintenance	<u>16,919</u>	<u>6,113</u>	<u>28,458</u>	<u>12,887</u>
Total	<u>164,538</u>	<u>188,605</u>	<u>323,892</u>	<u>362,805</u>

16. Financial income (expenses)

The composition of this below:

	For the period from April 1 to June 30		For the cumulative period from January 1 to June 30	
	2024 US\$(000)	2023 US\$(000)	2024 US\$(000)	2023 US\$(000)
Financial income				
Loan interest	1,494	1,083	1,494	2,613
Another financial income	469	715	692	994
Total other financial income	1,963	1,798	2,186	3,607
Financial expenses				
Interest on bonds issued	4,145	4,145	8,336	8,336
Accrual of financial costs for anticipated cancellation of the syndicated loan	(240)	241	-	481
Interest on financial obligations	10,191	9,615	20,718	17,951
Effect of updating the present value of mine closure	1,226	852	2,444	1,698
Commissions and other expenses	3,433	1,804	4,757	4,624
Bond structuring expenses	221	220	441	440
	18,975	16,877	36,696	33,530
Closure of mines and communities	98	62	202	131
Operating lease (IFRS 16)	383	301	763	461
	481	363	965	592
Total financial expenses	19,456	17,240	37,661	34,122

17. Remuneration of the personal key

The remuneration of the key personnel of the Company and Subsidiaries as of June 30, 2024 and 2023 amounted to US\$6,803 and US\$6,310, respectively and corresponds to salaries, participations, benefits and social charges, bonuses and extraordinary gratification.