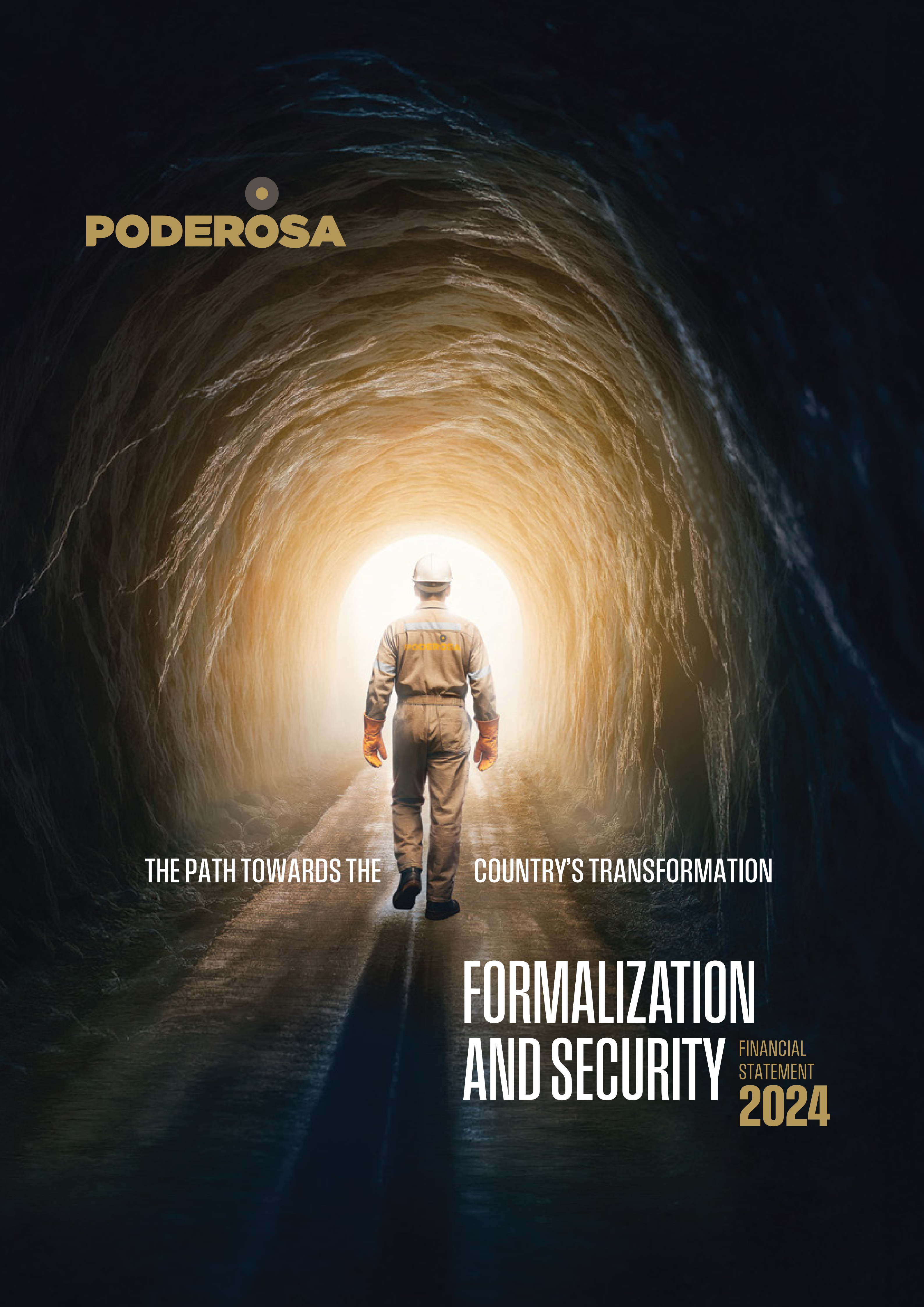

PODEROSA

THE PATH TOWARDS THE COUNTRY'S TRANSFORMATION

FORMALIZATION AND SECURITY

FINANCIAL STATEMENT 2024

Compañía Minera Poderosa S.A.

Separate Financial Statements

As of December 31, 2024 and 2023

(including Independent Auditors' Report)

(TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN SPANISH)

(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, 2024, 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, 2024, 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 the provision for environmental remediation; see note 20 "Provision for environmental remediation" to the separate financial statements.	
The Company recognized a provision for environmental rehabilitation in liabilities for S/ 66,076 thousand. The provision for environmental remediation is a key audit issue due to its complexity in calculation, given key assumptions such as: discounted future cash flows, which in turn include the estimated time for remediation and the updating of activities with their costs required to carry out environmental remediation at the end of their operations, which are constantly changing due to the Company's operations and the economic environment.	Our audit procedures in this area included, primarily: ▪ We evaluated the existence and accuracy of the disbursements made by the Company for the provision for environmental remediation during the period. ▪ We engaged our financial specialists with specialized skills and knowledge, who assisted us in the evaluation and review of the determination of the present value of the projected cash flows prepared by the Company. ▪ We evaluated the timing and updating of activities with their required costs, which are included in the remediation provision.

Other matters

The consolidated financial statements as of December 31, 2024 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,

June 20, 2025

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, 2024 and 2023

Contents	Page

(Translation of Financial Statements originally issued in Spanish)

Compañía Minera Poderosa S.A.
Separate Statement of Financial Position
As of December 31, 2024 and 2023

In thousands of U.S. dollars	*Note*	2024	2023
Assets			
Current assets			
Cash and cash equivalents	*6*	39,207	74,701
Trade accounts receivable	*7*	5,118	3,940
Other accounts receivable	*8*	27,669	23,649
Inventories	*9*	25,894	18,387
Prepaid expenses	*10*	3,611	4,433
Total current assets		**101,499**	**125,110**
Non-current assets			
Other accounts receivable	*8*	1,527	1,527
Investments in subsidiaries and associates	*11*	6,753	6,857
Prepaid expenses	*10*	3,186	3,235
Property, plant and equipment	*12*	293,580	278,982
Right-of-use assets	*13*	4,708	5,865
Intangible assets	*14*	263,227	205,275
Total non-current assets		**572,981**	**501,741**
Total assets		**674,480**	**626,851**

In thousands of U.S. dollars	*Note*	2024	2023
Liabilities			
Current liabilities			
Trade accounts payable	*15*	58,876	56,674
Other accounts payable	*16*	23,727	18,290
Other financial liabilities	*17*	26,552	26,592
Lease liabilities	*13*	505	1,207
Employee benefits	*18*	13,601	11,106
Provisions	*19*	655	475
Current portion of provision for environmental rehabilitation	*20*	900	787
Total current liabilities		**124,816**	**115,131**
Non-current liabilities			
Other accounts payable	*16*	55	65
Other financial liabilities	*17*	6,000	14,000
Lease liabilities	*13*	1,974	2,360
Provision for environmental rehabilitation	*20*	16,627	34,610
Deferred tax liabilities	*22*	25,400	17,483
Total non-current liabilities		**50,056**	**68,518**
Total liabilities		**174,872**	**183,649**
Equity			
Issued capital	*23*	212,202	161,594
Other capital reserves	*24*	42,440	32,319
Retained earnings	*25*	244,966	249,289
Total equity		**499,608**	**443,202**
Total equity and liabilities		**674,480**	**626,851**

The accompanying notes on pages 5 to 74 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, 2024 and 2023

In thousands of U.S. dollars	*Note*	2024	2023
Revenue	*28*	698,700	530,459
Cost of sales	*29*	(457,126)	(354,450)
Gross profit		**241,574**	**176,009**
Operating income (expenses)			
Selling expenses	*30*	(20,407)	(14,353)
Administrative expenses	*31*	(53,562)	(45,993)
Other income	*35*	5,759	7,185
Other expenses	*35*	(2,738)	(3,656)
Operating profit		**170,626**	**119,192**
Finance income (borrowing costs)			
Finance income	*33*	1,803	2,645
Finance charge	*33*	(10,900)	(4,844)
Finance charge, net		**(9,097)**	**(2,199)**
Profit before tax		**161,529**	**116,993**
Tax expense	*27*	(52,559)	(39,694)
Profit or loss		**108,970**	**77,029**
Other comprehensive income		(4,654)	13,071
Total other comprehensive income		**104,406**	**90,100**
Basic earnings per share (in soles)	*34*	**0.136**	**0.128**

The accompanying notes on pages 5 to 74 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, 2024 and 2023

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, 2023	453,750,000	118,783	23,757	274,995	417,535
Profit or loss	-	-	-	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	-	4,212	842	8,017	13,071
Balance as of December 31, 2023	**600,000,000**	**161,594**	**32,319**	**249,289**	**443,202**
Balance as of January 1, 2024	600,000,000	161,594	32,319	249,289	443,202
Profit or loss	-	-	-	108,970	108,970
Total other comprehensive income	**-**	**-**	**-**	**108,970**	**108,970**
Dividend distribution	-	-	-	(48,000)	(48,000)
Issued treasury shares	200,000,000	54,127	-	(54,127)	-
Established legal reserve	-	-	10,825	(10,825)	-
Total transactions with stockholders	**-**	**54,127**	**10,825**	**(112,952)**	**(48,000)**
Cumulative translation adjustment	-	(3,519)	(704)	341	(4,654)
Balance as of December 31, 2024	**800,000,000**	**212,202**	**42,440**	**244,966**	**499,608**

The accompanying notes on pages 5 to 74 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, 2024 and 2023

In thousands of U.S. dollars	*Note*	2024	2023
Cash flows from operating activities			
Profit or loss		108,970	77,029
Debit (credit) to non-cash items (profit or loss)			
Depreciation	*12 & 13*	15,761	13,405
Amortization	*14*	79,442	62,928
Loss allowance for other accounts receivable	*8 & 31*	35	129
Reversal of an impairment loss on accounts receivable	*8 & 35*	(9)	(2)
Provision for litigations	*19 & 31*	251	174
Deferred tax	*22 & 27.B*	8,196	5,828
Costs of upgrading the provision for mine closure	*20 & 33*	1,293	983
Loss on sale of property, plant and equipment	*35*	2,524	3,527
Income tax	*27.B*	44,377	34,095
Exchange difference	*33 and 5.A*	1,634	(1,642)
Finance charge, net	*33*	7,804	1,216
Debit (credit) for net changes in assets and liabilities			
(Decrease) in trade accounts receivable	*7*	(1,178)	(634)
(Decrease) in other accounts receivable	*8*	(4,020)	(7,530)
(Decrease) increase in inventories	*9*	(7,507)	80
Increase in prepaid expenses	*10*	871	43
Increase in trade accounts payable	*15*	2,202	14,749
Decrease (increase) in other accounts payable		(2,736)	11,705
Cash payment of liabilities for mine closure	*20*	(309)	(235)
Cash flows from operating activities		257,601	215,848
Cash payments from interest		(3,069)	(2,360)
Cash payment from income tax		(37,691)	(48,497)
Net cash flow from operating activities		216,841	164,991
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*	180	248
Acquisition of intangible assets	*14*	(140,535)	(103,475)
Acquisition of property, plant and equipment	*12*	(54,174)	(51,778)
Net cash flow used in investing activities		(195,069)	(110,005)
Cash flows from financing activities			
Loans received	*17*	18,000	42,000
Cash payments from short-term loans	*17*	(18,000)	(15,000)
Cash payments from long-term loans	*17*	(8,000)	(9,855)
Cash payments from finance leases	*13 & 17*	(1,469)	(1,718)
Cash payments from dividends	*17 & 25*	(48,000)	(64,433)
Net cash flow used in financing activities		(57,469)	(49,006)
Net (decrease) increase in cash and cash equivalents		(35,697)	5,980
Opening balance	*6*	74,701	66,554
Effect of changes in exchange rates on cash held		203	2,167
Closing balance	*6*	39,207	74,701
Non-cash transactions			
(Decrease) increase in costs for mine closure	*12*	18,445	19,580
Increase in liabilities for mine closure	*20 & 33*	1,293	983
Increase in right-of-use-assets	*13 i.*	227	530
Increase in capital (capitalization of profits)	*23*	54,127	38,599

The accompanying notes on pages 5 to 74 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 in Av. La Floresta 497, oficina 501, San Borja, Lima, Peru.

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 exploitation, extraction, precipitation and casting of gold to produce gold bullion. Its mining and metallurgical activities are carried out in the Poderosa Mining 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-Heraus Switzerland. Such contracts set forth the sale conditions, quality of metals, responsibilities and 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, 2024 have been issued with management approval on January 31, 2025, 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 term 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 Stockholders' Meeting with no modification to the separate financial statements.

The General Stockholders' Meeting, held March 12, 2024, approved the separate financial statements as of December 31, 2023.

D. Status of the Company

In 2024, the Company suffered two criminal attacks: the first attack on high-voltage tower 55 of the 60kV transmission line - LT 6050, and the second attack on a patrol vehicle of the contractor company Huayna S.A.C. at Level 2820 of its mining operations. After both attacks, control of the area was maintained thanks to the intervention of the property security personnel and the National Police's Directorate of Special Operations (DIROES, for its Spanish acronym).

Through Supreme Decree 091-2024-PCM, the central government declared a state of emergency in the provinces of Trujillo, Pataz and Virú, which continues to be extended due to the high crime rate caused by illegal mining, organized crime and related crimes.

On December 2, 2023, a criminal attack occurred at the Poderosa production unit, 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 Group 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 Group'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 production unit continued to develop. Therefore, in 2024 and 2023, there was no lower extraction tonnage or unused production capacity. These events led to higher expenses to reinforce security at the production unit (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, 2024.

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, 2024 and 2023, were translated at the exchange rate at closing date. The equity presented as of December 31, 2024 and 2023 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, 2024 and 2023, 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.

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 recoverable value of an asset is the estimated amount that the Company would obtain from disposal of the asset at the end of its useful life. This value 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 the mineral reserves is complex and requires the assessment of available information on geology, geophysics, engineering and economics, which is highly subjective. Consequently, 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.

iii. Conversion of mineral resources in ore reserves (note 3.F)
According to the definition of the Joint Ore Reserve Comunittee 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—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 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 ore proved 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 recognizes a provision for mine closure on an annual basis. The determination of such provision requires the use of significant estimates and assumptions since there are numerous factors that will impact on the final provision. These factors include estimated scope, costs of closing activities, changes in technology, changes in regulations, increase in costs compared with inflation rates, and changes in discount rates.

Such estimates and/or assumptions may result in actual expenses in the future that are different of the amounts initially recognized. The amount of the provision is the best estimate of the present value of future expenses for the mine closure at the end of the reporting period.

v. Loss allowance for trade accounts receivable
Loss allowance for trade accounts receivable is recognized when there is objective evidence that the Company will be unable to collect all amounts due according to the contractual terms of the accounts receivable. 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 use of judgments is required to determine the provision for 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 result of such audits is known and if it is different from the initial estimate, adjustments have an effect on the current and deferred tax when the final result of the tax audit is known,

The Company determines the current income tax using existing tax laws and does not include provisions that may 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. Provision 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 (note 3.Q).

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

Sales of the Company's ore concentrates 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 Disclosure of Accounting Policies (Amendments to IAS 1) and IFRS Practice Statement 2 Making Materiality Judgments as of January 1, 2024. Despite such amendments did not give rise to changes in the accounting policies, they did affect the information on accounting policies disclosed in the financial statements. The amendments require the disclosure of "material" accounting policies, rather than "significant". Likewise, the amendments provide recommendations on the importance regarding the disclosure of accounting policies. Thus, entities can provide useful and specific information on accounting policies that users may need to understand other information in the financial statements. The Board of Directors has reviewed the accounting policies and updated the disclosures in the present note in accordance with the referred amendments. Material accounting policies used by the Company's management in the preparation of the financial statements are detailed below.

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	These 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 at amortized cost	These 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, 2024, and 2023, 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. Hedging instruments

Hedging 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 good 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, 2024 and 2023, 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	20-30

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 management 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 (note 3.N), 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:

- fixed 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 and 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 instruments

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

- Financial assets 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).

Paid annual leave
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 (note 18).

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 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 international gold price and the short period between the commencement day and the satisfaction of 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, 2024 and 2023, 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, 2024.

Amendments to IFRSs	Mandatory application
Non-current Liabilities with Covenants (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024.
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted.
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.

Standards issued but not yet effective
The following standards are applicable to annual periods beginning on or after January 1, 2025, 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
Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after January 1, 2025. Early adoption is permitted.
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	Annual periods beginning on or after January 1, 2026. Early adoption is permitted.
Annual Improvements to IFRS Accounting Standards—Volume 11	Annual periods beginning on or after January 1, 2026. Early adoption is permitted.

New IFRSs	Mandatory application
IFRS 18 *Presentation and Disclosure in Financial Statements*	Annual periods beginning on or after January 1, 2027. Early adoption is permitted.
IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	Annual periods beginning on or after January 1, 2027. Early adoption is permitted.

Management shall evaluate the impact that these standards issued but not yet effective may have on the Company's separate 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. Management does not plan to early adopt the applicable standards.

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	2024	2023
Assets		
Cash and cash equivalents	16,598	10,547
Trade accounts receivable	2	-
Other accounts receivable	72,857	68,955
	89,457	**79,502**
Liabilities		
Other financial liabilities	-	-
Trade accounts payable	(110,652)	(103,884)
Other accounts payable	(81,217)	(61,309)
Lease liabilities	(369)	-
	(192,238)	**(165,193)**
Net assets	**(102,781)**	**(85,690)**

As of December 31, 2024, 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$ 0.265 per S/ 1 for assets and liabilities (2023: US$ 0.269 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, 2024 and 2023, fixed and variable rate instruments held by the Company are the following:

In thousands of U.S. dollars	*Note*	2024	2023
Fixed-rate instruments			
Time deposits	*6*	2,796	43,000
Other financial liabilities	*17*	(32,552)	(40,592)
		(29,756)	**2,408**

As of December 31, 2024, time deposits matured and were renewed in January 2025. 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 (note 17).

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, 2024 and 2023, 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
2024	10%	69,738
	(10%)	(69,738)
2023	10%	53,297
	(10%)	(53,297)

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
2024					
Other financial liabilities	32,552	33,376	27,180	6,195	-
Other accounts payable (a)	17,942	18,031	18,031	-	-
Lease liabilities	2,479	2,501	522	445	1,534
Trade accounts payable	58,876	58,876	58,876	-	-
	111,849	**112,784**	**104,609**	**6,640**	**1,534**
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**

(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 as of December 31, 2024 and 2023, were as follows:

In thousands of U.S. dollars	*Note*	2024	2023
Trade accounts payable	*15*	58,876	56,674
Other accounts payable	*16*	23,782	18,355
Other financial liabilities	*17*	32,552	40,592
Lease liabilities	*13.v*	2,479	3,567
Employee benefits	*18*	13,601	11,106
Provisions	*19*	655	475
Provision for environmental rehabilitation	*20*	17,527	35,397
Deferred tax liabilities	*22*	25,400	17,483
Less: Cash and cash equivalents	*6*	(39,207)	(74,701)
Net debt		**135,665**	**108,948**
Total equity		**499,608**	**443,202**
Debt-to-equity ratio		**0.27**	**0.25**

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*	Hedging instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Total	Level 2	Total
As of December 31, 2024							
Financial assets measured at fair value							
Hedging instruments	*8*	112	-	-	112	-	-
		112	-	-	112	-	-
Financial assets not measured at fair value							
Cash and cash equivalents	*6*	-	39,207	-	39,207	-	-
Trade accounts receivable	*7*	-	5,118	-	5,118	-	-
Other accounts receivable (a)	*8*	-	2,067	-	2,067	-	-
		-	46,392	-	46,392	-	-
Financial liabilities not measured at fair value							
Other financial liabilities	*17*	-	-	32,552	32,552	33,376	33,376
Lease liabilities	*13*	-	-	2,479	2,479	2,501	2,501
Trade accounts payable	*15*	-	-	58,876	58,876	-	-
Other accounts payable (b)	*16*	-	-	17,942	17,942	-	-
		-	-	111,849	111,849	35,877	35,877

(a) Excluding tax benefits and restricted funds.

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

		Carrying amount				Fair value	
In thousands of U.S. dollars	*Note*	Hedging instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Total	Level 2	Total
As of December 31, 2023							
Financial assets measured at fair value							
Hedging instruments	*8*	-	-	-	-	-	-
		-	-	-	-	-	-
Financial assets not measured at fair value							
Cash and cash equivalents	*6*	-	74,701	-	74,701	-	-
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.

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*	2024	2023
Cash in hand and petty cash fund		112	117
Checking accounts (a)		36,299	31,584
Time deposits (b)	*5.B*	2,796	43,000
	5.G	**39,207**	**74,701**

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

(a) As of December 31, 2024, the Company has checking accounts at tier 1 local and foreign financial institutions stated in local and foreign currency for S/ 13,178 thousand and US$ 32,804 thousand (2023: S/ 10,116 thousand and US$ 28,860). They have free withdrawal option and accrue interest at market interest rates.

(b) Time deposits have original maturities of less than 90 days and contain an extension option upon maturity date. As of December 31, 2024, time deposits amount to US$ 2,000 thousand and S/ 3,000 thousand. They accrue interest at effective annual interest rates of 2.55% in U.S. dollars and 4.25% in *soles*. 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.

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	2024	2023
Bank deposits		
A + rating	38,936	74,415
A rating	159	169
	39,095	**74,584**

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. On the first-time adoption of IFRS 9, the Company did not recognize a loss allowance as of December 31, 2024 and 2023.

7. Trade Accounts Receivable

This caption comprises the following:

In thousands of U.S. dollars	*Note*	2024	2023
Invoices receivable – overseas	*28.C*	5,118	3,940
Total trade accounts receivable		**5,118**	**3,940**

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	2024	2023
Aging of accounts receivable		
Current	5,118	3,940
Classification of borrowers		
Group 2	5,118	3,940

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, 2024 and 2023. 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*	2024	2023
Sales tax (a)		12,503	10,222
Tax claims (b)		10,345	-
Insurance claims (c)		1,527	1,527
Income tax credit (d)		1,436	9,851
Other accounts receivable from contractors		956	1,100
Accounts receivable from artisanal miners		792	545
Accounts receivable from personnel		653	1,204
Works for taxes scheme – Regional Government of La Libertad (e)		274	672
Others		710	672
		29,196	**25,176**
Current portion		**27,669**	**23,649**
Non-current portion (c)		**1,527**	**1,527**

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

(a) 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.

(b) It corresponds to claims to the Tax Authorities regarding a reimbursement of the credit balance of the exporter for US$ 5,040 thousand (S/ 19,000 thousand) and US$ 5,305 thousand (S/ 20,000 thousand) in September and October 2024, respectively. Such amounts will be recovered after the partial sales tax audit procedures concluding in June 2025 are completed.

(c) IIt 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 and 2024, administrative proceedings were carried out that did not represent expenses and their recovery is expected within a period of no less than 3 years.

(d) It corresponds to a credit from down payments of income tax paid during the year 2024, which will be applied against down payments to be presented in March to April 2025.

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

In the fourth quarter of 2024, the formulation of two public investment projects was completed. The first one in the district of Chugay, involves the improvement of the educational institution in the Mushit village with a total investment of US$ 1,619 thousand (S/ 6,105 thousand). The second project consists of the preinvestment study for the improvement of the water and sewerage service in the town of Suyubamba in Pataz district, with a total investment of US$ 3,415 thousand (S/ 12,875 thousand). Additionally, an Investment Agreement was signed with the Regional Government of La Libertad for the execution of the project "Construction of Lavasen Bridge on the departmental road LI-124 in the districts of Condomarca and Pataz, La Libertad region, with a total investment of US$ 6,509 thousand (S/ 24,538 thousand).

As of December 31, 2024, the Company recognized a loss allowance for US$ 35 thousand (2023: US$ 129 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*	2024	2023
Closing balance		3,321	3,105
Provisions	*31*	35	129
Write-offs		(117)	-
Refunds		(9)	(2)
Effect of exchange rate		(50)	89
Closing balance		**3,180**	**3,321**

9. Inventories

This caption comprises the following:

In thousands of U.S. dollars	*Note*	2024	2023
Finished goods	*29*	14,442	7,349
Work-in-progress	*29*	751	488
Various supplies		9,632	9,944
Goods in transit		1,420	439
Effect of exchange rate		(351)	167
		25,894	**18,387**

See accounting policy in note 3.C.

As of December 31, 2024, finished goods comprise 8,748 ounces of gold at a market price of US$ 2,660 per ounce (2023: 6,138 ounces of gold at a market price of US$ 2,062 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	2024	2023
Advance of countervailing duties (a)	5,065	5,697
Prepaid insurance contracts (b)	708	1,374
Licenses	336	165
Prepaid leases	153	127
Other prepaid expenses	535	305
Total prepaid expenses	**6,797**	**7,668**
Current portion	**3,611**	**4,433**
Non-current portion (a)	**3,186**	**3,235**

(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, 2024, it corresponds to an insurance contract for US$ 407 thousand with maturity in April 2025, which will be renewed during the first quarter of 2025, and a political risk insurance contract for US$ 109 thousand.

As of December 31, 2023, it 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.

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 (%)	2024	2023
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				
Sociedad Eléctrica Lavasen S.A.C. (a)	Power supply	99.00%	1	1
EEA S.A. (b)	Lease of property	99.99%	6,750	6,750
Effect of exchange rate			(898)	(794)
			6,753	6,857

See accounting policy in note 3.D.

(a) As of December 31, 2024 and 2023, 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 Av. Los Faisanes Mz. G Lt. 16 Urb. La Campiña, Chorrillos, Lima, Peru.

(b) EEA S.A. is engaged in the lease of properties. As of December 31, 2024 and 2023, 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 Av. 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, 2024 and 2023, 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, 2024 and 2023 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 2024											
Costs											
Balance as of January 1, 2024	8,620	163,134	95,339	202	4,536	14,194	3,798	1,345	73,768	40,353	405,109
Additions	-	-	-	-	-	-	10,603	1,026	43,085	-	54,714
Upgrading	-	-	-	-	-	-	-	-	-	(18,445)	(18,445)
Disposals	(108)	(75)	(9,994)	(78)	(444)	(1,676)	-	-	-	-	(12,375)
Reclassification	-	-	-	-	-	-	-	-	(150)	-	(150)
Transfers (a)	32	48,940	9,033	699	592	3,352	(8,299)	(1,061)	(52,308)	-	980
Effect of exchange rate	(116)	(2,592)	510	6	17	68	(65)	(22)	(1,003)	(499)	(3,696)
Balance as of December 31, 2024	8,428	209,407	94,888	829	4,521	15,938	6,037	1,288	63,392	21,409	426,137
Accumulated depreciation											
Balance as of January 1, 2024	-	(58,120)	(44,482)	(108)	(1,338)	(6,540)	-	-	-	(15,539)	(126,127)
Additions	-	(8,719)	(5,545)	(63)	(408)	(1,537)	-	-	-	(1,008)	(17,280)
Disposals	-	47	7,938	69	376	1,421	-	-	-	-	9,851
Transfers (a)	-	-	(60)	-	(51)	-	-	-	-	-	(111)
Effect of exchange rate	-	1,737	(638)	(7)	(49)	(157)	-	-	-	224	1,110
Balance as of December 31, 2024	-	(65,055)	(42,787)	(109)	(1,470)	(6,813)	-	-	-	(16,323)	(132,557)
Net carrying amount at the end of the year	8,428	144,352	52,101	720	3,051	9,125	6,037	1,288	63,392	5,086	293,580
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 movements in exchange rates	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 movements in exchange rates	-	(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

(a) As of December 31, 2024 and 2023, it corresponds to net transfers to and from leases relating to assets acquired through leases for US$ 1,118 thousand and US$ 2,751 thousand (note 13) and to computer applications for US$ 138 thousand (note 14).

Depreciation charge for the years ended December 31, 2024 and 2023 was allocated as follows:

In thousands of U.S. dollars	*Note*	2024	2023
Separate statement of profit or loss and other comprehensive income			
Cost of sales	*29*	12,856	11,198
Provision for environmental rehabilitation	*29*	1,008	734
Administrative expenses	*31*	1,554	1,114
		15,418	**13,076**
Separate statement of financial position			
Intangible assets	*14*	1,861	1,658
Work-in-progress		1	1
		1,862	**1,659**
		17,280	**14,735**

As of December 31, 2024 and 2023, 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, 2024 and 2023, work-in-progress comprises the following:

In thousands of U.S. dollars	2024	2023
Nimpana Hydroelectric Power Plant	7,579	7,236
Installation of ANDRITZ filters in the Santa María Processing Plant	3,946	3,356
Transmission line 220 kv V7- LT 6050	2,703	337
Construction of Chunturco Waste Disposal N° 2	2,020	1,662
Construction of Modular Camp – El Alto	1,718	-
Expansion of Electrical Networks U.P. Santa María 2024	1,694	-
Revolcadero waste dump	1,646	1,857
Implementation of Tracking System	1,624	-
Construction of workers' hotel No. 3 NV 3100	1,616	292
Installation of Equipment for Data Centers	1,517	-
Transmission line 60 kv SE Pampa Honda- LT 6050	1,508	1,304
Power plant project	1,207	638
Assembly of Chemical Refinery Equipment (OOCC) – MÑ Plant	1,169	264
Construction of Cafeteria and leisure center Lvl. 2410 Sm	1,162	-
Assembly and Supervision of Distributed Photovoltaic Solar System	1,133	-
Construction of prefabricated accommodation units for workers at LVL- 2500	1,009	463
Installation of High Pressure Grinding Rolls (HPGR) in the Santa María Production Unit	992	553

In thousands of U.S. dollars	2024	2023
Stage V Expansion of Livias Tailings Dam	872	-
Construction of modular camps Camp. Obreros N° 4	860	389
Precipitation building, offices and CCM of Santa Maria Production Unit	775	706
Compact Plant for Domestic Wastewater Treatment – Santa María Integral	739	-
Expansion of Electrical Networks U.P. Marañón 2024	659	-
Infrastructure for Slope Protection at Power Generation Plants	640	137
Construction of a cafeteria in Suyubamba	577	372
Infrastructure for Slope Protection at PTAP and SE – Chacparrosas	549	-
Construction of Carriage Road to Veta Liliana	508	-
Modification of the EIA UP Marañón (New Components)	551	514
Implementation of Ore-Waste Separation System (Ore Sorter) – Sm	486	-
Expansion of Cafeteria 3100	461	-
Implementation of ore sorting from waste rock	425	341
Construction of Compact Plant for Domestic Wastewater Treatment – Cedro	410	-
Adaptation of Cauville Lines U.P. Marañón	407	-
Construction of Modular Camp – Pamparacra	376	-
Implementation of Optical Fiber in Mining Unit	373	-
Construction of Effluent Plant and Drainage – Veta Julie	324	-
Infrastructure and Assembly of Pretreatment System – Paraiso Potable Water Plant	318	133
Construction and Repair of Floors – Santa María Plant	311	-
Installation and Assembly of 400Tm Fine Ore Silo Circuit – Sm	311	-
Construction and Implementation of Workshop – Trocha-Vijus	306	53
Installation and Assembly of Photovoltaic System – San Marcos	290	48
Construction of Modular Camp for Women No. 02 Level 2500	289	-
Perimeter Fence for Facilities 2024	278	-
Construction of Road to Level 2705 – Veta El Carmen	274	261
Mobile Coverage Improvements – Hualanga	273	-
Construction of Prefabricated Module for Workers No. 02 Level 3100	269	-
Construction of New Water Intake – El Oso	268	230
Installation of Microseismic Monitoring System – U.P. Marañón	269	-
Construction of a cafeteria and leisure center in the Hualanga town	208	433
Installation of the TL Sub Station LPC - Chacparrosas Sub Station	125	12,161
Building of a perimeter fence system at Chagual Airport	87	319
Construction of Chacparrosa Compact Wastewater Treatment Plant	34	556
Infrastructure for solar energy generating system	-	2,711
Construction of Antapita-Rio Carrizales Highway	-	2,182
Expansion of the Santa María Plant to 1000 TMSD	-	1,405
Expansión of Electrical Networks U.P. Santa María 2023	-	1,429
Construction of the new SMmaria Central Warehouse	-	1,408
Implementation of Microseismic Equipment- Geomechanics	-	1,009
Installation of cell phone signal boosting equipment in production units	-	876
Construction of a cafeteria and leisure center at LVL-3100 in the Santa María town	-	846
Filtered tailings deposit in Quebrada Livias - Stage II	-	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
Building of a perimeter fence system – year 2022	-	624
Installation of Vijus Drinking Water Plant	-	561
Construction of prefabricated accommodation units in the El Cedro Mining Camp	-	488
Construction of the Chacparrosa Drinking Water Treatment Plant	-	450

In thousands of U.S. dollars	2024	2023
Implementation of automation in the Marañón Processing Plant	-	351
Automation of the Marañón Plant	-	360
Building of a perimeter fence system – year 2023	-	346
Construction of a wastewater treatment plant at LVL-2120 – Phase II	-	329
Construction of a fire station and fire departments	-	316
Construction of Water Dam in Quebrada Poblano-SM	-	332
Construction of a powder magazine at LVL-2360 in the Santa María Production Unit	-	259
Construction of Hualanga Tailings Deposit 2nd Stage	-	290
Other minor projects (lower than US$ 300 thousand)	15,247	20,254
	63,392	73,768

As of December 31, 2024, transfers of work-in-progress for US$ 52,446 corresponds to the projects: Installation of transmission lines in the LPC and Chacparrosas Substations, Revolcadero waste dump, Infrastructure for solar energy generating system and Construction of the Antapita-Rio Carrizales Highway.

As of December 31, 2023, transfers of work-in-progress for US$ 22,285 corresponds 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, 2023, 'other projects' are ongoing projects that will be completed between years 2025 and 2026.

As of December 31, 2024 and 2023, 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
2024							
Costs							
Opening balance		19	2,696	4,341	-	234	7,290
Additions		-	-	-	227	-	227
Transfers (a)	*12*	132	95	(879)	(227)	(239)	(1,118)
Disposals		-	-	(588)	-	-	(588)
Effect of exchange rate		-	-	6	-	5	11
		151	2,791	2,880	-	-	5,822
Depreciation							
Opening balance		(7)	(747)	(621)	-	(50)	(1,425)
Additions		(5)	(260)	(86)	-	-	(351)
Transfers		-	-	60	-	51	111
Disposals		-	-	588	-	-	588
Effect of exchange rate		-	6	(42)	-	(1)	(37)
		(12)	(1,001)	(101)	-	-	(1,114)
Right-of-use assets		139	1,790	2,779	-	-	4,708
2023							
Costs							
Opening balance		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							
Opening balance		(5)	(484)	(768)	(34)	(26)	(1,317)
Additions		(2)	(232)	(74)	-	(24)	(332)
Transfers		-	-	5	-	-	5
Disposals		-	-	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

(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, 2024 and 2023 was allocated as follows:

In thousands of U.S. dollars	*Note*	2024	2023
Separate statement of profit or loss and other comprehensive income			
Cost of sales	*29*	115	88
Administrative expenses	*31*	228	241
		343	329
Separate statement of financial position			
Intangible assets	*14*	8	3
		8	3
		351	332

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

In thousands of U.S. dollars	2024	2023
Depreciation charge for right-of-use assets	351	332
Interest expense for lease liabilities	154	185
Total amounts recognized in profit or loss	**505**	**517**

iii. Amounts recognized in the separate statement of cash flows

In thousands of U.S. dollars	*Note*	2024	2023
Total cash outflow for leases	*17*	(1,469)	(1,717)

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	2024	2023
Opening balance	3,567	4,567
Additions	227	532
Accrued interest	154	185
Lease payments	(1,469)	(1,717)
	2,479	**3,567**
Current portion	**505**	**1,207**
Non-current portion	**1,974**	**2,360**

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 2024	Total 2023	Current portion 2024	Current portion 2023	Non-current portion 2024	Non-current portion 2023
Creditor										
Scotiabank Perú S.A.A.	Finance leases	USD	3.83%	July 22, 2024	-	222	-	222	-	-
Scotiabank Perú S.A.A.	Finance leases	USD	3.25%	March 31, 2025	404	400	245	318	159	82
Banco Santander Perú S.A.	Finance leases	USD	3.95%	September 22, 2024	-	98	-	98	-	-
Banco Santander Perú S.A.	Finance leases	USD	3.40%	September 29, 2024	-	175	-	175	-	-
BBVA Banco Continental S.A.	Finance leases	USD	3.85%	September 14, 2026	-	490	-	168	-	322
Total finance leases					404	1,385	245	981	159	404
Lease liabilities under IFRS 16	Leases	PEN			2,075	2,182	260	226	1,815	1,956
Total leases					2,075	2,182	260	226	1,815	1,956
Total lease liabilities					2,479	3,567	505	1,207	1,974	2,360

(a) As of December 31, 2024 and 2023, 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.

(b) As of December 31, 2024 and 2023, lease liabilities are guaranteed for US$ 1,461 thousand and US$ 2,957 thousand, respectively.

14. Intangible Assets

Movement in the costs and accumulated depreciation of equipment for the years ended December 31, 2024 and 2023 is as follows:

In thousands of U.S. dollars	*Note*	Mining concessions and rights	Exploration and development expenses	Computer applications	Closing balance
2024					
Costs					
Opening balance		34,083	762,325	4,093	800,501
Additions		3,406	135,762	1,367	140,535
Transfers	*13*	-	-	138	138
Effect of exchange rate		(478)	(11,920)	(66)	(12,464)
As of December 31, 2024		**37,011**	**886,167**	**5,532**	**928,710**
Amortization					
Opening balance		(28,636)	(565,783)	(806)	(595,225)
Additions		(1,363)	(78,056)	(23)	(79,442)
Effect of exchange rate		451	8,720	13	9,184
As of December 31, 2024		**(29,548)**	**(635,119)**	**(816)**	**(665,483)**
Net carrying amount at the end of the year		**7,463**	**251,048**	**4,716**	**263,227**
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		5,045	371,644	9,572	386,261
As of December 31, 2023		**34,083**	**762,325**	**4,093**	**800,501**
Amortization					
Opening balance		(26,419)	(490,205)	(694)	(517,318)
Additions		(1,446)	(61,393)	(89)	(62,928)
Disposals		-	-	-	-
Effect of exchange rate	*29*	(772)	(14,185)	(23)	(14,980)
As of December 31, 2023		**(28,637)**	**(565,783)**	**(806)**	**(595,226)**
Net carrying amount at the end of the year		**5,446**	**196,542**	**3,287**	**205,275**

See accounting policy in note 3.F.

In 2024, additions to exploration and development expenses relate to depreciation charge of machinery and vehicles for US$ 1,869 thousand (2023: US$ 1,661 thousand) (notes 12 and 13). Additionally, it comprises employees' profit sharing related to the exploration and development activities for US$ 2,723 thousand (2023: US$ 2,087 thousand) (note 26).

Amortization charge for the years ended December 31, 2024 and 2023 was allocated to Production costs (note 29).

15. Trade Accounts Payable

This caption comprises the following:

In thousands of U.S. dollars	2024	2023
Invoices	58,876	56,674

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

As of December 31, 2024, it comprises debt factoring and reverse factoring for US$ 6,758 thousand (2023: US$ 7,716 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 U.S. dollars	2024	2023
Cash withheld – contractors (a)	9,621	7,645
Related parties (b)	6,721	4,974
Mining royalties – Law 28258	2,116	1,700
Special mining tax – Law 29789	1,516	1,392
Other taxes and contributions	1,546	1,319
Other accounts payable to related parties	1,099	367
Retirement fund for mining, metallurgical and steel workers	663	527
Insurance contracts	-	246
Others	500	185
Total accounts payable	**23,782**	**18,355**
Current portion	**23,727**	**18,290**
Non-current portion	**55**	**65**

(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, 2024 and 2023, 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, 2024 and 2023, they received compensations and other benefits:

In thousands of U.S. dollars	*Note*	2024	2023
Key management personnel		4,767	5,144
Board of Directors	*32*	10,116	7,390
		14,883	12,534

As of December 31, 2024, the outstanding balance amounts to US$ 6,739 (2023: US$ 4,974 S/ 18,467).

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, 2024 and 2023, 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:

					Issued					
					Total		Current portion		Non-current portion	
In thousands of U.S. dollars	Type of liability	Original currency	Interest rate	Maturity date	2024	2023	2024	2023	2024	2023
Scotiabank Perú S.A.A.	Promissory notes	USD	6.00%	July, 2024	-	18,447	-	18,447	-	-
Scotiabank Perú S.A.A.	Promissory notes	USD	5.97%	July, 2025	18,462	-	18,462	-	-	-
BBVA Banco Continental S.A.	Loans	USD	6.00%	August, 2026	14,090	22,145	8,090	8,145	6,000	14,000
					32,552	40,592	26,552	26,592	6,000	14,000

Loans have certain restrictions for the Company, which involve meeting the following covenants. As of December 31, 2024 and 2023, 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, 2024 and 2023, the Company calculated the financial ratios for the loan with BBVA Banco Continental S.A. as follows:

Ratio	Covenant	As of December 31, 2024	As of December 31, 2023
Debt ratio	Less than 2.5 (total debt/EBITDA)	0.13 times	0.22 times
Debt-service coverage ratio	More than 1.5 (EBITDA/debt)	18.3 times	14.83 times

The fair value of financial liabilities is as follows:

In thousands of U.S. dollars	2024	2023
Up to 1 year	27,181	27,099
1-5 years	6,195	14,914
	33,376	42,013

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, 2024	40,592	3,567	161,594	32,319	249,289	487,361
Changes in cash flows from financing activities						
Loans received	18,000	-	-	-	-	18,000
Cash payments from loans	(26,000)	-	-	-	-	(26,000)
Cash payments from lease liabilities	-	(1,469)	-	-	-	(1,469)
Cash payments from dividends	-	-	-	-	(48,000)	(48,000)
Total changes in cash flows from financing activities	(8,000)	(1,469)	-	-	(48,000)	(57,469)
Effects of changes in exchange rates						
Changes in fair value						
Other changes						
Liability-related changes						
Assets acquired in new leases	-	227	-	-	-	227
Cash payments from interest	(2,915)	(154)	-	-	-	(3,069)
Others	2,875	308	-	-	-	3,183
Total other liability-related changes	(40)	381	-	-	-	341
Total other equity-related changes	-	-	50,608	10,121	43,677	104,406
Balance as of December 31, 2024	32,552	2,479	212,202	42,440	244,966	534,639

	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	487,631

18. Employee Benefits

This caption comprises the following:

In thousands of soles	Note	2024	2023
Paid annual leave payable		1,459	1,664
Employees' profit sharing payable	*26*	11,843	9,164
Severance payment		288	272
Wages and salaries payable		11	6
Total employee benefit liabilities		**13,601**	**11,106**

See accounting policy in note 3.M.

19. Provisions

This caption comprises the following:

In thousands of U.S. dollars	Note	2024	2023
Opening balance		475	412
Additions	*31*	251	174
Cash payments		(61)	(138)
Amounts recovered		-	13
Effect for exchange rate		(10)	14
Closing balance		**655**	**475**

See accounting policy in note 3.J.

20. Provision for Environmental Rehabilitation

This caption comprises the following:

In thousands of U.S. dollars	Note	2024	2023
Opening balance		35,397	16,928
Upgrading of fixed asset value	*12*	(18,445)	19,580
Borrowing costs	*33*	1,293	983
Expenses		(309)	(235)
Effect for exchange rate		(409)	(1,859)
Closing balance		**17,527**	**35,397**
Less: Current portion		(900)	(787)
Non-current portion		**16,627**	**34,610**

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. Resolution 0269-2024-MINEM/DGAAM, dated October 15, 2024, approved the fifth update of the mine closure plan of the Poderosa Production Unit prepared by SKR Consulting (Peru) S.A.

The Company renewed the letter of guarantee issued by BBVA Banco Continental S.A and BCP Banco de Crédito del Perú that matures on January 10, 2025, for US$ 26,023 thousand and US$ 26,000 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, 2024, the Company submitted the letter of guarantee to MINEM related to the final closure and post-closure activities, excluding the amount for the progressive mine closure plan.

As of December 31, 2024, with the updated mine closure plan extending the useful life to 2048, the future value of the provision for mine closure amounts to US$ 59,224 thousand. Such amount was discounted at a risk-adjusted discount rate of 4.78% resulting in an asset at present value of US$ 27,325 (2023: US$ 53,241 thousand discounted at 3.88% resulting in an asset at present value of US$ 44,722). 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*	2024	2023
Depreciation	*12*	1,008	734
Costs of upgrading the provision for environmental rehabilitation	*33*	1,293	983

21. Hedging 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, 2024, this type of hedging instruments resulted in a net loss on financial instruments for US$ 6,148 thousand (note 33) (net loss for US$ 1,264 thousand as of December 31,2023).

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, 2023	Credit (debit) to the separate statement of profit or loss	Effect of movements in exchange rates	As of December 31, 2023	Credit (debit) to the separate statement of profit or loss	Effect of movements in exchange rates	As of December 31, 2024
Deferred assets							
Costs for mine closure	2,113	154	16	2,283	210	(35)	2,45
Employees' profit sharing payable	4,129	(1,492)	18	2,655	(93)	(39)	2,523
Finance leases	731	(91)	4	644	91	(10)	725
Provision for mine closure	(118)	(181)	(2)	(301)	(89)	5	(385)
Accrued annual leave	-	13	-	13	40	-	53
Provision for labor proceedings	124	15	1	140	(65)	(2)	73
Special mining tax	344	562	6	912	140	(14)	1,038
Estimate of accounts receivable	-	-	-	-	10	-	10
Audit service	-	-	-	-	13	-	13
Total deferred assets	**7,323**	**(1,020)**	**43**	**6,346**	**257**	**(95)**	**6,508**
Deferred liabilities							
Excess amortization of intangible assets	(15,591)	(5,125)	(143)	(20,859)	(7,715)	329	(28,245)
Property, plant and equipment	(2,563)	27	(17)	(2,553)	(247)	38	(2,762)
Inventories	(49)	210	-	161	(504)	(1)	(344)
Cost of leased assets	(654)	80	(4)	(578)	13	8	(557)
Total deferred liabilities	**(18,857)**	**(4,808)**	**(164)**	**(23,829)**	**(8,453)**	**374**	**(31,908)**
Deferred liabilities, net	**(11,534)**	**(5,828)**	**(121)**	**(17,483)**	**(8,196)**	**279**	**(25,400)**

See accounting policy in note 3.l.

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

In thousands of U.S. dollars	*Note*	2024	2023
Total closing balance		(25,400)	(17,483)
Total opening balance		17,483	11,288
Effect of movements in exchange rates		(279)	367
Revenue	*27.E*	**(8,196)**	**(5,828)**

23. Issued Capital

As of December 31, 2024 and 2023, the authorized, subscribed, and paid-in capital is represented by 800,000,000 and 600,000,000 ordinary shares at a face value of S/ 1 each.

The General Stockholders' Meeting, held March 12, 2024, approved the increase in capital stock through the capitalization of 2021 and 2022 profits (S/ 200,000 thousand equivalent to US$ 54,127). Such capitalization is registered at the National Superintendency of Public Registries (SUNARP, for its Spanish acronym).

The General Stockholders' Meeting, held March 14, 2023, approved the increase in capital stock through the capitalization of 2021 and 2022 profits (S/ 146,250 thousand equivalent to US$ 38,599). Such capitalization is registered at the National Superintendency of Public Registries (SUNARP, for its Spanish acronym).

As of December 31, 2024, the Company's ordinary shares are listed in the Lima Stock Exchange at S/ 8 per share (2023: S/ 7.30) and have a trading frequency of 45% (2023: 46%).

As of December 31, 2024 and 2023, the Company's shareholding structure is as follows:

	2024		2023	
Percentage of individual interests in capital	Number of stockholders	Total percentage of interests	Number of stockholders	Total percentage of interests
Up to 1	615	2.30	379	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
	623	100.00	387	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 2024, there was an increase in legal reserve as a result of the capitalization of profits for the years 2021 and 2022. It reached the limit of 20% of capital.

25. Retained Earnings

The General Stockholders' Meeting, held on March 12, 2024, approved the dividend distribution for S/ 177,216 thousand equivalent to US$ 48,000 thousand (US$ 0.08 thousand per ordinary share), debited to the 2021 and 2022 profits. Payments were made in full in April and July 2024.

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.

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 2024, the Company determined a current employees' profit sharing for US$ 11,688 thousand (2023: US$ 9,147 thousand), which was recognized in the following items:

In thousands of U.S. dollars	*Note*	2024	2023
Cost of sales	*29*	6,861	5,347
Selling expenses	*30*	17	13
Administrative expenses	*31*	2,081	1,562
Intangible assets	*14*	2,723	2,087
Effect of exchange rate		6	138
		11,688	9,147

As of December 31, 2024, the employees' profit sharing payable amounts to US$ 11,843 thousand (2023: US$ 9,164 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, 2024 and 2023, 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.

Income Tax Determination

B. The Company computed its tax base for the years ended December 31, 2024 and 2023 and determined current tax for S/ 150,472 equivalent to US$ 39,909 thousand and S/ 114,417 equivalent to US$ 30,806 thousand, respectively.

Tax expense comprises the following:

In thousands of U.S. dollars	*Note*	2024	2023
Current tax		39,909	30,806
Deferred tax	*22*	8,196	5,828
Special mining tax		4,467	3,289
Effect of exchange rates		(13)	41
		52,559	**39,964**

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

In thousands of U.S. dollars	2024		2023	
Profit before tax	117,831	100.00%	116,993	100.00%
Income tax (implicit cost)	34,760	29.50%	34,513	29.50%
Special mining tax	4,467	3.79%	3,289	2.81%
Tax effects on additions and deductions				
Permanent differences	13,332	11.31%	2,162	1.85%
Current and deferred tax as per effective rate	52,559	44.61%	39,964	34.16%

C. 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, 2024, expenses for mining royalties and special mining tax amount to US$ 6,976 thousand (note 31) and US$ 4,484 thousand, respectively (2023: US$ 5,319 thousand (note 31) and US$ 3,296 thousand).

D. 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, 2024, the contributions to the fund amount to US$ 545 thousand (2023: US$ 518 thousand).

Temporary Tax on Net Assets

E. The temporary tax rate on net assets is 0.4% for the years 2024 and 2023 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 2024, the Company determined that the temporary tax on net assets amounts to S/ 7,638 thousand equivalent to US$ 2,026 (2023: S/ 7,057 thousand equivalent to US$ 1900).

Sales Tax Regime

F. As of December 31, 2024 and 2023, according to the Peruvian tax law, the sales tax rate is 18%.

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 2019 to 2023 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 2019 (December) to 2022 (December) are open for review by the Tax Authorities. Its income tax returns for the years 2023 and 2024 are under review.

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, 2024 and 2023.

Transfer Pricing

H. 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, 2024 and 2023 from the application of such regulations.

Uncertain tax treatment

I. The Company has used judgments to identify uncertain tax treatments in accordance with IFRIC 23 and has determined, based on its tax compliance and transfer pricing study, that its probable that Tax Authorities accept its tax treatments. The Company’s judgments did not have an impact on the separate financial statements of the Company as of December 31, 2024 and 2023.

Major tax laws issued in 2024

J. **Amendments to transfer pricing provision in the Income Tax Law**
On September 24, 2024, Legislative Decree 1662 and 1663 were published, introducing amendments to the Income Tax Law regarding Advance Pricing Agreements (APA, for its acronym in Spanish) and alternative valuation methods in transfer pricing. These amendments entered effect on January 1, 2025.

Legislative Decree 1662, dated September 24, 2024, established that APAs between the Review Committee of the Tax Authorities (SUNAT) and tax payers may have retroactive effects for previous years. For this to apply, the events and circumstances of prior years must be consistent with those covered by the APA, and the Tax Authority must have kept the right to determine the tax obligation under transfer pricing rules due to the statute of limitations.

In addition, Legislative Decree 1663, dated September 24, 2024, amended the Income Tax Law to regulate the application of alternative valuation methods where traditional transfer pricing methods are not applicable due to the nature of the activities or transactions, or due to the lack of reliable comparable transactions.

K. **Amendments to invoice recording and tax credit utilization**
Legislative Decree 1669, dated September 28, 2024, amended the Sales Tax Law 29215, focusing on the recording of invoices and utilization of tax credit. Previously, taxpayers had 12 months to record invoices that granted the right to claim tax credit. Under the new regulations, this period has been reduced, establishing the following deadlines:

- Electronics invoices: They must be recorded in the Purchase Register within the same month of issuance or the corresponding tax payment.

- Physical invoices: They must be recorded in the Purchase Register within two months following the month of issuance or the corresponding tax payment.

- Transactions subject to the Tax Obligation Payment System (SPOT for its acronym in Spanish): They must be recorded in the Purchase Register within three months following the month of issuance.

Failure to record invoices within theses deadlines results in the loss of the corresponding tax credit. However, the right to claim the tax credit will not be lost if the invoice is recorded before SUNAT requests the tax payer to present and/or submit their Purchase Register.

Significant changes to the Tax Regime effective January 1, 2025 and other relevant tax considerations

L. **Depreciation of Assets**
Through Legislative Decree 1488 - Special Depreciation Regimen and Amendments, the depreciation rates for assets acquired in 2020, 2021 and 2022 were increased in order to encourage private investment and provide greater liquidity give the economic situation caused by COVID 19.

Law 31107 amended Legislative Decree 1488, establishing that for the years 2021 and 2022, buildings and constructions with a remaining depreciable value as of December 31, 2020, would be depreciated at an annual rate of 20%. Such provision applied to fixed assets used in lodging establishments, travel and tourism agencies, restaurants, and related services, as well as the organization of non-sporting cultural public events. In addition, it was specified that land transportation vehicles used in these activities could be depreciated at an annual rate of 33.3% during the same year.

Likewise, Law 31652 approved a new Special Depreciation Regime, increasing depreciation rates for taxpayers who acquire buildings and constructions during 2023 and 2024. This regime does not apply to assets that were fully or partially built before January 1, 2023.

K. Subjects Without Operational Capacity (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.

L. Tax Compliance Profile

SUNAT has implemented a Tax Compliance Profile (PCT for its acronym in Spanish), a rating system aimed at taxpayers generating third-category income. The objective of this profile is to encourage voluntary compliance with tax obligations and allow differentiated treatment based on the assigned compliance level.

The implementation of the PCT is being carried out gradually. In July 2024, a trial phase began consisting of four quarterly ratings that are entirely informational and have no legal effects on tax payers. During this phase, tax payers are not required to submit explanations regarding their assigned rating.

The assigned rating by SUNAT will have legal effects starting July 2025. Consequently, taxpayers with a low rating may face measures—e.g., imposition of precautionary measures in advance, extended processing times for rectifying tax returns that result in a lower tax liability, or potential reputation risks both internally and externally.

M. Other significant changes

The term of tax exemptions included in Appendixes I and II of the Sales Tax Law was extended until December 31, 2025. 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.

According to the analysis of the regulatory changes, these modifications are not expected to affect the Company's operation or tax position.

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	2024	2023
Revenue from contracts with customers – Gold bullion (a)	698,700	530,459
Total revenue	**698,700**	**530,459**

(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, 2024, the balance of adjusted prices amounts to US$ 3,239 thousand (2023: US$ 2,863 thousand).

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

	2024	2023
Gold (USD/oz)	2,395	1,953
Silver (USD/oz)	29	23

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	2024	2023
Performance obligations		
Sale of mineral and laboratory services	698,700	530,459
	698,700	530,459

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 U.S. dollars	*Note*	2024	2023
Trade accounts receivable	*7*	5,118	3,940
		5,118	3,940

(a) As of December 31, 2024 and 2023, 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*	2024	2023
Beginning inventory of finished goods	*9*	7,349	8,301
Beginning inventory of work-in-progress	*9*	488	487
Production costs (a)		463,156	352,489
Supervisory Agency for Investment in Energy and Mining of Peru (OSINERGMIN) and OEFA		1,326	1,010
Ending inventory of finished goods	*9*	(14,442)	(7,349)
Ending inventory of work-in-progress	*9*	(751)	(488)
		457,126	**354,450**

See accounting policy in note 3.P.

The Production costs mainly comprise the following:

In thousands of U.S. dollars	*Note*	2024	2023
Artisanal miners (a)		184,478	124,819
Amortization	*14*	79,442	62,98
Cleaning up of camps and metalworking		9,508	6,437
Mining activities – contractors		34,209	26,636
Personnel expenses	*32*	18,129	17,319
Use of materials and supplies		23,417	18,037
Transportation and storage		23,206	19,978
Depreciation	*12 & 13*	13,979	12,020
Employees' profit sharing	*26*	6,861	5,347
Lease of machinery and equipment		10,205	9,635
Electric power		3,539	3,697
Room and board		2,922	1,905
Security services (b)		25,526	21,087
Civil construction activities – contractors		5,402	5,246
Sampling and analysis		1,868	1,806
Repair and maintenance services		9,047	6,945
Advisory and consulting services on geology, mine and plant		3,251	1,654
Landline and mobile phones, Internet and satellite link		929	443
Software license expenses		854	658
Environmental management		2,679	1,986
Communications services		257	415
Personnel services		2,486	2,819
Office supplies		453	495
Others		509	177
		463,156	**352,489**

(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, resulting from attacks suffered.

30. Selling Expenses

This caption comprises the following:

In thousands of U.S. dollars	*Note*	2024	2023
Sale participation agreements (a)		18,881	12,968
Third-party services		1,399	1,276
Personnel expenses	*32*	50	48
Employees' profit sharing	*26*	17	13
Others		60	48
		20,407	14,353

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, 2024 and 2023, 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*	2024	2023
Personnel expenses	*32*	16,366	13,061
Third-party services (a)		9,977	8,973
Other administrative expenses (b)		15,826	15,363
Mining royalties – Law 29788	*27.B*	6,976	5,319
Employees' profit sharing	*26*	2,081	1,562
Depreciation	*12 & 13*	1,782	1,385
Provision for litigations	*19*	251	174
Loss allowance for accounts receivable	*8*	35	129
Others		268	27
		53,562	45,993

See accounting policy in note 3.P.

(a) It comprises the following:

In thousands of U.S. dollars	2024	2023
Advisory and consulting services	3,706	3,340
Lease of equipment	597	995
Land and air transportation of employees	715	994
Civil works	338	602
Security services	873	430
Repair and maintenance services	751	350
Environmental management	444	288
Room and board	219	257
Cleaning services	240	255
Satellite link, landline and mobile phones	155	135
Electric power	45	57
Bank charges	58	48
Leases of office spaces	17	9
Other services	1,819	1,213
	9,977	**8,973**

(b) It comprises the following:

In thousands of U.S. dollars	2024	2023
Insurance contracts	6,896	6,035
Expenses for donations	5,629	7,070
Licenses	1,818	1,629
Other services	1,483	629
	15,826	**15,363**

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*	2024	2023	2024	2023	2024	2023
Wages and salaries	*18*	9,244	8,930	30	31	3,566	3,247
Social security contributions		3,296	3,143	6	5	782	715
Legal bonuses		1,529	1,488	5	5	616	564
Other personnel expenses		962	1,083	1	-	280	412
Other benefits		1,417	1,057	2	1	303	108
Severance payment		917	874	3	3	372	336
Paid annual leave		764	744	3	3	308	238
Compensation to Board of Directors	*16(ii)*	-	-	-	-	10,139	7,390
		18,129	17,319	50	48	16,366	13,061

33. Finance Income (Borrowing Costs)

This caption comprises the following:

In thousands of U.S. dollars	*Note*	2024	2023
Finance income			
Interest on time deposits		1,448	2,508
Interest on loans		355	137
		1,803	**2,645**
Borrowing costs			
Expense for hedging instruments	*21*	6,148	1,264
Interest on short-term and long-term loans and leases		2,414	1,655
Costs of upgrading the provision for environmental rehabilitation	*20*	1,293	983
Exchange losses	*5,A*	-	-
Interest on financial discounts		112	123
Market price expenses		163	115
Option costs		227	373
Others		543	331
		10,900	**4,844**

(a) Hedging 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, 2024 and 2023, it resulted in net loss.

See accounting policy in note 3.T.

34. Earnings per Share

Earnings per ordinary share are as follows:

In thousands of U.S. dollars	2024	2023
Income attributable	**108,970**	**77,029**
Denominator		
Outstanding shares	800,000	600,000
Earnings per share (in *soles*)	**0.136**	**0.128**

See accounting policy in note 3.V.

35. Other Income and Expenses

This caption comprises the following:

In thousands of U.S. dollars	*Note*	2024	2023
Other income			
Lease of property and land		4,457	2,732
Lease of equipment		805	3,698
Insurance recovery		278	362
Gain on sale of fixed assets		180	248
Revenue from sale of materials		9	96
Other income		30	49
		5,759	**7,185**
Other expenses			
Costs of disposal of fixed assets	*12 & 13*	2,524	3,527
Fines and sanctions		64	129
Others		150	-
		2,738	**3,656**

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 2024, environmental management expenses amounted to US$ 2,386 thousand in the Poderosa de Trujillo, Libertad, Suyubamba, Lavasen, Condormarca and Montañitas Economic Administrative Units. As of December 31, 2024, accrued expenses amounted to US$ 7,668 thousand. (2023: accrued expenses for US$ 6,086).

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 S/ 5,460 thousand; (ii) inappropriate deduction for depreciation of unrecorded fixed assets for S/ 1,028 thousand; (iii) inappropriate deduction for depreciation of unrecorded fixed assets for S/ 224 thousand; and (iv) undocumented employees' profit sharing for 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 assigned to Chamber 3, recorded under case file 468-2021, pending resolution by the Tax Court.

B. Labor and legal proceedings

As of December 31, 2024, there are several claims against the Company pending resolution. Such claims require the payment of:

(a) Nullity of an administrative decision for US$ 166,380 thousand (S/ 627,254 thousand);
(b) Payment obligation for US$ 1,649 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$ 1,372 thousand (S/ 5,173 thousand).

As of December 31, 2024, management and its legal advisors reviewed these proceedings and determined a probable contingency for S/ 2,470 thousand (2023: S/ 1,765 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, 2024, the Company has the following letters of guarantee:

- The Company renewed the letter of guarantee that matures on January 10, 2025, for US$ 52,022,577 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 issued a letter of guarantee that matures on March 21, 2025 for US$ 48,903 thousand (S/ 184,365.98 thousand) 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 November 26, 2025 for US$ 15,944.58 (S/ 60,111.08) on behalf of Regional Government of La Libertad to ensure compliance with the preparation of the equivalent document under the investment agreement for the execution of the project "Construction of a bridge on the departmental road LI-124 of the district of Condomarca, province of Bolivar, region of La Libertad" with investment code 2637287.

- The Company issued a letter of guarantee that matures on November 26, 2025 for US$ 3,260. 32 (S/ 12,291.42) on behalf of Regional Government of La Libertad to ensure compliance with the preparation of the equivalent document under the investment agreement for the execution of the project "Construction of a bridge on the departmental road LI-124 of the district of Condomarca, province of Bolivar, region of La Libertad" with investment code 2637287.

- The Company issued a letter of guarantee that matures on November 16, 2025 for US$ 26,525 (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.

D. Commitments

As of December 31, 2024 and 2023, 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

In January 2025, the Company suffered two criminal attacks that destroyed two high-voltage towers. One tower belonged to the recently inaugurated 60Kv Transmission Line, which supplies power to the Santa María Production Unit and other mining operations in Pataz. The second tower was located near the Atahualpa mine entrance.

As a result of both attacks, power supply to the operations was temporally interrupted for several hours. However, thanks to the Company's contingency plan, service was promptly restored. The Company has been implementing such measures for years due to recurring incidents of this nature. These attacks did not impact the development of the Company's operations. Management continuously assesses the potential effects and implications of these events on its operations and the financial statements.

In 2024, the government declared a state of emergency for the provinces of Pataz (note 1.D). As of the date of this report, the emergency has been extended for 60 days since January 9, 2025.

Except as stated in the preceding paragraphs, between January 1, 2025 and the date of issuance of the financial statements (January 31, 2025), no significant financial or accounting events requiring adjustments or disclosures in the separate financial statements as of December 31, 2024, have been identified.

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, 2024 and 2023.

A. As of December 31, 2024 and 2023, the Company's mineral resources are as follows:

	Metric tons	Ore grade (MT)	Fine content (kg)
Year 2024	1,854,985	13.86 g/gold	25.707
Year 2023	1,680,856	14.84 g/gold	24.946

As of December 31, 2024 and 2023, the processed ore, precipitated mineral and the relevant ore grades are as follows:

	Metric tons	Ore grade (MT)	Fine content (kg)
Year 2024	697,701	14.50 g/gold	9.140
Year 2023	637.731	14.38 g/gold	8.379

B. As of December 31, 2024 and 2023, the Company's mineral resources are as follows:

	Metric tons	Ore grade (MT)	Fine content (kg)
Year 2024	1,709,127	14.30 g/gold	24.448
Year 2023	1,533,746	15.38 g/gold	23.587

C. As of December 31, 2024 and 2023, the mineral volumes are as follows:

	2024	2023
Ounces		
Production	293.873	269.379
Sale	289.001	269.437

Avenida La Floresta Nro. 497, of. 501,
Urb. Chacarilla del Estanque, San Borja, Lima, Perú
Telephone: (01) 617-2727.

www.poderosa.com.pe