PODEROSA

FINANCIAL
STATEMENT 2023

SECURITY AND RESILIENCE

Compañía Minera Poderosa S.A.

Separate Financial Statements

As of December 31, 2023 and 2022

(including Independent Auditors' Report)

(TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN SPANISH AND IN SOLES)

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(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH AND IN SOLES)

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Directors of
Compañía Minera Poderosa S.A.

Opinion

We have audited the accompanying separate financial statements of Compañía Minera Poderosa S.A. (the Company), which comprise the separate statement of financial position as of December 31, 2023, and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of the Company as of December 31, 2023, and its non-consolidated financial performance and its non-consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing approved for their application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Peru, together with the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements, respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters	Addressing key audit matters
Assessment of provision for environmental rehabilitation (see note 12 Property, plant and equipment and note 20 Provision for environmental rehabilitation to the separate financial statements)	
The Company recognized a provision for environmental rehabilitation in ‘liabilities’ for S/ 131,429 thousand and in ‘assets’ for S/ 92,134 thousand. The Company is responsible for assessing IAS 16 Property, Plant and Equipment and IAS 37 Provisions Contingent Liabilities and Contingent Assets, in accordance with the Company's policy. The Company recognizes a provision for environmental rehabilitation and mine closure, which represents its legal obligation to restore the site at the end of its activities. These obligations are determined by regulatory requirements and policies and processes established by the Company (note 3.J). The provision for environmental rehabilitation is reviewed and approved by the Administration, Financial and Marketing Management.	We believe that this is a key audit matter due to the degree of management judgment and subjectivity, and the degree of complexity to determine the amount of the provision for environmental rehabilitation. Our approach to address the matter involved, among others, the following procedures: ▪ Understand the process and evaluation of the design and implementation of controls to determine the amount. ▪ Evaluate the existence and accuracy of disbursements made during the period. ▪ Involve our corporate finance experts to review the discount rate of the amount of cash flows relating to provisions adjusted to present value made with the customer. ▪ Review the disclosures made by management in the separate financial statements.

Other matters

The consolidated financial statements as of December 31, 2023 of Compañía Minera Poderosa S.A. and its subsidiaries have been prepared and presented separately; and in our report, we expressed an unqualified opinion on those financial statements. The separate financial statements have been prepared in compliance with existing Peruvian requirements for financial statement presentation and reflect the carrying amount of an investment in a subsidiary using the cost model.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate financial statements does not cover the other information and we do not express an opinion, a conclusion, or any form of assurance thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether a material inconsistency exists between the other information and the separate financial statements, or the other information otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is required to evaluate whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with the Company's governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if they could, individually or in the aggregate, influence the economic decisions that users make on the basis of the separate financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, including the disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with the Company's governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies or material weaknesses in internal control that we identify during our audit.

Also, we provide those charged with the Company's governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards that have been applied to eliminate the threats.

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

Lima, Peru,

May 29, 2024

Emmerich, Córdova y Asociados

Countersigned by:

Juan José Córdova (Partner)
Peruvian CPA Registration 18869

Compañía Minera Poderosa S.A.

Separate Financial Statements

As of December 31, 2023 and 2022

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(Translation of Financial Statements originally issued in Spanish

Compañía Minera Poderosa S.A.
Separate Statement of Financial Position
As of December 31, 2023 and 2022

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Assets			
Current assets			
Cash and cash equivalents	*6*	74,701	66,554
Other financial assets	*6*	-	45,000
Trade accounts receivable	*7*	3,940	3,306
Other accounts receivable	*8*	23,649	16,259
Inventories	*9*	18,387	18,467
Prepaid expenses	*10*	4,433	3,781
Total current assets		**125,110**	**153,367**
Non-current assets			
Other accounts receivable	*8*	1,527	1,387
Investments in subsidiaries and associates	*11*	6,857	6,764
Prepaid expenses	*10*	3,235	3,930
Property, plant and equipment	*12*	278,982	217,152
Right-of-use assets	*13*	5,865	7,722
Intangible assets	*14*	205,275	159,645
Total non-current assets		**501,741**	**396,600**
Total assets		**626,851**	**549,967**

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Liabilities			
Current liabilities			
Trade accounts payable	*15*	56,674	41,925
Other accounts payable	*16*	18,290	18,521
Other financial liabilities	*17*	26,592	23,107
Lease liabilities	*13*	1,207	1,491
Employee benefits	*18*	11,106	15,574
Provisions	*19*	475	412
Current portion of provision for environmental rehabilitation	*20*	787	937
Total current liabilities		**115,131**	**101,967**
Non-current liabilities			
Other accounts payable	*16*	65	110
Other financial liabilities	*17*	14,000	-
Lease liabilities	*13*	2,360	3,076
Provision for environmental rehabilitation	*20*	34,610	15,991
Deferred tax liabilities	*22*	17,483	11,288
Total non-current liabilities		**68,518**	**30,465**
Total liabilities		**183,649**	**132,432**
Equity			
Issued capital	*23*	161,594	118,783
Other capital reserves	*24*	32,319	23,757
Retained earnings	*25*	249,289	274,995
Total equity		**443,202**	**417,535**
Total equity and liabilities		**626,851**	**549,967**

The accompanying notes on pages 5 to 80 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

Compañía Minera Poderosa S.A.
Separate Statement of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2023 and 2022

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Revenue	*28*	530,459	544,805
Cost of sales	*29*	(354,450)	(320,645)
Gross profit		**176,009**	**224,160**
Operating income (expenses)			
Selling expenses	*30*	(14,353)	(13,616)
Administrative expenses	*31*	(45,993)	(41,769)
Other income	*35*	7,185	3,398
Other expenses	*35*	(3,656)	(17,526)
Operating profit		**119,192**	**154,647**
Finance income (borrowing costs)			
Finance income	*33*	2,645	4,656
Borrowing costs	*33*	(4,844)	(1,872)
Finance charge, net		**(2,199)**	**2,784**
Profit before tax		**116,993**	**157,431**
Tax expense	*27*	(39,964)	(53,097)
Profit for the period		**77,029**	**104,334**
Cummulative traslation adjustment	*2d*	13,071	22,368
Total other comprehensive income		**90,100**	**126,702**
Basic earnings per share (in U.S. dollars)	*34*	**0.128**	**0.230**

The accompanying notes on pages 5 to 80 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

Compañía Minera Poderosa S.A.
Separate Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

In thousands of U.S. dollars	**Number of ordinary shares**	**Issued capital (note 23)**	**Other capital reserves (note 24)**	**Retained earnings (note 25)**	**Total equity**
Balance as of January 1, 2022	453,750,000	113,494	22,699	243,477	379,670
Profit of the period	-	-	-	104,334	104,334
Total other comprehensive income	**-**	**-**	**-**	**104,334**	**104,334**
Dividend distribution	-	-	-	(88,935)	(88,935)
Others	-	-	-	98	98
Total transactions with stockholders	**-**	**-**	**-**	**(88,837)**	**(88,837)**
Cumulative translation adjustment	-	5,289	1,058	16,021	22,368
Balance as of December 31, 2022	**453,750,000**	**118,783**	**23,757**	**274,995**	**417,535**
Balance as of January 1, 2023	453,750,000	118,783	23,757	274,995	417,535
Profit of the period	-	-	-	77,029	77,029
Total other comprehensive income	**-**	**-**	**-**	**77,029**	**77,029**
Dividend distribution	-	-	-	(64,433)	(64,433)
Issued treasury shares	146,250,000	38,599	-	(38,599)	-
Established legal reserve	-	-	7,720	(7,720)	-
Total transactions with stockholders	**146,250,000**	**38,599**	**7,720**	**(110,752)**	**(64,433)**
Cumulative translation adjustment (note 2d)	-	4,212	842	8,017	13,071
Balance as of December 31, 2023	**600,000,000**	**161,594**	**32,319**	**249,289**	**443,202**

The accompanying notes on pages 5 to 80 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

Compañía Minera Poderosa S.A.
Separate Statement of Cash Flows
For the years ended December 31, 2023 and 2022

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Cash flows from operating activities			
Profit or loss		77,029	104,334
Debit (credit) to non-cash items (profit or loss)			
Depreciation	*12 & 13*	13,405	13,846
Amortization	*14*	62,928	62,927
Loss allowance for other accounts receivable	*8 & 31*	129	108
Reversal of an impairment loss on accounts receivable	*8 & 35*	(2)	(7)
Provision for litigations	*19 & 31*	174	146
Deferred tax	*22 & 27.E*	5,828	1,742
Costs of upgrading the provision for mine closure	*20 & 33*	983	388
Loss on sale of property, plant and equipment	*35*	3,527	17,124
Income tax	*27.E*	34,095	51,355
Exchange difference	*33 & 5.A*	(1,642)	(756)
Finance charge, net	*33*	1,216	423
Debit (credit) for net changes in assets and liabilities			
(Decrease) increase in trade accounts receivable	*7*	(634)	(759)
(Decrease) increase in other accounts receivable	*8*	(7,530)	(13,496)
Decrease (increase) in inventories	*9*	80	(3,496)
Increase in prepaid expenses	*10*	43	283
Increase in trade accounts payable	*15*	14,749	20,404
Decrease (increase) in other accounts payable		11,705	(22,836)
Cash payments from liabilities for mine closure	*20*	(235)	(787)
Cash flows from operating activities		215,848	230,943
Cash payments from interest		(2,360)	(1,277)
Cash payments from income tax		(48,497)	(52,007)
Net cash from operating activities		**164,991**	**177,659**
Cash flows from investing activities			
Cash receipts from time deposits over 90 days		45,000	-
Cash receipts from sale of property, plant and equipment	*35*	248	174
Acquisition of intangible assets	*14*	(103,475)	(82,576)
Acquisition of property, plant and equipment	*12 & 13*	(51,778)	(45,730)
Opening of time deposits	*6*	-	(45,000)
Net cash used in investing activities		**(110,005)**	**(173,132)**
Cash flows from financing activities			
Loans received	*17*	42,000	15,000
Cash payments from short-term loans	*17*	(15,000)	(13,000)
Cash payments from long-term loans	*17*	(9,855)	(4,073)
Cash payments from finance leases	*13 & 17*	(1,718)	(3,080)
Cash payments from dividends	*17 & 25*	(64,433)	(88,940)
Net cash used in financing activities		**(49,006)**	**(94,093)**
Net increase (decrease) in cash and cash equivalents		5,980	(89,566)
Opening balance	*6*	66,554	155,590
Effects of changes in exchange rates on cash held		2,167	530
Closing balance	*6*	**74,701**	**66,554**
Non-cash transactions			
Increase (decrease) in costs for mine closure	*12*	19,580	(1,409)
Increase in liabilities for mine closure	*20 & 33*	983	388
Increase in right-of-use assets	*13 i.*	530	362
Increase in capital (capitalization of profits)	*23*	38,599	-

The accompanying notes on pages 5 to 80 are an integral part of these separate financial statements.

1. Background and Economic Activity

A. Background
Compañía Minera Poderosa S.A. (hereinafter the Company) was incorporated on May 5, 1980. Its legal domicile is located at Av. La Floresta 497, oficina 501, San Borja, Lima, Perú.

The Company's ordinary shares are listed on the Lima Stock Exchange (BVL, for its Spanish acronym). Therefore, it shall meet the specific requirements of the Superintendence of Securities Market (SMV, for its Spanish acronym).

B. Economic activity
The Company is mainly engaged in the exploration, extraction, precipitation and casting of gold to produce gold bullion. It carries out mining and metallurgical activities in the Poderosa Production Unit located in the District of Pataz, Department of La Libertad, Peru.

The Company entered into two contracts for the refining and sale of gold and silver with Asahi Refining Canada Ltd. and Argor-Heraeus. Such contracts set forth the sale terms and conditions, quality of metals, contractual obligations of each party, among others.

For administrative and decision-making purposes, the Company identifies as a single reportable segment the Marañón and Santa María Production Units, which are components (mining concessions) from which the Company may earn revenue and incur costs and expenses and are controlled by the Company. The information is reported as a single operating segment.

C. Approval of the separate financial statements
The separate financial statements as of December 31, 2023 have been issued with management approval on February 05, 2024, and will be presented to the Board of Directors for corresponding approval, and then presented to the General Stockholders' Meeting, which will be held within the terms established by law, for final approval. In management's opinion, the separate financial statements will be approved by the Board of Directors and the General Stockholder's Meeting with no modification to the separate financial statements.

The General Stockholders' Meeting, held March 14, 2023, approved the separate financial statements as of December 31, 2022.

D. Status of the Company
On December 2, 2023, a criminal attack occurred at "Poderosa" mining site, where 9 workers from contractor companies providing security services were killed and another 10 workers from the same companies were seriously injured. Since 2022, the Company has suffered attacks of a similar nature, leading to the death of another 7 employees, the explosion of 10 high voltage towers and the destruction of infrastructure, machinery and equipment.

According to the Company's investigations, these attacks are the result of a deterioration of security conditions in the district of Pataz due to the growth of illegal mining and organized crime.

Despise these contingencies, the operations at "Poderosa" mining site continued to develop. Therefore, in 2023, there was no lower extraction tonnage or unused production capacity. These events led to higher expenses to reinforce security at the mining site (note 29).

2. Basis of Preparation of the Separate Financial Statements

A. Statement of compliance
The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), effective December 31, 2023.

The Company's accounting policies are described in note 3.

B. Information responsibility
The information contained in these separate financial statements is the responsibility of the Company's Board of Directors that expressly states that all the principles and criteria, included in IFRSs and issued by IASB, have been applied.

C. Basis of measurement
The separate financial statements have been prepared on a historical cost basis from the accounting records held by the Company, excluding hedging instruments measured at fair value.

D. Translation from Soles into US dollars
The functional and presentation currency of the Company is Soles. The financial statements in Soles have been translated into US dollars subject to the application of “IAS 21 The Effects of Changes in Foreign Exchange Rates”, as follows: The assets and liabilities of the statement of financial position presented as of December 31, 2023 and 2022, were translated at the exchange rate at closing date. The equity presented as of December 31, 2023 and 2022 were translate d at the exchange rate at date of historical transaction. The income and expenses contained in the statement of profit or loss and other comprehensive income for the year ended December 31, 2023 and 2022, were translated at the exchange rate of every transaction date. All exchange differences shall be recorded in the statement of other comprehensive income. The financial statements in US dollars were prepared to comply with requirements of shareholders, clients, supplier, banks and with the purpose to be included in the annual memory of the Company (note 3.W).

E. Use of judgments and estimates
In preparing these separate financial statements under IFRSs, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting estimates and judgments used are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments
Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the separate financial statements is included in the following notes:

- Revenue recognition: identifying performance obligations and determining revenue recognition over time or at a point in time (note 3.O).
- Leases: determining whether an arrangement is, or contains, a lease and its classification (note 3.G).
- Uncertain tax treatment: determining current tax payable and current tax expense for which there is uncertainty over income tax treatment (note 3.I).
- Functional currency: using certain judgments to determine the primary economic environment in which an entity operates (note 2.D).

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties as of December 31, 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

i. Useful life and recoverable amount of items of property, plant and equipment (note 3.E)
Depreciation is calculated using the straight-line method based on the lower of the estimated useful life of the asset and the remaining useful life of the mine.

Probable and proved reserves are used in calculating the depreciation and amortization of mining assets. This results in depreciation and/or amortization charges proportional to the expected wear and tear of the residual value of mine production.

In determining the useful life of an asset, the Company considers the limits on the use of the asset, and estimates and assumptions on the total estimated reserves and capital expenses expected to be required.

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset, if the asset were in the condition expected at the end of its useful life. It is determined at the end of the reporting period.

ii. Determination of mineral resources and reserves (note 3.F.)
The reserves represent the proved and probable mineral resource estimate that, in the current conditions, can be processed economically under established parameters.

The process for estimating mineral reserves is complex and requires the assessment of available information on geology, geophysics, engineering and economics, which is highly subjective. Accordingly, the reserve estimate may be reviewed and adjusted for different reasons—e.g., changes in the geological data or assumptions, quoted prices, production costs and results of exploration activities. The estimate is carried out once a year with the support of internal specialists and every two years, with external specialists.

Changes in the reserve estimate directly affect the calculations of depreciated items of property, plant and equipment related to the mining activities, provision for mine closure and amortized exploration and development expenses.

iii. Conversion of mineral resources into ore reserves (note 3.F)
According to the Joint Ore Reserves Committee Code (JORC)—the Australasian code that sets minimum standards for public reporting of exploration results, mineral resources and ore reserves, and for determining probable and proved reserves—definition, an ore reserve is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses that may occur when the material is mined or extracted. Also, it is defined by studies at pre-feasibility or feasibility level, as appropriate, that include the application of modifying factors—i.e., extraction, metallurgical, economic, market, legal, environmental, social and governmental factors. Such studies demonstrate that, at the reporting date, extraction could be reasonably justified.

Ore reserves are subdivided in order of increasing confidence into probable ore reserves and proved ore reserves.

Given the Company's level of reserves and their production, the estimated useful life of a mine is three years, evidencing the type of deposit. A linear increase in investments in geology does not necessarily involve a linear increase in reserves.

iv. Provision for environmental rehabilitation and mine closure (note 3.J)

The Company measures a provision for mine closure on an annual basis. The recognition of such provision requires the use of significant estimates and assumptions since there are several factors impacting on the final provision. These factors include the estimated scope and costs of closing activities, changes in the technology, changes in the laws, increase in costs compared with inflation rates, and changes in the discount rates.

Such estimates and assumptions may result in actual expenses that are different from the amounts initially recognized. The amount recognized as a provision is the best estimate of the expense required to settle the present obligation (mine closure) at the end of the reporting period.

v. Loss allowance for trade accounts receivable

The Company recognizes a loss allowance for trade accounts receivable when there is objective evidence that it will be unable to collect all amounts due according to the contractual terms of the accounts receivable. The loss allowance for trade accounts receivable and contract assets is recognized using key assumptions to determine the weighted-average loss ratio (notes 3.K and 5.D Credit Risk).

vi. Taxes

The Company is required to use judgments to determine the income tax. Since there are several transactions and calculations, the final income tax is uncertain. The Company recognizes a liability for matters from tax audits based on whether additional tax payments will be required. When the final income tax of such tax audits is known and it is different from the amount initially determined, any adjustments have an effect on the current and deferred tax when the result of the final audit is known.

In determining current tax, the Company uses existing tax laws and does not include provisions that will generate differences from tax audits. Accordingly, the Company is not required to disclose a sensitivity analysis for changes in the income tax determination, because if there is any difference, it would not have a significant effect on profit or loss (note 3.I).

vii. Allowance for inventory obsolescence

The provision for inventory obsolescence is recognized based on the net realizable value for inventories where there is evidence of impairment on an annual basis. Such provision is debited to profit or loss when such reductions occurred (note 3.C).

viii. Provision for administrative and labor proceedings

Due to their nature, contingent assets and contingent liabilities will be confirmed only by the occurrence or non-occurrence of one or more future events. The determination of contingencies requires the use of judgments and assumptions of the outcomes of future events.

ix. Fair value measurement

A number of the Company's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the fair value measurement. A valuation team is responsible for monitoring all significant fair value measurements, including Level 3 inputs, and reporting directly to the Financial Management.

The valuation team regularly reviews significant unobservable inputs and measurement adjustments. If third-party information—e.g., broker quotes or pricing services—is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these measurements meet IFRS requirements, including the level of the fair value hierarchy in which these measurements should be classified. Significant measurement issues are reported to the Board of Directors (notes 5.G y 3.L).

When measuring the fair value of an asset or a liability, the Company uses observable inputs, if possible. The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	Unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

x. Temporary adjustments to sales prices

Sales of the Company's gold bullion are based on business contracts whose provisional value is allocated to sales that shall be adjusted at the final quoted price.

An adjustment to sales is considered as an embedded derivative that shall be separated from the contract.

Embedded derivatives are not classified as hedging instruments; therefore, changes in the fair value are recorded in the separate statement of profit or loss and other comprehensive income. Embedded derivatives corresponding to the last ships of each reporting period are not significant to the Company, thus this estimate is not included in the separate financial statements.

xi. Acquisition of subsidiary

The acquirer shall measure the identifiable assets acquired and liabilities assumed at their acquisition-date fair values (notes 11 and 3.D).

3. Material Accounting Policies

The Company adopted the Accounting Policy Disclosures (Amendments to IAS 1 and Statement of Practice 2 of the IFRS) as of January 1, 2023. Although the modifications did not give rise No change in the accounting policies themselves will affect the information on accounting policies disclosed in the financial statements. The modifications require the disclosure of "material" rather than "significant" accounting policies. The modifications also provide guidance on the application of materiality to policy disclosures accounting, helping entities to provide useful and specific information on accounting policies Accountants that users need to understand other financial statement information. Management has reviewed the accounting policies and has updated the information contained in note 3 Material accounting policies (2022: Significant accounting policies) in some cases of conformity with the modifications).

The Company has consistently applied the following accounting policies to all periods presented in these separate financial statements, unless as otherwise indicated.

A. Cash and cash equivalents

This caption comprises cash in hand, demand deposits in banks and other short-term, highly liquid investments with original maturities of less than three months and with no significant risk of changes in the fair value (note 6).

Time deposits that have original maturities of more than three months are presented in 'other financial assets' in the separate statement of financial position (note 6).

B. Financial instruments

i. Initial recognition and measurement

Trade accounts receivable and debt instruments are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade account receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. At initial recognition, a trade account receivable without a significant financing component is measured at the transaction price.

ii. Classification and subsequent measurement

- ***Financial assets***

At initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – investment in a debt instrument; FVOCI – investment in an equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not measured at FTVPL:

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

An investment in a security or debt instrument is measured at FVOCI if it meets both of the following conditions and is not measured at FVTPL:

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

At initial recognition of an investment in an equity instrument that is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the investment's fair value. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. At initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment
The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest yield profile, matching the duration of the financial assets to the duration of the liabilities that those assets are financing. To achieve such objective, the Company will both collect contractual cash flows and sell financial assets;
- How the performance of the portfolio is assessed and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated—e.g., whether compensation is based on the fair value of assets managed or the contractual cash flows collected—; and
- The frequency, volume and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For purposes of this assessment, "principal" is defined as the fair value of a financial asset at initial recognition. Interest is defined as the consideration for the time value of money, the credit risk associated with the outstanding principal amount at a certain point in time and other basic credit risks and costs—e.g., liquidity risk and administrative expenses—, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows so that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the timing or amount of cash flows;
- terms that may adjust the coupon rate, including variable rate features;
- prepayment features and extension options; and
- terms that limit the Company's claim to cash flows from specified assets—e.g., non-recourse financial assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the outstanding principal amount, which may include reasonable compensation for the early termination of the contract. In addition, a financial asset is eligible to be measured at amortized cost or FVOCI if the Company acquires the financial asset at a discount or premium to the contractual face value; the prepayment amount substantially represents the contractual face value and accrued (but unpaid) contractual interest, which may include reasonable compensation for the early termination of the contract; and when the Company initially recognizes the financial asset, the fair value of the prepayment feature is insignificant.

Subsequent measurement and gains and losses

Financial assets measured at FVTPL	They are subsequently measured at fair value. Net gains and losses, including any interest or dividend revenue, are recognized in profit or loss. However, see note for derivatives designated as hedging instruments.
Financial assets measured at amortized cost	Financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

As of December 31, 2023, and 2022, the Company's financial assets are those presented in the separate statement of financial position in 'cash and cash equivalents,' 'trade accounts receivable' and 'other accounts receivable,' and are measured at amortized cost.

Subsequent measurement and gains and losses

Financial assets measured at FVTPL	They are measured at FVTPL, including any interest or dividend revenue.
Loans and accounts receivable	They are measured at amortized cost using the effective interest method.

- ***Financial liabilities***

Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such at initial recognition. A financial liability at FVTPL is measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest revenue and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

iii. Derecognition

Financial assets
A financial asset is derecognized when:

- The contractual rights to receive the cash flows from the financial asset expire; or
- The Company transfers the contractual rights to receive the cash flows from the financial asset; and the Company transfers substantially all risks and rewards of ownership of the financial asset, or the Company neither transfers nor retains substantially all risks and rewards of ownership of the financial asset, but transfers control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its separate statement of financial position, but retains either all or substantially all the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities
A financial liability is derecognized when its contractual obligations are discharged or canceled or expire. An exchange between an existing borrower and lender of financial liabilities with substantially different terms is recognized as a derecognition of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is recognized as a derecognition of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

iv. Offsetting
A financial asset and a financial liability is offset and the net amount presented in the separate statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts; and it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

v. Derivatives

Derivative instruments and hedge accounting
At initial recognition, hedging instruments are measured at acquisition-date fair value and are permanently remeasured at fair value. The method used to recognize any gain or loss on changes in the fair value of derivatives depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the hedged item.

C. Inventories
Inventories are measured at the lower of cost or net realizable value. The cost is measured using the weighted average cost method. However, the cost of goods in transit is measured using the specific cost method.

The cost of finished goods and work-in-progress includes costs related to the mineral extraction, direct labor, direct costs and general expenses, excluding borrowing costs and exchange differences.

Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The amount of any write-down of inventories to net realizable value is recognized as an expense in 'cost of sales' in the period the write-down occurs. The current portion of inventories is determined based on the amounts that are expected to be recognized in the following 12 months.

The main items in 'inventories' are the following:

Finished goods and work-in-progress
Finished goods comprise the inventory of gold. Finished goods resulting from the Company's production activities are measured using the weighted average cost formula, including costs incurred in the production process and applicable refinery costs. Work-in-progress comprises the gold cyanide process where there is certainty of the recovery of minerals in ounces of gold. Work-in progress does not include stockpiles since they are primary minerals where there is uncertainty over the exact number of ounces of ore that can be obtained.

The cost of finished goods and work-in-progress includes costs related to the services from contractors, use of materials and supplies, direct labor, other direct costs and production costs included in the cost of inventories based on the normal capacity of the production units. The normal capacity of the production units is included in the annual production budget.

Materials, supplies and goods in transit
The cost of these items includes import duties and non-refundable purchase taxes. The loss allowance for such items is recognized based on management's specific assessment of the turnover. If the carrying amount of materials and supplies exceeds the replacement cost, the difference is charged to profit or loss when it is determined.

D. Investments in subsidiaries and associates
A subsidiary is an entity that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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 without the power to control or jointly control those policies.

The financial statements of a subsidiary are included in the consolidated financial statements from the date when the Company gains control until the date when it ceases to control the subsidiary.

Subsidiaries and associates are recognized in the separate financial statements using the cost model.

As of December 31, 2023 and 2022, the Company has no interests in consolidated structured entities and unconsolidated structured entities.

If the Company loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary, as well as any related non-controlling interests and other items of equity. Any resulting gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is measured at fair value when control is lost (note 11).

E. Property, plant and equipment

i. Recognition and measurement

An item of property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price or construction cost, including expenses directly attributable to the acquisition or manufacturing of these items. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

An item of property, plant and equipment items is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item. They are recognized in the separate statement of profit or loss and other comprehensive income.

The residual value, useful life and depreciation method are reviewed and adjusted, if necessary, at the end of each reporting period. Any changes in the accounting estimates are adjusted prospectively.

ii. Subsequent costs

The cost of an item of property, plant and equipment is recognized at the carrying amount of the asset or as an asset if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. Major inspection or overhaul costs are charged to expenses, as appropriate, when they are incurred.

The costs incurred to replace part of an item of property, plant and equipment are capitalized separately, and the carrying amount of the replaced part is written-off. If the replaced part is not considered as a separate part of the asset, the replacement cost of the new part is used to estimate the carrying amount of the replaced asset.

Work-in-progress is capitalized separately. Upon completion, the cost of these assets is transferred to a final category. Work-in-progress is not depreciated.

Major inspection or overhaul costs
Major inspection or overhaul costs include the costs incurred to replace part of an asset and the costs to perform overhauling every few years that are necessary to bring the asset to working condition for its intended use, according to technical specifications provided by the supplier. They are capitalized separately at initial recognition of the asset, and are depreciated over the estimated period until the next major inspection or overhauling.

Depreciation
Land is not depreciated. Depreciation is calculated on a straight-line basis using the following estimated useful lives:

	Years
Buildings and other constructions	5-30
Machinery and equipment	2-30
Vehicles	2 - 6
Furniture and fixtures	5 - 20
Various equipment	3 - 25
Assets for environmental rehabilitation and mine closure	Useful life of mine

The carrying amount of an asset is reduced at its recoverable amount when the asset's carrying amount exceeds its recoverable amount (note 12).

F. Intangible assets

Mining concessions and rights
Significant costs related to the acquisition of rights on mining concessions are capitalized. If a mineable ore body is not discovered, the costs incurred are debited to profit or loss when there are no future economic benefits from the rights. Mining concessions, in which mineable ore bodies are discovered, are amortized from the production phase using the straight-line method. If the Company abandons a concession, the related costs are written-off and charged to the separate statement of profit or loss and other comprehensive income.

Exploration and development expenses
The Company capitalizes exploration expenses when proved and probable reserves are determined. Such costs are amortized over the useful life of the mine when carrying out the commercial exploitation activities of reserves. When the Company does not expect any future economic benefits from the mine, the accumulated exploration expenses are charged to profit or loss.

When a mine is considered commercially viable—i.e., when proved and probable reserves are determined—, the costs incurred to develop such property—e.g., costs related to the use of materials and fuels, land survey studies, drilling costs and payments to contractors, including additional costs to trace the ore body and waste removal costs—are capitalized. Development expenses are amortized using the straight-line method over the proved and probable reserves, and are charged to production costs (note 14).

G. Leases
At the commencement date, the Company determines whether the arrangement is, or contains, a lease. An arrangement is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration (note 13).

i. The Company as lessee

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease—i.e., the date on which a lessor makes an underlying asset available for use by a lessee. The Company shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. However, the Company did not identify one or more additional lease or non-lease components of a contract. Therefore, the consideration is allocated only to a lease component identified.

Right-of-use assets

At the commencement date, a right-of-use asset is measured at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the site on which it is located.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the lease term. In addition, the right-of-use asset is measured at cost less any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. The useful life of assets are as follows:

Land	3 years
Property	3 years
Machinery	1.5 years
Various equipment	3 years

If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Lease liabilities

At the commencement date, a lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses the incremental borrowing rate as discount rate. It is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of use asset in a similar economic environment.

The Company determines the incremental borrowing rate as follows:

- It uses the external loan received by the lessee as a starting point, adjusted to reflect changes in the financing conditions since the external loan was received;
- It uses a structured approach beginning with a risk free interest rate adjusted for credit risk to held leases without a third-party loan; and
- It makes specific adjustments to the lease—e.g., term, country, currency and security.

The lease payments included in the measurement of the lease liability comprise the following:

- Fxed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate; variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liabilities are measured at present value using the effective interest method. Subsequent to the commencement date, the Company shall measure the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. Lease liabilities are remeasured when there is a change in the future lease payments resulting from a change in an index or rate; there is a change in the amounts expected to be payable under a residual value guarantee; or if the Company reassesses whether it is reasonably certain to exercise a purchase, extension or termination option.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The borrowing costs are charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, it shall recognize any remaining amount of the remeasurement in profit or loss.

Short-term leases and leases of low-value assets
The Company elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets (less than US$ 5,000). The Company recognizes lease payments associated with these leases as expenses on a straight-line basis over the lease term.

ii. The Company as lessor
At the commencement date or on reassessment of an arrangement that contains a lease component, the Company shall allocate the consideration in the arrangement to each lease component on the basis of the relative stand-alone price of the lease component.

At the commencement date, the Company, acting as lessor, classifies each of its leases as either an operating lease or a finance lease.

In classifying each lease, the Company assesses whether substantially all the risks and rewards incidental to ownership of an underlying asset are transferred. If so, the lease is classified as a finance lease; otherwise, it is classified as an operating lease. In such assessment, the Company considers certain indicators—e.g., whether the lease covers all of the asset's useful life.

The Company recognizes the lease payments associated with operating leases as revenue on a straight-line basis over the lease term, which are included in ''other income'' (notes 35 y 13).

H. Loans

Loans are initially measured at fair value, less transaction costs incurred. Loans are subsequently measured at amortized cost, and any difference between the funds received and the redemption amount is recognized in the separate statement of profit or loss and other comprehensive income during the loan term using the effective interest method. Non-relevant transaction costs are not considered and are included in the separate statement of profit or loss and other comprehensive income.

The Company classifies a loan as a current liability when it does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period (note 17).

I. Taxes and deferred tax

Tax expense comprises current and deferred tax. Taxes are recognized in the separate statement of profit or loss and other comprehensive income.

Current tax

Current tax liabilities and assets are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Management assesses on an ongoing basis its position in income tax returns regarding situations in which tax laws are subject to interpretations.

Deferred tax

Deferred tax is calculated using the liability method. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences—i.e., differences between the carrying amount of an asset or liability in the separate statement of financial position and its tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

A deferred tax asset is recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Deferred tax assets that have not been recognized in the separate financial statements are reassessed at the reporting date.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are considered as a net package (lease) for the purpose of recognizing deferred tax.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

J. Provisions

General provision
A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenses expected to be required to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as 'borrowing costs' in the separate statement of profit or loss and other comprehensive income.

A contingent liability is disclosed when its existence will be confirmed only by the occurrence or non-occurrence of one or more future events or when the amount of the obligation cannot be measured reliably. The Company shall not recognize contingent assets. A contingent asset is disclosed where an inflow of economic benefits is probable (notes 19 and 20).

Provision for environmental rehabilitation
The Company recognizes a provision for environmental rehabilitation and mine closure, which represents its legal obligation to restore the site at the end of its activities. At initial recognition, the liability measured by discounting estimates of future cash flows to their present value is simultaneously charged to 'property, plant and equipment' in the separate statement of financial position.

Subsequently, the liability increases in each period to reflect the passage of time (recognized as a borrowing cost) and, in addition, the capitalized cost is depreciated over the useful life of the related asset. The Company recognizes any resulting gain or loss upon settlement of the obligation. If the carrying amount of the liability and the related asset is increased or decreased as a result of a revaluation, the increase or decrease is recognized in accordance with IAS 16 *Property, Plant and Equipment*. An impairment loss and, therefore, the reduction of the carrying amount of the related asset exceeding its recoverable amount is recognized immediately in the separate statement of profit or loss and other comprehensive income.

If a revaluation results in an increase to the existing provision and, consequently, the carrying amount of the related asset is increased, the Company assesses whether such increase corresponds to an indication that the asset may be impaired. If so, the Company performs impairment tests, in accordance with IAS 36 *Impairment of Assets* (notes 3.N and 20).

K. Impairment of financial assets

i. Non-derivative financial assets

Financial instruments and contract assets
The Company recognizes the loss allowance for:

- financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for the following, which are measured as 12-month ECLs:

- debt instruments that are determined to have low credit risk at the reporting period; and
- other debt instruments and cash at bank for which credit risk—i.e., the risk of default occurring over the estimated useful life of the financial instrument—has not increased significantly since initial recognition.

Loss allowances for trade accounts receivable and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether there has been a significant increase in credit risk since initial recognition and determining whether the recognition of lifetime ECLs is required, the Company considers reasonable and supportable information that is available without undue cost or effort. This includes historical and forward-looking information and an assessment of the credit risk over the expected life of the financial asset, as well as qualitative or quantitative assessments.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay in full its credit obligations to the Company, without recourse by the Company to actions—e.g., realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period to consider when measuring ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. They are measured as the present value of all cash shortfalls—i.e., the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

Credit-impaired financial assets
At the end of each reporting period, the Company assesses whether financial assets measured at amortized cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the expected future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes include observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

The loss allowance for financial assets measured at amortized cost is deducted from the gross carrying amount of assets.

Write-off
The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Impairment of financial assets
The Company assesses, at the end of each reporting period, whether there is objective evidence of impairment of a financial asset or group of financial assets measured at amortized cost. A financial asset or group of financial assets measured at amortized cost is impaired, and consequently incurred losses, if there is objective evidence of impairment as a result of one or more events that occurred subsequent to the initial recognition of the asset (loss event), and if such loss event (or events) has an impact on the expected future cash flows of the financial asset (or group of financial assets measured at amortized cost) that can be estimated reliably.

Evidence that a financial asset is credit-impaired includes observable date of the following events: significant financial difficulty of the issuer or borrower; a breach of contract, such as a default or delinquency in interest or principal payments; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, such as economic conditions that correlate with defaults.

For loans and accounts receivable, a credit loss is the present value of the difference between an asset's carrying amount and the cash flows that the Company expects to receive (excluding credit losses not incurred) discounted at the original effective annual interest rate. The asset's carrying amount is reduced and the credit loss is recognized in the separate statement of profit or loss and other comprehensive income.

If, in a further period, the impairment loss decreases and such decrease can be related objectively to the occurrence of an event subsequent to impairment recognition—e.g., improvement in the credit rating of a borrower—, the reversal of the previously recognized impairment is recognized in the separate statement of profit or loss and other comprehensive income. The Company assesses on an individual basis whether there is objective evidence that accounts receivable may be impaired. Likewise, the Company assesses on a collective basis whether there is objective evidence that accounts receivable may be impaired, using information about past credit loss experience in accounts receivable with similar credit risk characteristics. It allows to reasonably measure the loss allowance for accounts receivable, considering the customer characteristics and the accounting requirements of IAS 39, to adequately hedge the risk of loss on accounts receivable in accordance with Peruvian market conditions.

Impairment of non-financial assets
Non-financial assets with indefinite useful life that are not amortized are subject to annual impairment tests. Depreciated or amortized assets are subject to impairment tests whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of sale and its value in use. The Company applies an impairment test to the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets—i.e., a cash-generating unit (CGU).

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. That reduction is an impairment loss. Any impairment loss is recognized in the separate statement of profit or loss and other comprehensive income. An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

L. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of a liability reflects the effect of non-performance risk.

A number of the Company's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities (note 2.E.ix).

The Company measures the fair value of a financial instrument using the quoted price in an active market for the identical item, if that price is available. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When a price for an identical asset or liability is not observable, the Company measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The valuation technique shall reflect the assumptions that market participants would use when pricing the asset or liability.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures the fair value on the basis of the price that would be received to sell a net long position (i.e., an asset) or paid to transfer a net short position (i.e., a liability).

M. Employee benefits

Employees' profit sharing

The Company recognizes a liability when an employee has rendered the service and an expense when the entity consumes the economic benefit arising from the service. Employees' profit sharing is equivalent to 8% of tax base determined according to the existing Income Tax Law. Employee's profit sharing is recognized as an item of production cost, intangible assets and selling and administrative expenses (note 18).

Termination benefits

Termination benefits are recognized in profit or loss when paid—i.e., when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits (note 18).

Legal bonuses

The Company determines the expense for legal bonuses and its related liability based on current Peruvian laws. Legal bonuses correspond to two annual compensations that are paid in July and December annually.

Severance payment

Severance payment of the Company's personnel corresponds to employees' indemnities, according to current laws, which shall be deposited in April and November annually in bank accounts designated by employees. Severance payment of the personnel is equivalent to 50% of a compensation in force at the deposit date. The Company has no obligation to make any additional payments once it has made the annual deposits of funds to which the employee is entitled (note 18).

Holidays
Personnel's annual holidays are recognized on an accrual basis. The provision for estimated liabilities corresponding to personnel's annual holidays, resulting from the service rendered by an employee, is recognized on the reporting date.

N. Impairment losses
When events or circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, management reviews the carrying amount of the asset. If after the impairment test, the carrying amount exceeds its recoverable amount, an impairment loss is recognized in the separate statement of profit or loss and other comprehensive income. The recoverable amount is estimated for each asset or, if not possible, for each CGU.

The recoverable amount of a long-lived asset or a CGU is the higher of its fair value less costs to sell and its value in use. Fair value less costs of disposal of a long-lived asset or a CGU is the amount that the Company expect to obtain from the disposal of the asset or CGU in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or a CGU.

Impairment tests performed by the Company, when appropriate, consider the CGU's value in use (a CGU is the smallest identifiable group of assets that generates cash inflow). Value in use is based on the estimated future cash flows discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset at the reporting date. Any impairment loss of an asset related to continued operations is recognized in the separate statement of profit or loss and other comprehensive income in 'expenses' to which the credit-impaired asset belongs.

On the other hand, the Company assesses at the end of each reporting date whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in the separate statement of profit or loss and other comprehensive income.

IFRS 6 *Exploration for and Evaluation of Mineral Resources* introduces an alternative impairment test for exploration and evaluation expenses recognized as assets, which differs from the requirements of IAS 36 *Impairment of Assets*. IFRS 6 requires entities to recognize exploration and evaluation assets to perform an impairment test on those assets when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amount. The following facts and circumstances indicate that the Company should test exploration and evaluation assets for impairment:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive cost on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and

- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered from successful development or by sale.

In any such case, the Company shall perform an impairment test in accordance with IAS 36 *Impairment of Assets*.

O. Revenue recognition

The Company measures revenue at the fair value of the consideration received or receivable in exchange for the sale of mineral during the normal course of business. Revenue is presented net of sales taxes, reductions and discounts arising from amendments to the mining law. The Company recognizes revenue when it transfers all the risks and rewards of ownership of the asset; it is probable that the economic benefits associated with the transaction will flow to the Company; the amount of revenue can be reliably measured; and the transaction meets the specific criteria for each of the Company’s activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company identified the following performance obligations:

(a) Sale of mineral – gold bullion; and
(b) Laboratory services (note 28)

The following specific criteria shall be met in order to recognize revenue:

Sale of mineral – Gold bullion

A contract for sale of gold bullion establishes the quoted price based on the international gold price and the short period of time between the commencement date of the contract and the satisfaction of the performance obligation (days, less than one week). Revenue from sale of gold bullion is recognized when control is transferred—i.e., at the date of loading—, based on provisional settlements that are subject to final settlements. The final adjustments resulting from final settlements are recognized when they are made. Final settlements are determined based on the quoted price in the international market over a contractually pre-established period. The outstanding provisional settlements at the end of each reporting period are upgraded using the gold price that would be used for final settlements, provided that the amount to be upgraded is significant.

Laboratory services

The Company allocates a portion of the transaction price to the laboratory services. Such services are rendered after transferring the control of gold bullion to a customer. Revenue is recognized over time as the services are rendered to the customer. According to the Company's assessment, this performance obligation does not represent a significant amount of revenue; therefore, revenue is not disaggregated.

Interest

Interest revenue is recognized on a time proportion basis using the effective interest method. Other income is recognized on an accrual basis (note 33).

P. Recognition of costs and expenses

The cost of sales corresponding to the production costs of gold bullion sold by the Company is recorded when gold bullion is delivered at the same time that revenue from such sale is recognized.

Other costs and expenses are recognized on an accrual basis, regardless of when they are incurred, in the periods to which they relate (notes from 29 to 33).

Q. Contingencies

A contingent liability is not recognized in the separate financial statements, but it is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the separate financial statements, but it is disclosed where an inflow of resources embodying economic benefits is probable (note 37).

R. Issued capital

Ordinary shares are classified as equity and measured at face value. Incremental costs directly attributable to issuing new shares or options are presented in equity as a deduction from the proceeds, net of taxes (note 23).

S. Dividend distribution

Dividend distribution to stockholders is recognized as a liability in the separate financial statements when dividends are approved by the Company's stockholders (note 25).

T. Finance income and borrowing costs

Finance income and borrowing costs are recognized in profit or loss of the periods to which they relate on an accrual basis, regardless of when they are received or paid (note 33).

U. Mining royalties

Mining royalties are administrative compensations that the Company shall pay to the Peruvian government for extracting metallic and non-metallic mineral resources from its mining concessions. Royalties are determined on a quarterly basis and are calculated using the operating profit, which is determined according to IFRSs. A progressive rate is applied to the operating profit depending on the operating margin. The amount payable is the highest amount obtained from comparing the application of the rate with 1% of sales.

V. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary stockholders by the weighted average number of outstanding shares during the period. As of December 31, 2023 and 2022, the Company does not have dilutive financial instruments; therefore, basic and diluted earnings per share are the same (note 34).

W. Foreign currency transactions and balances

A foreign currency transaction is a transaction that is denominated or requires settlement in a functional currency. A foreign currency transaction is recognized, at initial recognition in the functional currency, at the exchange rate ruling at the transaction date or the measurement date when items are remeasured.

Exchange gains or losses from paying such transactions and from translating monetary items stated in foreign currency at exchange rates ruling at the end of the reporting period are recognized in the separate statement of profit or loss and other comprehensive income, except when they are deferred to other comprehensive income for a transaction that qualifies as a hedged item in a cash flow hedge (note 5.A).

X. New accounting pronouncements

Current standards
The application of the following standards, interpretations and amendments to IFRSs is mandatory for annual periods beginning on or after January 1, 2023.

New IFRSs	Mandatory application
IFRS 17 Insurance Contracts	Annual periods beginning on or after January 1, 2023. Early adoption is permitted for entities applying IFRS 9 and IFRS 15 on or before that date.

Amendments to IFRSs	Mandatory application
Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)	Annual periods beginning on or after January 1, 2023.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments)	Annual periods beginning on or after January 1, 2023.
Definition of Accounting Estimates (Amendments to IAS 8)	Annual periods beginning on or after January 1, 2023.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	Annual periods beginning on or after January 1, 2023.
International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)	Annual periods beginning on or after January 1, 2023.

Standards issued but not yet effective
The following standards are applicable to annual periods beginning on or after January 1, 2023, and have not been applied in preparing these separate financial statements. The Company does not plan to early adopt the applicable standards.

Amendments to IFRSs	Mandatory application
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted.
Non-current Liabilities with Covenants (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024.

Amendments to IFRSs	**Mandatory application**
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	Annual periods beginning on or after January 1, 2024 (early adoption is permitted) and amendments to IFRS 7 when applying the amendments to IAS 7.
Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after January 1, 2025. Early adoption is permitted.

Such standards issued but not yet effective are not expected to have a significant effect on the Company's financial statements.

Sustainability standards issued but not yet effective
The following standards are applicable to the preparation of sustainability reports. The Company does not plan to early adopt the applicable standards.

New IFRSs for Sustainability	**Mandatory application**
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Annual periods beginning on or after January 1, 2024. Early adoption is permitted with joint implementation of IFRS S2.
IFRS S2 Climate-related Disclosures	Annual periods beginning on or after January 1, 2024. Early adoption is permitted with joint implementation of IFRS S1.

IFRS S1 and S2 are subject to local adoption processes in Peru to become effective.

Y. Reclassifications

The Company reclassified certain 2022 items in order to follow the presentation structure established in the current period. Management considers that the reclassifications do not require any changes in the decisions made by the Company. The reclassified amounts and affected accounts are described below:

Separate statement of financial position

In thousands of U.S. dollars	2022	Reclassifications	2022
Cash and cash equivalents	66,554	-	66,554
Other financial assets	45,000	-	45,000
Trade accounts receivable	3,306	-	3,306
Other accounts receivable	16,259	-	16,259
Inventories	18,467	-	18,467
Prepaid expenses	3,781	-	3,781
Other long-term accounts receivable	1,387	-	1,387
Investments in subsidiaries and associates	6,764	-	6,764
Long-term prepaid expenses	3,930	-	3,930
Property, plant and equipment	217,152	-	217,152
Right-of-use assets	7,722	-	7,722
Intangible assets	159,645	-	159,645
Total assets	**549,967**	**-**	**549,967**
Trade accounts payable (a)	41,925	14,859	27,066
Other accounts payable (a)	18,521	(14,859)	33,380
Other financial liabilities	23,107	-	23,107
Lease liabilities	1,491	-	1,491
Employee benefits	15,574	-	15,574
Provisions	412	-	412
Current portion of provision for environmental rehabilitation	937	-	937
Other long-term accounts payable	110	-	110
Long-term lease liabilities	3,076	-	3,076
Provision for environmental rehabilitation	15,991	-	15,991
Deferred tax liabilities	11,288	-	11,288
Equity	118,783	-	118,783
Other capital reserves	23,757	-	23,757
Retained earnings	274,995	-	274,995
Total equity and liabilities	**549,967**	**-**	**549,967**

Separate Statement of Cash Flows

In thousands of U.S. dollars	**2022**	**Reclassifications**	**2022**
Cash flows from operating activities			
Profit or loss	104,334	-	104,334
Debit (credit) to non-cash items (profit or loss)			
Depreciation	13,846	-	13,846
Amortization	62,927	-	62,927
Loss allowance for other accounts receivable	108	-	108
Reversal of an impairment loss on accounts receivable	(7)	-	(7)
Provision for litigations	146	-	146
Deferred tax	1,742	-	1,742
Costs of upgrading the provision for mine closure	388	-	388
Loss on sale of property, plant and equipment	17,124	-	17,124
Income tax	51,355	-	51,355
Exchange difference	(756)	-	(756)
Finance charge, net	423	-	423
Debit (credit) for net changes in assets and liabilities			
(Decrease) increase in trade accounts receivable	(759)	-	(759)
(Decrease) increase in other accounts receivable	(13,496)	-	(13,496)
Increase (decrease) in inventories	(3,496)	-	(3,496)
Increase in prepaid expenses	283	-	283
Increase in trade accounts payable	20,404	14,859	5,545
Decrease (increase) in other accounts payable	(22,836)	(14,859)	(7,977)
Cash payments from liabilities for mine closure	(787)	-	(787)
Cash flows from operating activities	230,943	-	230,943
Cash payments from interest	(1,277)	-	(1,277)
Cash payments from income tax	(52,007)	-	(52,007)
Net cash from operating activities	**177,659**	**-**	**177,659**

(a) The reclassification is due to the Company's evaluation, which determined that the reclassified balances correspond to trade accounts payable.

4. Standards Issued but not yet Effective

Amendments to IFRSs

A. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The IASB amended IAS 1 *Presentation of Financial Statements* to achieve better uniformity in the application of the amendments and clarify how an entity classifies a liability as current or non-current. Consequently, an entity is required to review its loan agreements to determine if their classification will change.

The amendments include the following:

- The right to defer settlement must have substance: IAS 1currently states that an entity classifies a liability as current when it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Accordingly, the right no longer needs to be unconditional, instead the IASB added a paragraph stating that an entity’s right to defer settlement of a liability must have substance and exist at the end of the reporting period.

- The classification of revolving credit facilities can change: an entity classifies a liability as non-current if it has the right to defer settlement of the liability for at least twelve months after the reporting period. The IASB explained that an entity's right to defer settlement of a liability exists only if it complies with the conditions in the loan agreement at the end of the reporting period, even if the lender does not test compliance with conditions until a later date.

- Liabilities with equity-settlement features: the amendments clarify that the settlement of a liability refers to the transfer to the counterparty of the entity's own equity instruments. The amendments clarify how an entity classifies a liability that includes a counterparty conversion option, which is recognized separately as an equity component or as a liability component applying IAS 32 *Financial Instruments: Presentation.*

An entity shall apply the amendments for annual periods beginning on or after January 1, 2024 retroactively. Early adoption is permitted. However, an entity shall consider including disclosures in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in subsequent annual financial statements.

In management's opinion, these amendments are not expected to have a significant effect on the Company's separate financial statements.

B. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

These amendments were issued on September 11, 2014, stating that when transferring assets between an investor and an associate or joint venture, a full gain is recognized when the transferred assets meet the definition of a business under IFRS 3 *Business Combinations*. The amendments place greater emphasis on the definition of a business to recognize a gain or loss in profit or loss. The amendments also introduce new and unexpected partial gain or loss recognition for sales and contributions of assets that do not constitute a business.

The effective date of these amendments was deferred indefinitely.

In management's opinion, these amendments are not expected to have a significant effect on the Company's separate financial statements.

C. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

In September 2022, the IASB issued amendments to IFRS 16 *Lease Liability in a Sale and Leaseback Sale,* which establishes the requirements for how an entity should account for a sale and leaseback after the date of the transaction.

Although IFRS 16 includes requirements for how to account for a sale and leaseback transactions, the Standard does not specify the subsequent measurement of the transaction. The amendments issued by the IASB align with the requirements established in IFRS 16 for Sale and Leaseback Sales, which support the consistent application of the Standard.

In management's opinion, these amendments are not expected to have a significant effect on the Company's separate financial statements.

D. Non-current Liabilities with Covenants (Amendments to IAS 1)

In October 2022, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to specify that only covenants with which an entity must comply on or before the reporting date would affect classification of a liability as current or non-current.

Also, the IASB proposed that covenants with which an entity must comply after the reporting date (i.e., future covenants) would not affect classification of a liability as current or non-current at that date. However, when an entity classifies liabilities subject to covenants as non-current, it shall disclose information that enables users of financial statements to assess the risk that the liability could become repayable within 12 months after the reporting period.

In management's opinion, these amendments are not expected to have a significant effect on the Company's separate financial statements.

E. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements to be incorporated in the notes, in relation to Supplier Finance Agreements, that will complement the requirements currently established by IFRS and will provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

Under the amendments, companies need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The IASB's amendments apply to supplier finance arrangements that have all of the following characteristics:

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- The company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not address the classification and presentation of the related liabilities and cash flows and do not apply to finance agreements related to accounts receivable or inventories.

In management's opinion, these amendments are not expected to have a significant effect on the Company's separate financial statements.

F. Lack of Exchangeability (Amendments to IAS 21)

On August 15, 2023, IASB issued amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates, denominated "Lack of Exchangeability", to respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies. These amendments establish criteria that will allow companies to assess whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The amendments establish that a currency is exchangeable into another currency at the measurement date when a company is able to exchange that currency for the other currency within a time frame that includes a normal administrative delay and through a market or exchange mechanism in which the exchange transaction would create enforceable rights and obligations. If a company is able to obtain no more than an insignificant amount of the other currency, a currency is not exchangeable into the other currency.

In assessing whether a currency is exchangeable into another currency, a company shall consider its ability to obtain the other currency, and not its intention or decision to do so.

When a currency is not exchangeable into another currency at the measurement date, a company needs to estimate a spot rate. A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate. When estimating a spot rate, a company can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include the following:

- A spot exchange rate for a purpose other than that for which the company is assessing exchangeability.

- The first exchange rate at which a company is able to obtain the other currency for its specified purpose after exchangeability is restored (first subsequent exchange rate).

If a company uses another estimation technique, it may use any observable exchange rate – including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations – and adjust that rate, as necessary, to meet the objective above.

The amendments shall apply for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted. If a company applies the amendments for an earlier period, it shall be disclosed in notes.

In management's opinion, these amendments are not expected to have a significant effect on the Company's separate financial statements.

5. Financial Risk Management

The Company's activities expose itself to a variety of financial risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Company's risk management plan seeks to minimize potential adverse effects on its financial performance. Major aspects in risk management are the following:

A. Exchange rate risk

Main foreign currency transactions are denominated in U.S. dollars and are related to trade accounts receivable and payable, and to the Company's financing activities, which determine the assets and liabilities in such currency. The Company is exposed to the risk of changes in the U.S. dollar in relation to the *sol*.

Foreign currency balances are as follows:

In thousands of soles	2023	2022
Assets		
Cash and cash equivalents	10,547	12,890
Other accounts receivable	68,955	47,555
	79,502	**60,445**
Liabilities		
Trade accounts payable	(103,884)	(80,737)
Other accounts payable	(61,309)	(65,521)
	(165,193)	**(146,259)**
Net assets	**(85,691)**	**(85,813)**

As of December 31, 2023, the exchange rate used by the Company to recognize foreign currency balances, as published by the Banking, Insurance and Private Pension Plan Agency (Superintendencia de Banca, Seguros y AFP - SBS), was US$ 0.269 per S/ 1 for assets and liabilities (2022: US$ 0.262 per S/ 1 for assets and liabilities).

B. Interest rate risk

Interest rate risk arises from long-term debts. Variable-rate debts expose the Company to interest rate risk on cash flows. Fixed-rate debts expose the Company to interest rate risk on fair value of liabilities.

The Company does not have a formal policy to determine the exposure amount that shall be at a fixed or variable interest rate. However, when assuming new loans or debts, management has made judgments to determine whether a fixed or variable interest rate would be more favorable to the Company during the expected period until their maturity.

As of December 31, 2023 and 2022, fixed and variable rate instruments held by the Company are the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Fixed-rate instruments			
Time deposits	*6*	43,000	85,000
Other financial liabilities		(40,592)	(23,103)
		2,408	**61,897**

As of December 31, 2023, time deposits matured and were renewed in January 2024. The increase in other financial liabilities corresponds to the US$24,000 thousand in financing obtained from BBVA Banco Continental S.A. in August 2023.

C. Price risk

The Company is exposed to the risk of changes in the gold price. That is, cash flows from the sale of gold bullion are adversely exposed to changes in the market price of such metal. Likewise, the effects of changes in the market price of such metals increase the risk of potential capital requirements from stockholders to hedge cash needs. The Company manages price risk through the settlement of forward contracts to hedge the price risk of gold (commodity), considering market factors. These hedging instruments are intended to set forward prices to hedge the cash flows from the Company's sales. Also, they are not generally designated as hedging items.

If the price of gold bullion would have been 10% higher/lower and all other variables would have remained constant as of December 31, 2023 and 2022, the profit (loss) before tax would have been as follows:

In thousands of U.S. dollars	**Increase (decrease) in price**	**Effects on profit (loss) before tax**
2023	10%	53,297
	(10%)	(53,297)
2022	10%	54,480
	(10%)	(54,480)

D. Credit risk

Credit risk is the risk that arises from the borrower's inability to meet its obligations upon maturity. In management's opinion, the Company is not exposed to credit risk because its sales are concentrated on two customers, Asahi Refining Canada Ltd. and Argor-Heraeus Switzerland, which are international tier 1 entities.

The Company places its liquidity surplus in tier 1 financial institutions, with at least an A rating, establishes conservative credit policies, and constantly evaluates conditions existing in the market where it operates.

Consequently, the Company does not foresee any significant loss arising from this risk. Further information on credit risk is disclosed in note 7.

E. Liquidity risk

Liquidity risk management implies maintaining sufficient cash and the availability of loans through an adequate amount of committed credit facilities. Due to the dynamic nature of its operating and investing activities, the Company seeks to maintain flexibility in its loans through the availability of committed credit facilities.

The following table shows an analysis of the Company's financial liabilities classified upon maturity, considering the remaining contractual maturities at the reporting date:

In thousands of U.S. dollars	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	More than 2 years
2023					
Other financial liabilities	40,592	42,013	27,099	8,718	6,196
Other accounts payable (a)	13,148	13,148	13,148	-	-
Lease liabilities	3,567	4,130	1,361	613	2,156
Trade accounts payable	56,674	56,674	56,674	-	-
	113,981	**115,965**	**98,282**	**9,331**	**8,352**
2022					
Other financial liabilities	23,107	22,990	22,990	-	-
Other accounts payable (a)	14,064	14,064	14,064	-	-
Lease liabilities	4,567	5,258	1,668	1,165	2,425
Trade accounts payable	41,925	41,925	41,925	-	-
	83,663	**84,237**	**80,647**	**1,165**	**2,425**

(a) Excluding statutory liabilities, fringe benefits and advances.

Management is responsible for managing the risk associated with the amounts included in each of the aforementioned items, maintaining at all times sufficient credit facilities and financing the working capital with cash flows from operating activities.

F. Capital management

The Company's objective in managing capital is to safeguard its ability to continue as a going concern and provide the expected returns to its stockholders and respective benefits to stakeholders, as well as to maintain an optimum structure to reduce capital cost.

The Company may adjust the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce its debt in order to maintain or adjust its capital structure.

The Company's strategy is to maintain a debt-to-equity ratio of less than 2. As of December 31, 2023 and 2022, the debt-to-equity ratios are of less than 2 due to a higher cash concentration in both periods in order to meet the payment of dividends, expense allowance for Board of Directors, employees' profit sharing and other current financial liabilities.

The Company determines its debt-to-equity ratio or debt ratio considering trade accounts payable, other accounts payable, employee benefits, provisions, other financial liabilities, provision for environmental rehabilitation and deferred liabilities, divided by total equity.

The debt-to-equity ratios were as follows:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Trade accounts payable	*15*	56,674	41,925
Other accounts payable	*16*	18,355	18,631
Other financial liabilities	*17*	40,592	23,107
Lease liabilities	*13.v.*	3,567	4,567
Employee benefits	*18*	11,106	15,574
Provisions	*19*	475	412
Provision for environmental rehabilitation	*20*	35,397	16,928
Deferred tax liabilities	*22*	17,483	11,288
Less: Cash and cash equivalents	*6*	(74,701)	(66,554)
Net debt		**108,948**	**65,878**
Total equity		**443,202**	**417,535**
Debt-to-equity ratio		**0.25**	**0.16**

G. Accounting classification and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels of the fair value hierarchy.

		Carrying amount				Fair value	
In thousands of U.S. dollars	***Note***	**Derivative instruments measured at FVTPL**	**Financial assets measured at amortized cost**	**Other financial liabilities**	**Total**	**Level 2**	**Total**
As of December 31, 2023							
Financial assets not measured at fair value							
Derivative instruments	*8*	-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Financial assets not measured at fair value							
Cash and cash equivalents	*6*	-	74,701	-	74,701	-	-
Other financial assets	*6*	-	-	-	-	-	-
Trade accounts receivable	*7*	-	3,940	-	3,940	-	-
Other accounts receivable (a)	*8*	-	1,702	-	1,702	-	-
		-	**80,343**	**-**	**80,343**	-	-
Financial liabilities not measured at fair value							
Other financial liabilities	*17*	-	-	40,592	40,592	42,013	42,013
Lease liabilities	*13*	-	-	3,567	3,567	4,130	4,130
Trade accounts payable	*15*	-	-	56,674	56,674	-	-
Other accounts payable (b)	*16*	-	-	13,148	13,148	-	-
		-	-	**113,981**	**113,981**	**46,143**	**46,143**

(a) Excluding tax benefits and restricted funds.

(b) Excluding statutory liabilities, fringe benefits and advances.

In thousands of U.S. dollars	***Note***	**Carrying amount**				**Fair value**	
		Derivative instruments measured at FVTPL	**Financial assets measured at amortized cost**	**Other financial liabilities**	**Total**	**Level 2**	**Total**
As of December 31, 2022							
Financial assets not measured at fair value							
Derivative instruments	*8*	202	-	-	202	202	202
		202	**-**	**-**	**202**	**202**	**202**
Financial assets not measured at fair value							
Cash and cash equivalents	*6*	-	66,554	-	66,554	-	-
Other financial assets	*6*	-	45,000	-	45,000	-	-
Trade accounts receivable	*7*	-	3,306	-	3,306	-	-
Other accounts receivable (a)	*8*	-	978	-	978	-	-
		-	**115,838**	**-**	**115,838**	**-**	**-**
Financial liabilities not measured at fair value							
Other financial liabilities	*17*	-	-	23,107	23,107	22,990	22,990
Lease liabilities	*13*	-	-	4,567	4,567	5,258	5,258
Trade accounts payable	*15*	-	-	41,925	41,925	-	-
Other accounts payable (b)	*16*	-	-	14,064	14,064	-	-
		-	**-**	**83,663**	**83,663**	**28,248**	**28,248**

(a) Excluding tax benefits and restricted funds.

(b) Excluding statutory liabilities, fringe benefits and advances.

The Company did not disclose the fair value of short-term financial instruments—e.g., accounts payable or receivable—, because the carrying amount is a reasonable approximation of fair value.

6. Cash and Cash Equivalents and Other Financial Assets

This caption comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Cash in hand and petty cash fund		117	33
Checking accounts (a)		31,584	26,521
Time deposits (b)	*5.B*	43,000	40,000
	5.G	**74,701**	**66,554**
Deposits with original maturities of more than 90 days (c)		-	45,000
	5.G	**74,701**	**111,554**

See accounting policy in notes 3.A and 3.B.

(a) As of December 31, 2023, the Company has checking accounts at tier 1 local and foreign financial institutions stated in local and foreign currency for S/ 10,116 thousand and US$ 28,860 thousand (2022: S/ 12,763 thousand and US$ 23,180 thousand). They have free withdrawal option and accrue interest at market interest rates. As of December 31, 2022, it includes funds received in December from the National Program on Technological Development and Innovation (PROINNOVATE) of the Ministry of Production relating to the collaborative innovation project that was executed in the year 2023.

(b) Time deposits have original maturities of less than 90 days and contain an extension option upon maturity date. As of December 31, 2023, time deposits amount to US$ 43,000 thousand. They accrue interest at effective annual interest rates between 5.25% and 5.68% in U.S. dollars. As of December 31, 2022, time deposits amount to US$ 40,000 thousand. They accrued interest at effective annual interest rates between 3.85% and 4.84% in U.S. dollars.

(c) As of December 31, 2022, time deposits that have original maturities of more than 90 days are presented in ‘other financial assets’ in the separate statement of financial position. They accrue interest at effective annual interest rates between 3.28% and 4.92% in U.S. dollars.

According to the information provided by Apoyo & Asociados Internacionales S.A.C., the quality rating of the financial institutions in which the Company deposits its cash is as follows:

In thousands of U.S. dollars	**2023**	**2022**
Bank deposits		
A+ rating	74,415	111,425
A rating	169	96
	74,584	**111,521**

Impairment loss on cash and cash equivalents was measured at an amount equal to 12-month ECLs and reflects the short-term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external ratings of the borrowers. As a result of the application of IFRS 9, the Company did not recognize a loss allowance as of December 31, 2023 and 2022.

7. Trade Accounts Receivable

This caption comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Invoices receivable – overseas	*28.C*	3,940	3,306
Total trade accounts receivable		**3,940**	**3,306**

See accounting policy in notes 3.B and 3.K.

Trade accounts receivable have current maturity, do not have specific collaterals, do not accrue interest, and do not have repayment or refund obligations with customers.

According to management's assessment, an account receivable is considered impaired when it is classified as an impairment loss on accounts receivable and is presented in 'loss allowance for accounts receivable.

The credit quality of accounts receivable has been assessed per borrower based on the historical information that reflects default rates as follows:

In thousands of U.S. dollars	**2023**	**2022**
Aging of accounts receivable		
Current	3,940	3,306
Classification of borrowers		
Group 2	3,940	3,306

Group 2: existing customers (more than 6 months) without payment defaults.

In management's opinion, the Company is not required to recognize a loss allowance for accounts receivable as of December 31, 2023 and 2022. It also considers that it adequately hedges the credit risk of these items as of those dates (note 5.D).

8. Other Accounts Receivable

This caption comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Income tax credit (a)		9,850	7,574
Sales tax (b)		10,221	2,889
Works for taxes scheme – Regional Government of La Libertad (c)		672	2,425
Insurance claims (d)		1,527	1,387
Accounts receivable from personnel		1,204	971
Tax claims (e)		-	916
Other accounts receivable from contractors		1,100	636
Sale of materials to artisanal miners		-	342
Derivative instruments	*5.G & 21*	-	202
Others		602	304
		25,176	**17,646**
Current portion		**23,649**	**16,259**
Non-current portion (a)		**1,527**	**1,387**

See accounting policy in notes 3.B and 3.K.

(a) It corresponds to a credit from down payments of income tax paid during the year 2023, which will be applied against down payments to be presented in March to April 2024.

(b) It corresponds to the sales tax paid by the Company relating to the purchase of goods and services. It will be recovered through the tax on forward sales. Additionally, for exporters, the tax credit can be automatically offset with the tax debt from down payments and tax regularization payments, or with any other tax charged to the Company that represents revenue for the Public Treasury. If such recovery is not possible, the credit balance will be reimbursed through negotiable instruments (credit notes), non-negotiable instruments (checks) and/or deposits in checking or savings accounts. The credit balance payment or reimbursement shall have a percentage limit equivalent to the sales tax rate, including municipal promotion tax, on the Free of Board (FOB) value under export declarations duly numbered supporting exports shipped over the period. The increase is mainly due to a lower use of the tax credit for the recovery of the 'works for taxes scheme' in 2023 that has been applied as payments on account. The credit balance corresponds to US$ 5,252 thousand that have been requested for the refund of Balance in Favor Matter of Benefit (SFMB for its Spanish acronym) corresponding to November 2023, which was presented in January 2024.

(c) It corresponds to expenses to finance and build infrastructure assets, which represent a tax advance.

The approval of the pre-investment study for water supply and sanitation to the District of Pataz was made in April 2022. In 2022, the investment amounts to approximately US$ 2,356 thousand. The total project investment amounts to US$ 5,236 thousand. This project was completed during the year 2023 and involves a greater investment recognized in 'works for taxes scheme' that is financed by the Company and generates a high social impact.

In order to promote and support projects with a high social impact, a pre-investment study for the San Alfonso school was developed, with an investment of US$ 2,424 thousand. Two private initiatives were presented to the Provincial Municipality of Pataz for the financing of the project "Improvement of the water supply and sanitation services of the District of Suyubamba"; and for the financing of the project "Construction of educational infrastructure in the District of Pueblo Nuevo". As of December 31, 2023, this project is preparing the profile and technical data sheets for further approval.

(d) It corresponds to claims made to an insurance company for unexpected events. According to management's assessment, such events are covered in the contractual terms agreed with the insurance company and the claims are highly likely to be recovered. In 2022, these claims were brought to court. In 2023, administrative proceedings were carried out that did not represent expenses and their recovery is expected within a period of no less than 2 years.

(e) It corresponds to claims to the Tax Authorities regarding a reimbursement of the credit balance of the exporter for US$ 916 thousand in November 2022. This amount was recovered through non-negotiable instruments (checks) during January 2023.

As of December 31, 2023, the Company recognized a loss allowance for US$ 129 thousand (2022: US$ 108 thousand) as a result of the application of IFRS 9.

Movement in the loss allowance is the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Balance as of December 31		3,105	2,870
Provisions made during the year	*31*	129	108
Recovery of accounts receivable		(2)	(7)
Effect of exchange rate		89	134
Closing balance		**3,321**	**3,105**

9. Inventories

This caption comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Finished goods	*29*	7,349	8,301
Work-in-progress	*29*	488	487
Supplies		9,944	8,888
Goods in transit		439	1,062
Effect of exchange rates		167	(271)
		18,387	**18,467**

See accounting policy in note 3.C.

As of December 31, 2023, finished goods comprise 6,138 ounces of gold at a market price of US$ 2,062 per ounce (2022: 7,562 ounces of gold at a market price of US$ 1,850 per ounce).

Work-in-progress comprises the gold cyanide process as shown in the monthly metallurgical balance issued by the Plant department. It does not include stockpiles since they are primary minerals where there is uncertainty over the exact number of ounces of ore that can be obtained.

Various supplies comprise replacement parts of mining equipment, fuels, lubricants, explosives, drilling products and electrical materials. Goods in transit comprise acquisition of filter fabric, equipment, rails and replacement parts.

In management's opinion, the Company is not required to recognize a provision for inventory obsolescence to hedge the obsolescence risk at the reporting date.

10. Prepaid Expenses

This caption comprises the following:

In thousands of U.S. dollars	**2023**	**2022**
Advance of countervailing duties (a)	5,697	6,384
Prepaid insurance contracts (b)	1,374	615
Prepaid leases	127	178
Premiums paid for options	44	191
Licenses	165	84
Other prepaid expenses	261	259
Total prepaid expenses	**7,668**	**7,711**
Current portion	**4,433**	**3,781**
Non-current portion (a)	**3,235**	**3,930**

(a) It corresponds to the contract, dated June 2, 2011, regarding changes in the countervailing duties (royalties) in favor of the holder of a mining concession in which the Company is carrying out exploration activities. This contract establishes that, from the date the Company begins its exploitation activities in the concession, countervailing duties payable are reduced from 5% to 1.5%. The Company shall pay the holder an amount of US$ 5,000 thousand as consideration: i) an initial installment of US$ 200 thousand; and ii) the remaining balance in 120 monthly installments of US$ 40 thousand. It was paid off in May 2021.

The total amount of this contract, measured at present value at the execution date, was recognized as a long-term prepaid expense in the separate statement of financial position and will be amortized against the royalties generated during the concession's exploitation phase.

(b) As of December 31, 2023, it mainly corresponds to an insurance contract for US$ 1,107 thousand with maturity in January 2024, which will be renewed during the first quarter of 2024, and an environmental liability insurance contract for US$ 126 thousand.

As of December 31, 2022, it mainly corresponds to an insurance contract for US$ 355 thousand with maturity in January 2023, which will be renewed during the first quarter of 2023, and an environmental liability insurance contract for US$ 160 thousand.

11. Investments in Subsidiaries and Associates

This caption comprises the following:

In thousands of U.S. dollars	**Main business**	**Investment in a subsidiary and associate (%)**	**2023**	**2022**
Associates				
Sociedad Minera de Responsabilidad Limitada San Francisco	Holder of San Francisco mining concession	50.00%	450	450
Sociedad Minera de Responsabilidad Limitada El Miski	Holder of El Miski mining concession	50.00%	450	450
Subsidiaries				
Promotora Mara S.A. (a)	Mineral extraction	99.99%	-	168
Sociedad Eléctrica Lavasen S.A.C. (b)	Power supply	99.00%	1	1
EEA S.A. (c)	Lease of property	99.99%	6,750	6,750
Effect of exchange rate			(794)	(1,055)
			6,857	**6,764**

See accounting policy in note 3.D.

(a) Promoter Mara S.A. is subsidiary of the Company. It is mainly engaged in the extraction of non-ferrous minerals. It was incorporated in July 1995 and is the holder of three mining concessions: Alto 2, Alto 3 and Alto 5. The General Stockholders' Meeting, held on March 14, 2023, approved the merger of Promotora Mara S.A. into the Company, effective as of July 1, 2023.

(b) As of December 31, 2023 and 2022, Sociedad Eléctrica Lavasen S.A.C. holds 1,000 shares at a face value of S/ 1.00 per share. The subsidiary was incorporated on June 28, 2013 in Peru. Its legal domicile is located at Avenida Los Faisanes Mz. G Lt. 16 Urb. La Campiña, Chorrillos, Lima, Peru.

(c) EEA S.A. is engaged in the lease of properties. As of December 31, 2023 and 2022, it holds 5,070,000 shares at a face value of S/ 1.00 per share. It was incorporated in Peru on September 18, 2012. Its legal address is located at Avenida La Floresta 497 Urb. Chacarilla del Estanque, San Borja, Lima, Peru. The Company holds 99.99% of its capital and has control over it since June 11, 2019.

As of December 31, 2023 and 2022, investments in subsidiaries and associates are measured at cost and there is no indication of impairment.

12. Property, Plant and Equipment

See accounting policy in note 3.E.

Movement in the costs and accumulated depreciation of items of property, plant and equipment for the years ended December 31, 2023 and 2022 is as follows:

In thousands of U.S. dollars	**Land**	**Buildings, constructions and premises**	**Machinery and equipment**	**Vehicles**	**Furniture and fixtures**	**Various equipment**	**Replacemen t parts**	**Goods in transit**	**Work-in-progress**	**Environmental rehabilitation upon mine closure**	**Closing balance**
Year 2023											
Costs											
Balance as of January 1, 2023	10,257	137,502	83,220	196	3,745	11,667	5,036	1,206	54,936	22,505	330,270
Additions	-	-	-	-	-	-	10,596	1,650	39,532	-	51,778
Upgrading	-	-	-	-	-	-	-	-	-	19,580	19,580
Disposals	(2,628)	(702)	(4,742)	-	(120)	(416)	-	-	-	-	(8,608)
Transfers (a)	85	21,931	13,385	-	591	2,509	(11,940)	(1,525)	(22,285)	-	2,751
Effect of exchange rate	906	4,403	3,476	6	140	434	106	14	1,585	(1,732)	9,338
Balance as of December 31, 2023	**8,620**	**163,134**	**95,339**	**202**	**4,356**	**14,194**	**3,798**	**1,345**	**73,768**	**40,353**	**405,109**
Accumulated depreciation											
Balance as of January 1, 2023	-	(50,554)	(41,657)	(91)	(1,074)	(5,378)	-	-	-	(14,364)	(113,118)
Additions	-	(7,286)	(5,028)	(16)	(317)	(1,354)	-	-	-	(734)	(14,735)
Disposals	-	416	4,197	-	95	373	-	-	-	-	5,081
Transfers (a)	-	-	(263)	-	-	-	-	-	-	-	(263)
Effect of exchange rate	-	(696)	(1,731)	(1)	(42)	(181)	-	-	-	(441)	(3,092)
Balance as of December 31, 2023	**-**	**(58,120)**	**(44,482)**	**(108)**	**(1,338)**	**(6,540)**	**-**		**-**	**(15,539)**	**(126,127)**
Net carrying amount at the end of the year	**8,620**	**105,014**	**50,857**	**94**	**3,018**	**7,654**	**3,798**	**1,345**	**73,768**	**24,814**	**278,982**
Year 2022											
Costs											
Balance as of January 1, 2022	9,506	119,590	72,494	187	2,842	9,226	6,193	-	46,254	22,759	289,051
Additions	-	-	-	-	-	-	9,593	1,899	33,128	0	44,620
Upgrading	-	-	-	-	-	-	-	-	-	(1,409)	(1,409)
Disposals	-	(1)	(4,389)	(22)	(119)	(228)	-	-	(16,577)	-	(21,336)
Transfers (a)	308	12,138	10,767	22	850	2,160	(10,943)	(706)	(14,241)	-	355
Effect of exchange rate	443	5,775	4,348	9	172	509	193	13	6,372	1,155	18,989
Balance as of December 31, 2022	**10,257**	**137,502**	**83,220**	**196**	**3,745**	**11,667**	**5,036**	**1,206**	**54,936**	**22,505**	**330,270**
Accumulated depreciation											
Balance as of January 1, 2022	-	(42,987)	(39,042)	(64)	(850)	(4,228)	-	-	-	(11,466)	(98,637)
Additions	-	(6,554)	(4,346)	(28)	(279)	(1,211)	-	-	-	(2,350)	(14,768)
Disposals	-	1	4,019		101	215	-	-	-	-	4,336
Transfers (a)	-	(71)	(82)	-	-	-	-	-	-	-	(153)
Effect of exchange rate	-	(943)	(2,206)	1	(46)	(154)	-	-	-	(548)	(3,896)
Balance as of December 31, 2022	**-**	**(50,554)**	**(41,657)**	**(91)**	**(1,074)**	**(5,378)**	**-**	**-**	**-**	**(14,364)**	**(113,118)**
Net carrying amount at the end of the year	**10,257**	**86,948**	**41,563**	**105**	**2,671**	**6,289**	**5,036**	**1,206**	**54,936**	**8,141**	**217,152**

(a) As of December 31, 2023, it corresponds to net transfers to and from leases relating to assets acquired through leases for US$ 2,751 thousand and (US$ 355) thousand (note 13).

Depreciation charge for the years ended December 31, 2023 and 2022 was allocated as follows:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Separate statement of profit or loss and other comprehensive income			
Cost of sales	*29*	11,198	10,291
Provision for environmental rehabilitation	*29*	734	2,350
Administrative expenses	*31*	1,144	728
		13,076	**13,369**
Separate statement of financial position			
Intangible assets	*14*	1,658	1,376
Work-in-progress		1	23
		1,659	**1,399**
		14,735	**14,768**

As of December 31, 2023 and 2022, management assessed whether there is any indication that an asset may be impaired. Accordingly, it did not identify any such indication and, thus, it is not required to recognize any impairment loss.

The Company has tailings dams to dispose of the tailing pulp and filtered tailings in the Marañón and Santa María Production Units. They have been designed and constructed to the highest engineering standards and have the relevant authorizations for construction and operation granted by the competent authorities—i.e., the Ministry of Energy and Mines (MINEM). Likewise, the useful life of tailings dams is determined by using an equation that considers the engineering design and treatment capacity of the Marañón and Santa María Processing Plants (processing capacity of 800 MTD and 1000 MTD, respectively).

As of December 31, 2023 and 2022, work-in-progress comprises the following:

In thousands of U.S. dollars	2023	2022
Installation of the TL Sub Station LPC - Chacparrosas Sub Station	12,161	5,021
Nimpana Hydroelectric Power Plant	7,236	7,124
Installation of ANDRITZ filters in the Santa María Processing Plant	3,356	1,343
Infrastructure for solar energy generating system	2,711	783
Construction of Antapita-Rio Carrizales Highway	2,182	81
Revolcadero waste dump	1,857	2,291
Construction of Chunturco Waste Disposal N° 2	1,662	2
Expansion of the Santa María Plant to 1000 TMSD	1,405	1,405
Expansión of Electrical Networks U.P. Santa María 2023	1,429	-
Construction of the new SMmaria Central Warehouse	1,408	1,275
Transmission line 60 kv SE Pampa Honda- LT 6050	1,304	1,068
Implementation of Microseismic Equipment- Geomechanics	1,009	225
Installation of cell phone signal boosting equipment in production units	876	759
Construction of a cafeteria and leisure center at LVL-3100 in the Santa María town	846	450
Filtered tailings deposit in Quebrada Livias - Stage II	856	856
Extension of the Marañón Production Unit electric grids – year 2023	756	-
Improvement of the roof in a griding plant to install an overhead crane	715	715
Precipitation building, offices and CCM of Santa Maria Production Unit	706	217
Power plant project	638	155
Building of a perimeter fence system – year 2022	624	624
Construction of Chacparrosa Compact Wastewater Treatment Plant	556	543
Installation of High Pressure Grinding Rolls (HPGR) in the Santa María Production Unit	553	310
Installation of Vijus Drinking Water Plant	561	-
Construction of prefabricated accommodation units in the El Cedro Mining Camp	488	433
Modification of the EIA UP Marañón (New Components)	514	497
Construction of the Chacparrosa Drinking Water Treatment Plant	450	450
Construction of prefabricated accommodation units for workers at LVL-2500	463	-
Construction of a cafeteria and leisure center in the Hualanga town	433	1,774
Construction of modular camps Camp. Obreros N° 4	389	-
Construction of a cafeteria in Suyubamba	372	-
Implementation of automation in the Marañón Processing Plant	360	360
Automation of the Marañón Plant	351	351
Building of a perimeter fence system – year 2023	346	-
Implementation of ore sorting from waste rock	341	341
Transmission line 220 kv V7- LT 6050	337	-
Construction of a wastewater treatment plant at LVL-2120 – Phase II	329	329
Building of a perimeter fence system at Chagual Airport	319	44
Construction of a fire station and fire departments	316	43
Construction of workers' hotel No. 3 NV 3100	292	1,397
Construction of Water Dam in Quebrada Poblano-SM	332	332
Construction of a powder magazine at LVL-2360 in the Santa María Production Unit	259	259
Construction of Hualanga Tailings Deposit 2nd Stage	290	290
Construction Hotel Workers No. 2 NV 3100	250	1,011
Construction of a cafeteria and leisure center at LVL-2410 in the SM town	168	790
Hydraulic Fill Plant	-	2,851
Extension of electric grids	-	1,183
Construction of prefabricated accommodation units for workers N° 1 in the Vijus town	-	969
Construction of prefabricated accommodation units for workers N° 1 in the Santa María town	-	897
Construction of prefabricated accommodation units for workers N° 2 in the Santa María town	-	886
Extension of the Marañón Production Unit electric grids – year 2022	-	844
Paving of streets in the Barrio Chino and Vijus towns	-	386
Other minor projects (lower than US$ 300 thousand)	20,962	12,972
	73,768	**54,936**

As of December 31, 2023, transfers of work-in-progress for US$ 22,285 thousand correspond to the projects: Revolcadero waste dump, Construction of a cafeteria and leisure center in the Hualanga town, and Hydraulic Backfill Plant.

As of December 31, 2022, transfers of work-in-progress for US$ 14,241 thousand correspond to the projects: "Implementation of office spaces," "Construction of prefabricated accommodation units for workers N° 1 in the Vijus town," "Construction of prefabricated accommodation units for workers N° 1 in the Paraíso town," "Construction of prefabricated accommodation units for workers N° 5 in the Hualanga town" and "Construction of an access trails to the Nimpana Hydroelectric Station."

As of December 31, 2023, 'other projects' are ongoing projects that will be completed between years 2024 and 2025.

As of December 31, 2023 and 2022, the Company has neither commitments to acquire items of property, plant and equipment nor onerous contracts with suppliers. The Company has insurance contracts that maintain the integrity of its fixed assets. Also, it does not have work-in-progress classified as qualifying assets.

13. Leases

The Company has leases for land, property, machinery and various equipment used in its activities Leases typically have a lease term of two and four years and contain an option to extend the lease after that date. Leases include fixed payments. The Company has restrictions on transferring and subleasing a leased asset.

The Company also has certain leased assets with a lease term of less than 12 months and leases of various equipment—i.e., PCs and water dispensers—of low-value assets. The Company uses recognition exemptions for short-term leases and leases of low-value assets.

See accounting policy in note 3.G.

i. Right-of-use assets

The carrying amount of right-of-use assets is as follows:

In thousands of U.S. dollars	***Note***	**Land**	**Premises**	**Machinery**	**Various equipment**	**Furniture and fixtures**	**Total**
2023							
Costs							
Balance as of January 1		19	2,620	5,915	257	228	9,039
Additions		-	-	530	-	-	530
Transfers (a)	*12*	-	-	(2,453)	(298)	-	(2,751)
Disposals		-	-	(5)	-	-	(5)
Effect of exchange rate		-	76	354	41	6	477
		19	**2,696**	**4,341**	**-**	**234**	**7,290**
Depreciation							
Balance as of January 1		(5)	(484)	(768)	(34)	(26)	(1,317)
Additions		(2)	(232)	(74)	-	(24)	(332)
Disposals		-	-	5	-	-	5
Others		-	-	263	39	-	302
Effect of exchange rate		-	(31)	(47)	(5)	-	(83)
		(7)	**(747)**	**(621)**	**-**	**(50)**	**(1,425)**
Right-of-use assets		**12**	**1,949**	**3,720**	**-**	**184**	**5,865**

In thousands of U.S. dollars	***Note***	**Land**	**Premises**	**Machinery**	**Various equipment**	**Furniture and fixtures**	**Total**
2022							
Costs							
Balance as of January 1		18	3,112	5,491	246	217	9,084
Additions		-	-	362	-	-	362
Transfers (a)	*12*	-	(721)	1,076	-	-	355
Disposals		-	-	(999)	-	-	(999)
Effect of exchange rate		1	229	(15)	11	11	237
		19	**2,620**	**5,915**	**257**	**228**	**9,039**
Depreciation							
Balance as of January 1		(3)	(290)	(1,237)	(20)	(4)	(1,554)
Additions		(2)	(232)	(367)	(14)	(24)	(639)
Disposals		-	-	875	-	-	875
Others		-	71	82	-	-	153
Effect of exchange rate		-	(33)	(121)	-	2	(152)
		(5)	**(484)**	**(768)**	**(34)**	**(26)**	**(1,317)**
Right-of-use assets		**14**	**2,136**	**5,147**	**223**	**202**	**7,722**

(a) It corresponds to transfers of assets acquired through leases to 'buildings, constructions and premises' and 'machinery and equipment' (note 12).

Depreciation charge for the years ended December 31, 2023 and 2022 was allocated as follows:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Separate statement of profit or loss and other comprehensive income			
Cost of sales	*29*	88	184
Administrative expenses	*31*	241	292
		329	**476**
Separate statement of financial position			
Intangible assets	*14*	3	163
		3	**163**
		332	**639**

ii. Amounts recognized in the separate statement of profit or loss and other comprehensive income

In thousands of U.S. dollars	**2023**	**2022**
Depreciation charge for right-of-use assets	332	639
Interest expense for lease liabilities	185	243
Total amounts recognized in profit or loss	**517**	**882**

iii. Amounts recognized in the separate statement of cash flows

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Total cash outflow for leases	*17*	(1,717)	(3,080)

iv. Extension options

Some leases contain extension options that are exercisable for up to one year before the end of the non-cancellable period of the lease. Whenever possible, the Company includes extension options in new leases to provide flexibility. The extension options can be exercised only by the Company and not by the lessors. At the commencement date, the Company assesses whether it is reasonably certain to exercise an extension option. The Company shall reassess whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in the circumstances that is within its control.

v. Lease liabilities

The carrying amount of lease liabilities is as follows:

In thousands of U.S. dollars	**2023**	**2022**
Balance as of January 1	4,567	7,188
Additions	532	362
Accrued interest	185	243
Lease payments	(1,717)	(3,080)
Decrease in liabilities	-	(146)
	3,567	**4,567**
Current portion	**1,207**	**1,491**
Non-current portion	**2,360**	**3,076**

The terms and conditions of leases are as follows:

In thousands of U.S. dollars	Type of liability	Original currency	Nominal interest rate	Maturity date	Total 2023	Total 2022	Current portion 2023	Current portion 2022	Non-current portion 2023	Non-current portion 2022
Creditor										
Scotiabank Perú S.A.A.	Finance leases	USD	3.83%	July 22, 2024	222	591	222	369	-	222
Scotiabank Perú S.A.A.	Finance leases	USD	3.25%	March 31, 2025	400	706	318	308	82	398
Banco Santander Perú S.A.	Finance leases	USD	3.95%	September 22, 2024	98	224	98	126	-	98
Banco Santander Perú S.A.	Finance leases	USD	3.40%	September 29, 2024	175	379	175	204	-	175
BBVA Banco Continental S.A.	Finance leases	USD	3.85%	September 14, 2026	490	-	168	-	322	-
Scotiabank Perú S.A.A.	Finance leases	USD	3.70%	June 12, 2023	-	99	-	99	-	-
Scotiabank Perú S.A.A.	Finance leases	USD	3.65%	January 02, 2023	-	18	-	18	-	-
Scotiabank Perú S.A.A.	Finance leases	USD	3.30%	September 29, 2023	-	124	-	124	-	-
Total finance leases					**1,385**	**2,141**	**981**	**1,248**	**404**	**893**
Lease liabilities under IFRS 16	Leases	PEN			2,182	2,426	226	243	1,956	2,183
Total leases					**2,182**	**2,426**	**226**	**243**	**1,956**	**2,183**
Total lease liabilities					**3,567**	**4,567**	**1,207**	**1,491**	**2,360**	**3,076**

(b) As of December 31, 2023 and 2022, the Company is not subject to the following requirements:

- future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities, including leases not yet commenced to which the lessee is committed;
- deviations from industry practice, including unusual or unique lease terms and conditions that affect a lessee's lease portfolio;
- exposure to other risks arising from leases; and
- additional information relating to residual value guarantees.

(c) As of December 31, 2023 and 2022, lease liabilities are guaranteed for US$ 2,957 thousand and US$ 4,100 thousand, respectively.

14. Intangible Assets

Movement in the costs and accumulated depreciation of equipment for the years ended December 31, 2023 and 2022 is as follows:

In thousands of U.S. dollars	*Note*	Mining concessions and rights	Exploration and development expenses	Computer applications	Closing balance
2023					
Costs					
Opening balance		31,807	643,683	1,473	676,963
Additions		1,454	99,465	2,557	103,476
Disposals		-	-	-	-
Effect of exchange rate		822	19,177	63	20,062
As of December 31, 2023		**34,083**	**762,325**	**4,093**	**800,501**
Amortization					-
Opening balance		(26,419)	(490,205)	(694)	(517,318)
Additions	29	(1,446)	(61,393)	(89)	(62,928)
Disposals		-	-	-	-
Effect of exchange rate		(771)	(14,185)	(23)	(14,979)
As of December 31, 2023		**(28,636)**	**(565,783)**	**(806)**	**(595,225)**
Net carrying amount at the end of the year		**5,447**	**196,542**	**3,287**	**205,275**
2022					
Costs					
Opening balance		29,476	537,703	651	567,830
Additions		1,145	80,652	780	82,577
Disposals		(300)	-	-	(300)
Effect of exchange rate		1,486	25,328	42	26,856
As of December 31, 2022		**31,807**	**643,683**	**1,473**	**676,963**
Amortization					
Opening balance		(23,936)	(414,721)	(417)	(439,074)
Additions	29	(1,652)	(61,025)	(250)	(62,927)
Disposals		300	-	-	300
Effect of exchange rate		(1,131)	(14,459)	(27)	(15,617)
As of December 31, 2022		**(26,419)**	**(490,205)**	**(694)**	**(517,318)**
Net carrying amount at the end of the year		**5,388**	**153,478**	**779**	**159,645**

See accounting policy in note 3.F.

In 2023, additions to exploration and development expenses relate to depreciation charge of machinery and vehicles for US$ 1,661 thousand (2022: US$ 1,539 thousand) (notes 12 and 13). Additionally, it comprises employees' profit sharing related to the exploration and development activities for US$ 2,087 thousand (2022: US$ 3,230 thousand) (note 26).

Amortization charge for the years ended December 31, 2023 and 2022 was allocated as follows:

15. Trade Accounts Payable

This caption comprises the following:

In thousands of U.S. dollars	2023	2022
Invoices	56,674	41,925

Trade accounts payable correspond to the purchase of materials, supplies and rendering of services for the Company's operating activities.

As of December 31, 2023, it comprises debt factoring and reverse factoring for US$ 7,716 thousand (2022: US$ 5,033 thousand).

Trade accounts payable are stated in local and foreign currency, have current maturities, do not accrue interest, and do not have specific collaterals.

Also, the Company is involved in a supply chain finance program under which suppliers may elect to receive an advance payment of the invoice from a bank by factoring accounts receivable from the Company. Accordingly, a bank agrees to pay a participating provider the amounts of invoices owed by the Company and are paid by the Company at a later date. The main objective of the program is to ensure efficient payment processing and allow participating suppliers to sell their accounts receivable from the Company to a bank prior to their due date.

The Company did not derecognize financial liabilities since it did not obtain a legal release and there were no significant changes in the financial liabilities. According to the Company, the payment terms are not significantly extended beyond the terms agreed with other non-participating suppliers. The carrying amount of trade accounts payable does not differ materially from the fair value due to their current maturity.

16. Other Accounts Payable

This caption comprises the following:

In thousands of soles	2023	2022
Cash withheld – contractors (a)	7,645	7,045
Related parties (b)	4,974	5,973
Mining royalties – Law 28258	1,700	1,454
Special mining tax – Law 29789	1,391	1,140
Other taxes and contributions	1,319	1,190
Retirement fund for mining, metallurgical and steel workers	527	783
Other accounts payable to related parties	367	220
Insurance contracts	246	230
Others	186	596
Total accounts payable	**18,355**	**18,631**
Current portion	**18,290**	**18,521**
Non-current portion	**65**	**110**

(a) It corresponds to the withholding of a percentage of the contractors' monthly invoicing as a fund to ensure compliance with labor obligations.

(b) It corresponds to related parties.

i. Parent and ultimate controlling party

As of December 31, 2023 and 2022, the members of the Company are legal and natural persons which hold 62.76% and 37.24% of shares, respectively.

ii. Transactions with key management personnel

The Company considers among its key management personnel those officers with authority and responsibility for planning, directing and controlling the Company's activities. The Company's key management personnel is defined as the senior management, which is composed of management and Board of Directors. As of December 31, 2023 and 2022, they received compensations and other benefits:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Key management personnel		5,144	5,537
Board of Directors	*32*	7,390	9,873
		12,534	**15,410**

As of December 31, 2023, the outstanding balance amounts to US$ 4,974 (2022: US$ 5,973).

Such benefits are included in 'administrative expenses' and 'cost of sales' in the separate statement of profit or loss and other comprehensive income. As of December 31, 2023 and 2022, the Company did not grant loans to key management personnel, and does not provide post-employment benefits, other long-term benefits or termination benefits.

17. Other Financial Liabilities

This caption comprises the following:

					Principal					
					Total		Current portion		Non-current portion	
In thousands of U.S. dollars	Type of liability	Currency	Interest rate	Maturity date	2023	2022	2023	2022	2023	2022
Scotiabank Perú S.A.A.	Promissory notes	USD	6.00%	July 2024	18,447	-	18,447	-	-	-
BBVA Banco Continental S.A.	Loans	USD	6.00%	August 2026	22,145	-	8,145	-	14,000	-
Scotiabank Perú S.A.A.	Promissory notes	USD	4.10%	January 2023	-	15,248	-	15,248	-	-
BBVA Banco Continental S.A.	Loans	USD	2.20%	December 2023	-	7,859	-	7,859	-	-
					40,592	**23,107**	**26,592**	**23,107**	**14,000**	**-**

Loans have certain restrictions for the Company, which involve meeting the following covenants. As of December 31, 2023 and 2022, the Company has met them.

(a) Maintain a debt ratio of less than 2.50.

(b) Maintain a debt-service coverage ratio of more than 1.50.

The Company undertakes to meet the financial ratios—i.e., debt ratio and debt-service coverage ratio. As of December 31, 2023 and 2022, the Company calculated the financial ratios for the loan with BBVA Banco Continental S.A. as follows:

Ratio	Covenant	As of December 31, 2023	As of December 31, 2022
Debt ratio	Less than 2.5 (total debt/EBITDA)	0.22 times	0.10 times
Debt-service coverage ratio	More than 1.5 (EBITDA/debt)	14.83 times	43.11 times

The fair value of financial liabilities is as follows:

In thousands of U.S dollars	2023	2022
Up to 1 year	27,099	22,990
1-5 years	14,914	-
	42,013	**22,990**

Reconciliation of the changes in the liabilities to the cash flows from financing activities

	Liabilities		Total equity			
In thousands of U.S. dollars	**Bank loans**	**Lease liabilities**	**Issued capital**	**Other capital reserves**	**Retained earnings**	**Total**
Balance as of January 1, 2023	23,107	4,567	118,783	23,757	274,995	445,209
Changes in cash flows from financing activities						
Loans received	42,000	-	-	-	-	42,000
Cash payments from loans	(24,855)	-	-	-	-	(24,855)
Cash payments from lease liabilities	-	(1,718)	-	-	-	(1,718)
Cash payments from dividends	-	-	-	-	(64,433)	(64,433)
Total changes in cash flows from financing activities	**17,145**	**(1,718)**	**-**	**-**	**(64,433)**	**(49,006)**
Effects of changes in exchange rates	**-**	**-**	**-**	**-**	**-**	**-**
Changes in fair value						
Other changes						
Liability-related changes						
Assets acquired in new leases	-	532	-	-	-	532
Cash payments from interest	(2,175)	(185)	-	-	-	(2,360)
Others	2,515	371	-	-	-	2,886
Total other liability-related changes	**340**	**718**	**-**	**-**	**-**	**1,058**
Total other equity-related changes	**-**	**-**	**42,811**	**8,562**	**38,727**	**90,100**
Balance as of December 31, 2023	**40,592**	**3,567**	**161,594**	**32,319**	**249,289**	**487,361**

	Liabilities		Total equity			
In thousands of U.S. dollars	**Bank loans**	**Lease liabilities**	**Issued capital**	**Other capital reserves**	**Retained earnings**	**Total**
Balance as of January 1, 2022	24,996	7,188	113,494	22,699	243,477	411,854
Changes in cash flows from financing activities						
Loans received	15,000	-	-	-	-	15,000
Cash payments from loans	(17,073)	-	-	-	-	(17,073)
Cash payments from lease liabilities	-	(3,080)	-	-	-	(3,080)
Cash payments from dividends	-	-	-	-	(88,940)	(88,940)
Total changes in cash flows from financing activities	**(2,073)**	**(3,080)**	**-**	**-**	**(88,940)**	**(94,093)**
Effects of changes in exchange rates	**-**	**-**	**-**	**-**	**-**	**-**
Changes in fair value						
Other changes						
Liability-related changes						
Assets acquired in new leases	-	362	-	-	-	362
Cash payments from interest	(1,131)	(146)	-	-	-	(1,277)
Others	1,315	243	-	-	103	1,661
Total other liability-related changes	**184**	**459**	**-**	**-**	**103**	**746**
Total other equity-related changes	**-**	**-**	**5,289**	**1,058**	**120,355**	**126,702**
Balance as of December 31, 2022	**23,107**	**4,567**	**118,783**	**23,757**	**274,995**	**445,209**

18. Employee Benefits

This caption comprises the following:

In thousands of U.S. dollars	**Note**	**2023**	**2022**
Holidays payable		1,664	1,572
Employees' profit sharing payable	*26*	9,164	13,751
Severance payment		272	243
Wages and salaries payable		6	8
Total employee benefit liabilities		**11,106**	**15,574**

See accounting policy in note 3.M.

19. Provisions

This caption comprises the following:

In thousands of U.S. dollars	**Note**	**2023**	**2022**
Balance as of January 1		412	571
Additions	*31*	174	146
Cash payments		(138)	(59)
Amounts recovered		13	(269)
Effect for exchange rate		14	23
Closing balance		**475**	**412**

See accounting policy in note 3.J.

20. Provision for Environmental Rehabilitation

This caption comprises the following:

In thousands of U.S. dollars	**Note**	**2023**	**2022**
Balance as of January 1		16,928	17,808
Upgrading of fixed asset value	*12*	19,580	(1,409)
Financial expenses	*33*	983	388
Disbursements		(235)	(787)
Effect for exchange rate		(1,859)	928
Balance as of December 31		**35,397**	**16,928**
Less: Current portion		(787)	(937)
Non-current portion		**34,610**	**15,991**

See accounting policy in note 3.J.

Law 28090, effective October 14, 2004, establishes the obligations and procedures that a holder of a mining concession shall meet for preparing, submitting, and implementing the mine closure plan as well as lodging the relevant environmental guarantees. Such Law indicates that a holder of a mining concession shall submit to the competent authorities its mine closure plan within a 6-month term from the effective date of Law 28090. However, on May 8, 2005, an amendment was approved indicating that a holder of a mining concession shall submit to the competent authorities its mine closure plan within a maximum term of one year from the effective date of the Regulation of Law 28090. Supreme Decree 033-2005-EM, dated August 15, 2005, approved the Regulation on the Mine Closure Plan.

Accordingly, the Company hired SVS Ingenieros S.A., a consulting company registered with the General Directorate of Environmental and Energy Affairs (DGAA), for preparing the Company's progressive and final closure plan, which was submitted, on August 16, 2006, to the DGAA of MINEM. Resolution 119-2011-MEM-AAM, dated April 14, 2011, approved such plan. Directorial Resolution 102-2018-MEM/DGAAM, dated May 14, 2018, approved the fourth amendment to the mine closure plan of the Poderosa Production Unit. The Company hired Georservice Ambiental S.A.C., a consulting company registered with the DGAA, for preparing the second update of the mine closure plan of the Poderosa Production Unit, which was approved on July 26, 2022 through Directorial Resolution 222-2022/MINEM-DGAAM. As of the date of this report, the fifth update of the mine closure plan of the Poderosa Production Unit prepared by SKR Consulting (Peru) S.A., is being evaluated by MINEM.

The Company renewed the letter of guarantee issued by BBVA Banco Continental S.A. that matures on January 10, 2024 for US$ 39,171 thousand, including sales tax, at an effective annual interest rate of 0.19% on behalf of MINEM to ensure the implementation of the mine closure plan of the Poderosa Production Unit.

Law 31347, published August 18, 2021, modified Law 28090 and regulates mine closure. Such Law modifies the financial guarantees granted from a mining right holder to MINEM and requires the implementation of a progressive mine closure plan in the production phase. Law 31347, through a supreme decree approved by MINEM, states that the executive branch will bring the Regulation on Mine Closure into line with such Law within a 90-day period from its publication. To date, it is still pending.

The effective date of Law 31347 is not subject to the adaptation of the Regulation; therefore, it is in force. However, its application is subject to the discretion of the relevant authority. The relevant authority will not apply the financial guarantee granted for the progressive mine closure plan until the publication of the Regulation, since these are annual guarantees. This regulation has not yet been published. On January 10, 2023, the Company submitted the letter of guarantee (year 2023) to MINEM related to the final closure and post-closure activities, excluding the amount for the progressive mine closure plan.

As of December 31, 2023, with the updated mine closure plan extending the useful life to 2034, certain construction projects will be completed between years 2028 and 2029. The future value of the provision for mine closure amounts to US$ 53,241 thousand. Such amount was discounted at a risk-adjusted discount rate of 3.88% resulting in an asset at present value of US$ 44,722 thousand (2022: US$ 29,127 thousand discounted at 3.88% resulting in an asset at present value of US$ 25,530 thousand). The Company considers that the liability amount recognized in the separate financial statements is sufficient to meet its obligation under the current environmental regulations approved by MINEM.

Amounts recognized in the separate statement of profit or loss and other comprehensive income are as follows:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Depreciation	*12*	734	2,350
Costs of upgrading the provision for environmental rehabilitation	*33*	983	388

21. Derivative Instruments

The Company has master agreements regarding the volatility of gold price per troy ounce to set forward prices to hedge cash flows from sales. The agreements are entered into within the framework of the International Swaps and Derivatives Association (ISDA) with international financial institutions—e.g., Macquarie Bank Limited, Techemet, among others. As of December 31, 2023, this type of derivative instruments resulted in a net loss on financial instruments for US$ 1,264 thousand (2022: net gain for US$ 3,777 thousand). As of December 31, 2022, the account receivable from such hedging instruments amounts to US$ 202 (note 8).

See accounting policy in note 3.B.v.

22. Deferred Tax Liabilities

This caption comprises the following:

In thousands of U.S. dollars	As of January 1, 2022	Credit (debit) to the separate statement of profit or loss	Effect of movements in exchange rates	As of December 31, 2022	Credit (debit) to the separate statement of profit or loss	Effect of movements in exchange rates	As of December 31,2023
Deferred assets							
Costs for mine closure	1,531	463	74	2,068	154	61	2,283
Employees' profit sharing payable	4,952	(1,135)	224	4,041	(1,492)	106	2,655
Finance leases	864	(188)	39	715	(91)	20	644
Provision for mine closure	(65)	(47)	(3)	(115)	(181)	(5)	(301)
Accrued holidays	6	(7)	1	0	13	0	13
Provision for labor lawsuits	169	(54)	7	122	15	3	140
Special mining tax	519	(205)	22	336	562	14	912
Total deferred assets	**7,976**	**(1,173)**	**364**	**7,167**	**(1,020)**	**199**	**6,346**
Deferred liabilities							
Excess amortization of intangible assets	(14,251)	(342)	(666)	(15,259)	(5,125)	(475)	(20,859)
Property, plant and equipment	(2,147)	(260)	(101)	(2,508)	27	(72)	(2,553)
Inventories	51	(101)	2	(48)	210	(1)	161
Cost of leased assets	(751)	145	(34)	(640)	80	(18)	(578)
Total deferred liabilities	**(17,098)**	**(558)**	**(799)**	**(18,455)**	**(4,808)**	**(566)**	**(23,829)**
Deferred liabilities, net	**(9,122)**	**(1,731)**	**(435)**	**(11,288)**	**(5,828)**	**(367)**	**(17,483)**

See accounting policy in note 3.I.

Debit (credit) to profit or loss for deferred tax liabilities was as follows:

In thousands of U.S. dollars	**Note**	**2023**	**2022**
Total closing balance		(17,483)	(11,288)
Total opening balance		11,288	9,122
Effect of movements in exchange rates		367	435
Loss for the year	***27.D***	**(5,828)**	**(1,731)**

23. Issued Capital

As of December 31, 2023 and 2022, the authorized, subscribed, and paid-in capital is represented by 600,000,000 and 453,750,000 ordinary shares at a face value of S/ 1 each.

The General Stockholders' Meeting, held March 14, 2023, approved the increase in capital stock through the capitalization of 2021 profits (S/ 146,250 thousand equivalent to US$ 38,599 thousand). Such capitalization is registered at the National Superintendency of Public Registries (SUNARP, for its Spanish acronym).

As of December 31, 2023, the Company's ordinary shares are listed in the Lima Stock Exchange at S/ 7.30 per share (2022: S/ 9.40) and have a trading frequency of 46% (2022: 45%).

As of December 31, 2023 and 2022, the Company's shareholding structure is as follows:

	2023		**2022**	
Percentage of individual interests in capital	**Number of stockholders**	**Total percentage of interests**	**Number of stockholders**	**Total percentage of interests**
Up to 1	379	2.30	308	2.30
From 1.01 to 5	1	4.25	1	4.25
From 5.01 to 10	2	19.26	2	19.26
More than 10	5	74.19	5	74.19
	387	**100.00**	**316**	**100.00**

See accounting policy in note 3.R.

24. Other Capital Reserves

Pursuant to the Companies Act, the Company is required to allocate at least 10% of its net annual profits to a legal reserve. This allocation is required until the reserve equals 20% of the paid-in capital. The legal reserve may be used to offset losses in the absence of retained earnings or unrestricted funds, but it shall be restored. The legal reserve may also be capitalized, but it shall be subsequently restored.

In 2023, there was an increase in legal reserve as a result of the capitalization of profits for the year 2022. It reached the limit of 20% of capital.

25. Retained Earnings

The General Stockholders' Meeting, held on March 14, 2023, approved the dividend distribution for S/ 245,036 thousand equivalent to US$ 64,433 thousand (US$ 0.142 thousand per ordinary share), debited to the 2020 and 2021 profits. Payments were made in full in April 2023.

The General Stockholders' Meeting, held on March 10, 2022, approved the dividend distribution for S/ 330,660 thousand equivalent to US$ 88,935 (US$ 0.196 thousand per ordinary share), debited to the 2019 and 2020 profits. Payments were made in full in April 2022.

See accounting policy in note 3.S.

26. Employees' Profit Sharing

In accordance with current regulations, employees are entitled to a profit-sharing plan computed at 8% of net income. In determining income tax, this employees' profit sharing is considered as a deductible expense.

In 2023, the Company determined a current employees' profit sharing for US$ 9,147 thousand (2022: US$ 13,698 thousand), which was recognized in the following items:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Cost of sales	*29*	5,347	8,080
Selling expenses	*30*	13	22
Administrative expenses	*31*	1,562	2,317
Intangible assets	*14*	2,087	3,230
Effect of exchange rates		138	49
		9,147	**13,698**

As of December 31, 2023, the employees' profit sharing payable amounts to US$ 9,164 thousand (2022: US$ 13,751 thousand), which is included in 'employee benefits' in the separate statement of financial position (note 18).

See accounting policy in note 3.M.

27. Tax Matters

Tax rates

A. The Company is subject to the Peruvian tax law. As of December 31, 2023 and 2022, the corporate income tax is calculated on the basis of the net taxable profits determined by the Company at a rate of 29.5%.

The income tax rate applicable to dividend distribution and any other form of profit distribution to 5% for profits generated and distributed from January 1, 2017.

B. **Mining Royalties and Special Mining Tax**
On September 28, 2011, the Peruvian government amended the mining royalties from October 1, 2011. Accordingly, mining royalties for holders of mining concessions (metallic and non-metallic mineral resources) shall be quarterly settled. In determining mining royalties, the Company uses the higher of: (i) the amount obtained by applying a marginal step rate to the quarterly operating profit adjusted for certain items; and (ii) 1% of net quarter sales. Payments of mining royalties are deductible for determining income tax of the year in which payments are made.

As of December 31, 2023, expenses for mining royalties and special mining tax amount to US$ 5,319 thousand (note 31) and US$ 3,289 thousand, respectively (2022: US$ 5,448 thousand (note 31) and US$ 5,055 thousand).

C. **Additional Retirement Fund for Mining Workers**
Law 29741 issued July 9, 2011 and approved through Supreme Decree 006-2012-TR, created the additional retirement fund for mining, metallurgical and steel workers to provide an additional payment, other than the retirement, disability and survivorship benefits, to mining, metallurgical and steel workers.

Both the latter and companies subject to such Law shall make a contribution of 0.5% of the Company's annual profit before tax to the fund. As of December 31, 2023, the contributions to the fund amount to US$ 518 thousand (2022: US$ 751 thousand).

Income Tax Determination

D. The Company computed its tax base for the years ended December 31, 2023 and 2022 and determined current tax for US$ 30,806 thousand and US$ 46,300 thousand, respectively.

Tax expense comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Current tax		30,806	46,300
Deferred tax	*22*	5,828	1,731
Special mining tax		3,289	5,055
Effect for exchange rate		41	11
		39,964	**53,097**

Reconciliation of the effective tax rate to the tax rate is as follows:

In thousands of U.S. dollars	**2023**		**2022**	
Profit before tax	**116,993**	**100.00%**	**157,431**	**100.00%**
Income tax (implicit cost)	34,513	29.50%	46,442	29.50%
Special mining tax	3,289	2.81%	5,055	3.21%
Tax effects on additions and deductions				
Permanent differences	2,162	1.85%	1,600	1.02%
Current and deferred tax as per effective rate	**39,964**	**34.16%**	**53,097**	**33.73%**

Temporary Tax on Net Assets

E. The temporary tax rate on net assets is 0.4% for the years 2023 and 2022 and is applied to the amount of net assets exceeding S/ 1 million. It may be paid in cash or nine consecutive monthly installments. The paid amount may be used as a credit against income tax paid. In the event a remaining balance is not applied, its refund could be requested. In 2023, the Company determined that the temporary tax on net assets amounts to US$ 1,900 thousand equivalent to S/ 7,057 thousand (2022: US$ 1,855 thousand equivalent to S/ 7,062 thousand).

Transfer Pricing

F. In determining income tax, transfer pricing with related parties and entities domiciled in territories with low or zero taxation shall be supported with documents and information on the valuation techniques and the criteria used for the pricing.

Based on the business analysis, it is the opinion of management and its legal advisors that no significant contingencies will arise as of December 31, 2023 and 2022 from the application of such regulations.

Tax Assessment

G. The Tax Authorities are entitled to audit and, if applicable, to correct the income tax calculated by the Company within the four years following the year of the tax return filing. The Company's income tax returns for the years from 2017 to 2022 are open for review by the Tax Authorities. Its income tax returns for the years 2009, 2010, 2012 and 2015 are already reviewed. The Company's sales tax returns for the years from 2018 (December) to 2023 (December) are open for review by the Tax Authorities.

Due to the possible interpretations of the current laws by the Tax Authorities, it is not possible to determine, to date, whether a future tax assessment will result in liabilities for the Company. Therefore, any major tax or surcharge that might arise from eventual tax assessments would be applied to profit or loss when they are determined. However, it is the opinion of management and its legal advisors that any possible additional settlement of taxes would not be significant for the separate financial statements as of December 31, 2023 and 2022.

Sales Tax Regime

H. As of December 31, 2023 and 2022, according to the Peruvian tax law, the sales tax rate is 18%.

Major amendments to tax laws effective for periods beginning on January 1, 2021

K. **New accrual concept**
Legislative Decree1425 introduced the definition of "legal accrual" for income tax purposes, stating that: a) revenue from transfer of goods occurs when i) control has been transferred (under IFRS 15); or ii) risk has been transferred to the acquirer (Risk Theory set out in the Civil Code), whichever occurs first; and b) revenue from rendering the service occurs when realization level of the rendered service has been established.

The new legal accrual concept is applicable to lessees when determining the tax treatment of the expense associated with leases regulated by IFRS 16—i.e., operating leases for tax purposes.

This concept shall not be applicable for those entities accruing income or expenses for income tax purposes in accordance with tax laws establishing a special (sector) accrual system.

L. **Deduction of expenses or costs incurred in transactions with non-domiciled individuals**
Legislative Decree 1369 states that costs and/or expenses (including outbound interest) incurred with non-domiciled individuals shall be paid effectively to be deducted in the period in which they are incurred. Otherwise, their effect on the determination of net income shall be deducted in the period they are actually paid and the relevant withholding shall be applied.

Such regulation abolished the obligation to pay the amount equivalent to the withholding on the amount recognized as cost and/or expense.

M. **Indirect loans**
From January 1, 2019, under certain requirements, domiciled entities receiving foreign inbound dividends may deduct as direct loan the income tax that taxed the foreign dividends and the corporate income tax (indirect loan) paid by the tier 1 and tier 2 non-domiciled entity (provided that they are in the same jurisdiction) that distributed the dividends from abroad.

N. **Measures to implement the General Anti-avoidance Rule provided in the Regulation XVI of Tax Code**
Legislative Decree 1422 sets up the procedure to implement the General Anti-avoidance Rule, mainly stating that: (i) it is applicable only in final audit procedures in which acts, events or situations that occurred since July 19, 2012 are reviewed; (ii) it is applicable only if there is a favorable opinion (unappealable) from a review committee composed of Tax Authorities' officers; and (iii) final audit procedures, in which the General Anti-avoidance Rule is applicable, are not subject to a 1-year term to request information from the audited parties.

Supreme Decree 145-2019-EF dated May 6, 2019 and published on the official gazette of Peru "El Peruano," approved all the formal and substantial parameters for the application of the General Anti-avoidance Rule provided in the Regulation XVI of Tax Code. Consequently, the requirement to end the suspension of the application for such rule, established by Law 30230, is deemed as complied with. Likewise, the Regulation on Tax Assessment has been modified for such purposes.

Through Resolution 000184-2021/SUNAT, published on December 13, 2021, the members of the Review Committee of the Tax Authorities (SUNAT) were appointed, in accordance with the Article 62-C of the Consolidated Text of the Tax Code. It states that, when applying the General Anti-avoidance Rule in an audit, a report and the auditor's report shall be submitted to the Review Committee.

O. **Joint and several liability of legal representatives and directors**
From September 14, 2018, through Legislative Decree 1422, when an audited individual is subject to the General Anti-Avoidance Rule, there is joint and several liability of legal representatives due to fraud, gross negligence or misuse of powers, unless proven otherwise. The aforementioned joint and several liability shall be attributed to such representatives provided that they collaborated with the design or approval or execution of acts, situations or economic relationships with an avoidance purpose.

Such regulation also involves the members of the Board of Directors, since it is stated that these individuals are responsible for setting the tax strategy of the entities where they are directors. Thus, the latter are responsible for determining whether to approve the acts, situations or economic relationships carried out within the tax planning framework, and finally they shall not delegate such liability.

Lastly, members of the domiciled entities' Board of Directors were granted a term (until March 29, 2019) to verify or modify the acts, situations or economic relationships carried out within the tax planning framework and implemented from September 14, 2018 that are effective to date.

Considering the joint and several liability attributable to legal representatives and directors, and the absence of a definition of tax planning, it will be crucial to review any act, situation or economic relationship that has: (i) increased tax attributes; and/or (ii) generated a lower payment of taxes of such periods, in order to avoid the attribution of joint and several liability, both administratively and punitively, depending on the supervisory agent criterion. The latter, in case the entity to be audited by the Tax Authorities is subject to the General Anti-Avoidance Rule.

P. **Information related to ultimate beneficiaries**

In line with the regulations to strengthen the fight against tax evasion and avoidance, as well as against money laundering and terrorism financing, from August 3, 2018, provisions introduced by Legislative Decree 1372 are currently in force. The Decree requires the presentation of information related to ultimate beneficiaries to the competent authorities through a sworn statement of the ultimate beneficiaries. Such statement shall disclose the names of the natural persons that effectively retain ownership or control. Thus, it is mandatory to report the following: (i) identification of the ultimate beneficiaries; (ii) chain of title with its respective supporting documents; and (iii) identification of third parties that have such information, if applicable. Also, it states that the information related to the identification of the ultimate beneficiaries of legal persons and legal entities provided to the competent authorities under these regulations neither violates professional secrecy nor is subject to restrictions on the disclosure of information arising from secrecy requirements under contracts or any regulatory provision.

Tax Authorities' Resolution 041-2022/SUNAT, effective as of March 25, 2022, introduced new individuals required to present the informative sworn statement in the years 2022 and 2023, provided that they did not present such statement in December 2019.

The legal entities are required to present the informative sworn statement in accordance with the maturity schedule of monthly obligations of December 2022. However, Tax Authorities' Resolution 000278-2022/SUNAT, postponed the maturity date to December 2023.

Lastly, if the informative sworn statement with the information related to the ultimate beneficiaries is not presented, the legal representatives of the entity that failed to comply with the presentation of such statement shall assume the joint and several liability.

The Company submitted the informative sworn statement on the date established in the monthly maturity schedule.

Q. **Indirect transfer of shares**

From January 1, 2019, an anti-avoidance measure is included to prevent the split of transactions, which allows indirect transfer of shares of entities domiciled in Peru.

In order to determine if a Peruvian entity has made a transfer within a 12-month period of 10% or more of capital, transfers of the analyzed entity and transfers to related parties shall be considered, whether transfers are made through one or several (simultaneous or successive) transactions. The relationship shall be set up in accordance with Article 32-A (b) of Income Tax Law.

Likewise, regardless of compliance with the provisions of the Income Tax Law, an indirect taxable transfer shall always be made when, over any 12-month period, the total amount of transferred shares of the Peruvian legal person is equal to or greater than 40,000 tax units.

Lastly, from January 1, 2019, when the transferor is a non-domiciled legal person that has a branch office or any permanent establishment in Peru with allocated equity, the latter is considered a jointly liable party. Thus, it is required to provide information, among others, regarding the transferred shares or interests of the non-domiciled legal person.

R. **Depreciation of assets**

Legislative Decree 1488 established a special depreciation regime and modified depreciation periods by increasing depreciation rates for assets acquired during the years 2020, 2021 and 2022 to promote private sector investment and provide greater liquidity given the economic outlook due to the COVID-19 pandemic.

Likewise, Law 31652 approved a new special depreciation regime, increasing depreciation rates for taxpayers that acquire buildings and constructions during the years 2023 and 2024 (does not apply to goods totally or partially completed before January 1, 2023).

S. **Thin capitalization**

From January 1, 2021, borrowing costs shall be deductible up to 30% of the prior-period tax-EBITDA (Net Income – Loss Compensation + Net Interest + Depreciation + Amortization). There are some exemptions regarding this 30% limit for banks, taxpayers whose income is lower than 2,500 tax units, infrastructure, public utilities, among others.

Supreme Decree 402-2021, published on December 30 and effective as of December 31, 2021, modified the Regulation on the Income Tax Law that regulates the calculation of tax-EBITDA for the purpose of setting interest rate limits.

Borrowing costs generated by debts of independent and related parties are subject to the thin capitalization limit of 3:1 debt-to-equity ratio, which is calculated at the end of the prior period.

T. **Subjects Without Operational Capacity (known by its Spanish acronym SSCO)**

Legislative Decree 1532, published on March 19, 2022 and effective as of January 1, 2023, regulated the procedure to establish the condition of Subject Without Operational Capacity (SSCO), within the framework of the fight against tax evasion.

An SSCO is an entity that, although it is the issuer of payment vouchers or complementary documents, does not have economic, financial, material, human, and other resources or that they are not suitable to carry out the transactions for which payment vouchers or complementary documents are issued.

Supreme Decree No. 319-2023-EF approved the regulation of the procedure to be followed to establish the condition of SSCO.

U. **Other significant changes**

On December 30, 2021, as part of the delegation of powers to make tax, financial and economic recovery laws given to the executive branch (Law 31380), the first tax laws were published, including the tax benefits approved for the fishing and wood industries, the price standardization for tax stability and the extension of the sales tax exemptions. They also include the following:

The term of some tax exemptions and benefits was extended as follows:

- The term of tax exemptions included in Appendixes I and II of the Sales Tax Law was extended until December 31, 2022. Consequently, the sale of staple food and basic services—e.g., public transport, among others—will not be subject to sales tax. For more information, see Law 31651.

- The issuance of e-money will not be subject to sales tax until December 31, 2024. For more information, see Legislative Decree 1519.

- The refund of taxes on acquisitions through foreign donations from and imports from diplomatic missions will be effective until December 31, 2024. For more information, see Legislative Decree 1519.

Supreme Decree 1516, published on December 30, 2021 and effective as of December 31, 2021, required the price standardization for tax stability under legal stability agreements according to Legislative Decrees 662 and 757. Therefore, such Decree modified the Article 1 of Law 27342 that regulates such agreements. Accordingly, under those legal stability agreements entered into between entities that receive investment and the Peruvian government, the income tax is stabilized. Such tax is applicable in accordance with the current laws and corresponds to the tax rate (plus 2%) referred to in the first paragraph of Article 55 of the Income Tax Law.

Likewise, Law 28194 "Law on the Fight against Tax Evasion and the Formalization of the Economy" was modified through Legislative Decree 1529, effective as of April 1, 2022, regarding the instances where the use of payment methods is applicable, the minimum amount required to use payment methods and the obligation to notify the Tax Authorities about payments made to third parties other than the creditor.

28. Revenue

A. Revenue streams

The Company generates cash flows based on its distributed activities among its performance obligations stated in note 3.O.

In thousands of U.S. dollars	2023	2022
Revenue from contracts with customers – Gold bullion (a)	530,459	544,805
Total revenue	**530,459**	**544,805**

(a) The fixed price is subject to a future settlement according to business contracts entered into with customers. It usually ranges from three to four days after delivery of doré bars to the customer. Final adjustment is based on market prices established in the business contract. As of December 31, 2023, the balance of adjusted prices amounts to US$ 2,863 thousand (2022: US$ 1,926 thousand).

The change for adjusted gold price is the result of an increase in the price over the year compared with the prior year:

	2023	2022
Gold (USD/oz)	1,953	1,798
Silver (USD/oz)	23	22

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by performance obligations.

	Total	
In thousands of U.S. dollars	**2023**	**2022**
Performance obligations		
Sale of mineral and laboratory services	530,459	544,805
	530,459	**544,805**

Performance obligations and revenue recognition policies

Revenue is measured at the fair value of the consideration established in the contract with a customer. The Company recognizes revenue when it transfers control of a good at a point in time—i.e., upon delivery of a good.

See accounting policy in note 3.O.

C. Contract balances

The following table provides information about accounts receivable from contracts with customers.

In thousands of soles	*Note*	2023	2022
Trade accounts receivable	7	3,940	3,306
		3,940	**3,306**

(a) As of December 31, 2023 and 2022, the Company does not have contract assets or contract liabilities.

29. Cost of Sales

This caption comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Beginning inventory of finished goods	*9*	8,301	7,792
Beginning inventory of work-in-progress	*9*	487	203
Production costs (a)		352,489	320,127
Supervisory Agency for Investment in Energy and Mining of Peru (OSINERGMIN) and OEFA		1,010	1,311
Ending inventory of finished goods	*9*	(7,349)	(8,301)
Ending inventory of work-in-progress	*9*	(488)	(487)
		354,450	**320,645**

See accounting policy in note 3.P.

It comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Artisanal miners (a)		124,819	64,059
Amortization	*14*	62,928	62,927
Cleaning up of camps and metalworking (a)		6,437	53,692
Mining activities – contractors		26,636	25,819
Personnel expenses	*32*	17,319	16,127
Use of materials and supplies		18,037	16,169
Transportation and storage		19,978	18,160
Depreciation	*12 & 13*	12,020	12,825
Employees' profit sharing	*26*	5,347	8,080
Lease of machinery and equipment		9,635	8,750
Electric power		3,697	3,662
Room and board (a)		1,905	1,437
Security services (b)		21,087	12,023
Civil construction activities – contractors		5,246	4,264
Sampling and analysis		1,806	1,866
Repair and maintenance services		6,945	4,149
Advisory and consulting services on geology, mine and plant		1,654	1,211
Landline and mobile phones, Internet and satellite link		443	429
Software license expenses		658	638
Others		5,892	3,840
		352,489	**320,127**

(a) The variation corresponds to the increase in work performed by artisanal miners.

(b) Such modification corresponds to a security improvement by safeguarding the mining concessions and mine assets.

(c) The increase corresponds to the costs incurred for the refurbishment of the facilities for the return to 100% of on-site work.

30. Selling Expenses

This caption comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Sale participation agreements (a)		12,968	12,232
Third-party services (b)		1,276	1,259
Personnel expenses	*32*	48	48
Employees' profit sharing	*26*	13	22
Others		48	55
		14,353	**13,616**

See accounting policy in note 3.P.

It corresponds to a payment from the Company to holders of mining concessions according to the contractual transfer of exploitation rights. Such payment amount results from applying a percentage on the price of gold bullion sold by the Company.

As of December 31, 2023 and 2022, the Company has entered into 10 sale participation agreements. These agreements do not have a maturity date and sale participation percentages range between 0.357% and 6%.

(a) It corresponds to land and air transportation for the sale of gold bullion, as well as overseas refinery costs.

31. Administrative Expenses

This caption comprises the following:

In thousands of U.S. dollars	***Note***	**2023**	**2022**
Personnel expenses	*32*	13,061	15,031
Third-party services (a)		8,973	6,885
Other administrative expenses (b)		15,363	10,539
Mining royalties – Law 29788	*27.B*	5,319	5,448
Employees' profit sharing	*26*	1,562	2,317
Depreciation	*12 & 13*	1,385	1,020
Provision for litigations	*19*	174	146
Loss allowance for accounts receivable	*8*	129	108
Others		27	275
		45,993	**41,769**

See accounting policy in note 3.P.

(a) It comprises the following:

In thousands of U.S. dollars	2023	2022
Advisory and consulting services	3,340	3,213
Lease of equipment	995	934
Land and air transportation of employees	994	591
Civil works	602	333
Security services	430	190
Repair and maintenance services	350	220
Environmental management	288	305
Room and board	257	175
Cleaning services	255	59
Satellite link, landline and mobile phones	135	104
Electric power	57	10
Bank charges	48	47
Leases of office	9	17
Other services	1,213	687
	8,973	**6,885**

(b) It comprises the following:

In thousands of U.S. dollars	2023	2022
Insurance contracts	6,035	4,536
Expenses for donations	7,070	4,415
Licenses	1,629	1,158
Other services	629	430
	15,363	**10,539**

32. Personnel Expenses

This caption comprises the following:

See accounting policy in note 3.M.

		Cost of sales (note 29)		**Selling expenses (note 30)**		**Administrative expenses (note 31)**	
In thousands of U.S. dollars	***Note***	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Wages and salaries	*18*	8,930	8,279	31	30	3,247	2,900
Social security contributions		3,143	3,016	5	5	715	626
Legal bonuses		1,488	1,257	5	5	564	483
Other personnel expenses		1,083	982	-	-	412	346
Other benefits		1,057	1,258	1	2	108	278
Severance payment		874	753	3	3	336	287
Holidays		744	582	3	3	289	238
Compensation to Board of Directors	*16(ii)*	-	-	-	-	7,390	9,873
		17,319	**16,127**	**48**	**48**	**13,061**	**15,031**

33. Finance Income (Borrowing Costs)

This caption comprises the following:

In thousands of U.S. dollars	*Note*	2023	2022
Finance income			
Interest on time deposits		2,508	827
Interest on loans		137	50
Gain on hedging instruments (a)	*21*	-	3,777
Other income		-	2
		2,645	**4,656**
Borrowing costs			
Option costs		373	181
Expense for hedging instruments	*21*	1,264	-
Interest on short-term and long-term loans and leases		1,655	778
Interest on financial liabilities discounts		123	139
Market price expenses		115	68
Costs of upgrading the provision for environmental rehabilitation	*20*	983	388
Others		331	318
		4,844	**1,872**

(a) Derivative instruments aim to hedge the risk that arises from changes in the price of the commodity (gold) to which the Company is exposed in order to secure its profit or loss. As of December 31, 2023, this type of derivative instruments resulted in a net loss on financial instruments (net gain as of December, 31 2022).

See accounting policy in note 3.T.

34. Earnings per Share

Earnings per ordinary share are as follows:

In thousands of U.S. dollars	2023	2022
Income attributable	**77,029**	**104,334**
Denominator		
Outstanding shares	600,000	453,750
Earnings per share (in *soles*)	**0.128**	**0.230**

See accounting policy in note 3.V.

35. Other Income and Expenses

This caption comprises the following:

In thousands of U.S. dollars	*Note*	2023	2022
Other income			
Lease of property and land		2,732	2,165
Lease of equipment		3,698	960
Insurance recovery		362	4
Gain on sale of fixed assets		248	174
Revenue from sale of materials		96	54
Other income		49	41
		7,185	**3,398**

In thousands of U.S. dollars	*Note*	2023	2022
Other expenses			
Costs of disposal of fixed assets	*12 & 13*	3,527	17,124
Fines and sanctions		129	394
Others		-	8
		3,656	**17,526**

36. Environmental commitment

The Company's activities are regulated by the Consolidated Text of the General Mining Law approved through Supreme Decree 014-92-EM; Law 28611 "General Environmental Law," which abolishes the Environment and Natural Resources Code, approved through Legislative Decree 613; and Regulation on Environmental Protection and Management for Mining Activities including Operations, Profits, General Work, Transportation and Storage, approved through Supreme Decree 040-2014-EM. In compliance with such regulations, the Company performed Environmental Impact Assessments (EIA) according to its Environmental Adjustment and Management Program (PAMA, for its Spanish acronym), which was submitted to MINEM on July 31, 1996, and approved on March 27, 1997, through Directorial Resolution 129-97 EM/DGM for US$ 1,360 thousand. On September 21, 1999, the Company submitted an amendment to its PAMA, which was approved through Directorial Resolution 41-2001EM/DGAA on February 8, 2001 for US$ 1,571 thousand. Its execution term was until December 31, 2001.

Directorial Resolution 028-2003-CM/DGM, dated January 27, 2003, approved the 18 PAMA investment projects for US$ 1,576 thousand. Such expenses were mainly used in the improvement and expansion of existing tailings dams, evaluation and selection of new tailings dams, improvement of waste rock management, dust control on roads and site restoration implementing reforestation programs and reducing wood consumption in mines. Likewise, the Company has been complying with the EIAs of the Santa María I Processing Plant, approved through Directorial Resolution 011-2017-SENACE-JEF_DEAR, which approves the first amendment of the Santa Maria EIA to 1000 TMD, dated November 24, 2017; and of the Marañón Processing Plant, approved through Directorial Resolution 450-2014-MEM-DGAAM, dated September 1, 2014, under File 921-2014-MEM-DGAAM/B, dated August 28, 2014. Such EIAs establish management plans and involve management of tailings, waste rocks, community relationships, and mine and plant effluent monitoring programs.

As of December 31, 2023, investment expenses and maintenance and monitoring costs of the 18 PAMA investment projects, which correspond to the fourth quarter of 2023, amounted to US$ 937 thousand in the Poderosa Production Unit and accrued expenses amounted to US$ 2,827 thousand.

Additionally, for the fourth quarter of 2023, progressive mine closure plan expenses amounted to US$ 148 thousand in the Poderosa Production Unit and accrued expense amounted to US$ 326 thousand.

For the fourth quarter of 2023, environmental management expenses amounted to US$ 1,914 thousand in the Poderosa de Trujillo, Libertad, Suyubamba, Lavasen, Condormarca and Montañitas Economic Administrative Units. As of December 31, 2023, accrued expenses amounted to US$ 6,086 thousand.

As of December 31, 2021, investment expenses and maintenance and monitoring costs of the 18 PAMA investment projects, which correspond to the fourth quarter of 2022, amounted to US$ 1,571 thousand in the Poderosa de Trujillo, Libertad, Suyubamba, Lavasen, Condormarca and Montañitas Economic Administrative Units and accrued expenses for US$ 5,449 thousand. Additionally, for the fourth quarter of 2022, progressive mine closure plan expenses amounted to US$ 220 thousand in the Poderosa Production Unit and accrued expense amounted to US$ 979 thousand.

37. Contingencies and Commitments

As of December 31, 2023, the Company has the following contingencies:

A. Tax proceedings

i. Tax proceeding: 2015 income tax – Claim File 0150340017571

On November 29, 2019, the Company received Tax Assessment Resolution 0120030108129 for the adjustment of payments of 2015 income tax, as well as Fine Resolution 0120020033180 for an alleged commission of an offense under the Article 178 (1) of Tax Code.

The objections made by the Tax Authorities correspond to: (i) stockpiles not recognized as work-in-progress for US$ 1,507 thousand (S/ 5,460 thousand); (ii) inappropriate deduction for depreciation of unrecorded fixed assets for US$ 284 thousand (S/ 1,028 thousand); (iii) inappropriate deduction for depreciation of unrecorded fixed assets for US$ 62 thousand (S/ 224 thousand); and (iv) undocumented employees' profit sharing for US$ 12 thousand (S/ 43 thousand).

On December 27, 2019, the Company filed a claim under File 0150340017571.

On September 25, 2020, the Company received Resolution 150140015590, declaring groundless the claim filed by the Company and approving the collection of the tax debt given in Tax Assessment Resolution 012-003-0108129 and Fine Resolution 012-002-0033180.

On October 16, 2020, the Company filed an appeal against Resolution 0150140015590. On November 27, 2020, the Company (appellant) filed a supplemental brief. To the reporting date, it is at the Tax Court and is pending resolution.

B. Labor and legal proceedings

As of December 31, 2023, there are several claims against the Company pending resolution. Such claims require the payment of:

(a) Nullity of an administrative decision for US$ 58 thousand (S/ 217 thousand);
(b) Payment obligation for US$ 1,674 thousand (S/ 6,217 thousand); and
(c) Fringe benefits and compensation for breaches of employment rights to former employees of the Company and contractors for US$ 1,406 thousand (S/ 5,219 thousand).

As of December 31, 2023, management and its legal advisors reviewed these proceedings and determined a probable contingency for US$ 475 thousand (S/ 1,765 thousand) (2022: US$ 412 (S/ 1,575 thousand)), which is presented in 'provisions' in the separate statement of financial position (note 19). If the former employees of mining contractors obtain a favorable outcome from the claims filed regarding amounts claimed, the Company will apply the guarantee funds withheld from the contractors and described in note 16(a).

C. Warranties

As of December 31, 2023, the Company has the following letters of guarantee:

- The Company renewed a letter of guarantee that matures on January 10, 2024 for US$ 39,170,668.84 thousand, including sales tax, issued on behalf of MINEM to ensure the implementation of the mine closure plan of the Poderosa Production Unit (note 20).

- The Company renewed a letter of guarantee that matures on October 13, 2024 for US$ 209,171.60 issued on behalf of MINEM to ensure the execution of the projects "138 kW transmission lines in the Lagunas Norte Nueva, LPC II, Cativen I and Cativen II Substations" and "60 kW transmission lines in the LPC II and LPC I Substations."

- The Company renewed a letter of guarantee that matures on March 2, 2024 for US$ 155,321.83 issued on behalf of MINEM to ensure the execution of the project "V9D transmission lines in the Nueva Ramada Substation."

- The Company renewed a letter of guarantee that matures on March 22, 2024 for US$ 491,516 (S/ 1,825,000.00), issued on behalf of MINEM to ensure the execution of the hydroelectric project for utilization of the water from Lavasen and Quishuar river basins – Cativen I and II Hydroelectric Stations.

- The Company issued a letter of guarantee that matures on May 19, 2024 for US$ 199,561 (S/ 740,969.19) on behalf of the Provincial Municipality of Pataz to ensure the supervision of the execution of the project "Improvement and extension of the water supply and sanitation services in the towns of Yurajpaccha, Vaquería de los Andes, Alborada de los Andes, Huarichaca and Huarimarca, District of Tayabamba, Province of Pataz, Department of La Libertad".

- The Company issued a letter of guarantee that matures on June 21, 2024 for US$ 870 (S/ 3,231.67) on behalf of the Provincial Municipality of Pataz to ensure the execution of the project "Improvement and extension of the water supply and sanitation services in the towns of Yurajpaccha, Vaquería de los Andes, Alborada de los Andes, Huarichaca and Huarimarca, District of Tayabamba, Province of Pataz, Department of La Libertad."

- The Company issued a letter of guarantee that matures on January 7, 2024 for US$ 4,040 (S/ 15,000) on behalf of ProInnóvate to ensure the execution of the collaborative innovation project.

- The Company issued a letter of guarantee that matures on November 21, 2024 for US$ 26,932 (S/ 100,000) on behalf of ProInnóvate to ensure the execution of the collaborative innovation project. "Phase 2: Potential circular economy solutions to reuse mining tailings from Minera Poderosa's operations, with a favorable environmental-social impact.

- The Company issued a letter of guarantee that matures on December 31, 2024 for US$ 100,000 on behalf of the Tax Authorities (SUNAT) to ensure compliance with customs tax debts.

D. Commitments

As of December 31, 2023 and 2022, the Company has a commitment arising from mining concession agreements involving the payment of future royalties—i.e., the exploitation and sale of gold ore is offset against the prepayment made (note 10).

38. Subsequent Events

No material events or facts that may require adjustments or disclosure in the separate financial statements as of December 31, 2023 have occurred between January 1, 2023 and the reporting date (February 05, 2024).

Additional Information: Mineral Resources and Proved and Probable Reserves (unaudited)

Resources and reserves
The following tables provide information on the Company's resources as of December 31, 2023 and 2022.

A. As of December 31, 2023 and 2022, the Company's mineral resources are as follows:

	Metric tons	Ore grade (MT)	Fine content (kg)
Year 2023	1,680,856	14.84 g/gold	24,946
Year 2022	1,537,315	15.94 g/gold	24,507

As of December 31, 2023 and 2022, the processed ore, precipitated mineral and the relevant ore grades are as follows:

	Metric tons	Ore grade (MT)	Fine content (kg)
Year 2023	637,731	14.38 g/gold	8,379
Year 2022	619,436	16.49 g/gold	9,396

B. As of December 31, 2023 and 2022, the Company's mineral reserves are as follows:

	Metric tons	Ore grade (MT)	Fine content (kg)
Year 2023	1,533,746	15.38 g/gold	23,587
Year 2022	1,465,386	16.32 g/gold	23,921

C. As of December 31, 2023 and 2022, the mineral volumes are as follows:

	2023	2022
Ounces		
Production	269,379	302,084
Sale	269,437	300,662

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